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## The Utility of Broadband



*Submitted by Tim Herring on Wed, 12/04/2017 - 16:04*

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I don't agree that international comparisons are not relevant.

Australia needs to develop critical infrastructure like water delivery, electricity, broadband, etc. not only as social services, but also to enable a vibrant economy (please note I consider all of these as "utilities", including broadband). It DOES matter that we are competitive internationally in broadband and one way to measure that is how far up the tables we are (note Bevan Slattery's speech on Tuesday).

The original plan was to put FTTP in as many homes and businesses as practical (originally 90%, then expanded to 93%), then cover the rest with wireless (4%) and satellite (3%). The reason we had to have a government business enterprise (GBE) doing it was that any telco would want a "telco" rate of return above 18% IRR, but utilities only earn 7-8% IRR, although they continue earning for a very long time. Also a broadband utility covering 100% of Australia's homes and businesses would be worth a lot of money - after the initial years of heavy investment it starts to earn buckets of money.

Unfortunately the Australian political parties couldn't recognise this "utility" as a natural bipartisan project (unlike political parties in every other country have done). The best way to guarantee to reduce the value of a large project is to jerk it around and change direction. The next best way to reduce value is to build it to a reduced specification, thereby minimising its long term value. What should have been an expensive undertaking in the short term, but with the potential to transform into a valuable cash-cow has been stunted.

As I said before, a 93% fibre network is worth a lot more than a network with 60% FTTN, both to a potential purchaser AND to an ongoing owner (e.g. GBE). FTTN costs a lot more in the long run; from extra maintenance costs, rental of the copper and eventual upgrade costs. Never mind what the speeds are!

The real economic promise of the NBN as planned was not necessarily the speeds (although that is a measure of utility), but the ubiquity of a single, uniform solution!

Suddenly Australia is transformed from a small market at the wrong end of the World into a uniform single market for any form of online product or service with 24 million potential consumers all on the same platform.

In the other direction, Australian entrepreneurs have access to World markets from a stable, high performing platform; not just a shaky ADSL connection that falters in the rain.

Oh for a politician with a little vision to see the possibilities!

(... and the gumption to leave the design and build to qualified and visionary engineers)

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Topics:

Slattery

NBN Ubiquity

NBN Value

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[2] <https://telsoc.org/printpdf/1736?rate=RhKtOAXK1lwURO0VR1oXqW6mse4POfqfFkGQypxAvYs>

[3] <https://telsoc.org/topics/slattery>

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