



Submission in response to the Productivity
Commission's Draft Report on Public Safety
Mobile Broadband

October 2015

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Section 1. EXECUTIVE SUMMARY

- 1.1 Optus welcomes the opportunity to provide comments to the Productivity Commission's (PC's) Draft Report on 'Public Safety Mobile Broadband' (Draft Report).
- 1.2 Optus strongly supports the key draft recommendation that a commercial approach represents the most efficient and effective approach to deliver a PSMB capability to Public Safety Agencies (PSAs) (Draft Finding 6.1).
- 1.3 Optus further welcomes the observation in the Draft Report that the public benefits of a PSMB capability is the same under all network options.
- 1.4 It should also be noted that the vast majority of these benefits (if not all) could be obtained by PSAs through commercial contracts with Mobile Network Operators (MNOs) currently – with the PSA requirement of a theoretical maximum of 10Mbps being substantially below current commercial capabilities.
- 1.5 There are no doubt some differences in requirements between commercial users and PSAs, but a focus on these differences should not be allowed to hide the reality of what is being delivered in the market by MNOs now.
- 1.6 Optus also supports the Draft Recommendations that endorse:
 - (a) a commercial option with a competitive procurement model that leverages infrastructure assets, adopts strategies to increase the number of potential bidders (such that all Australian commercial mobile carriers would be able to participate), splits up tenders by service or region and insists on open technology standards to help governments secure value for money (Draft Finding 7.4); and
 - (b) small-scale trials that will provide an opportunity for jurisdictions to gain confidence in a commercial approach, gauge the costs, benefits and risks of PSMB and develop a business case for a wider-scale roll out (Draft Finding 7.5).

Section 2. RESPONSE TO DRAFT RECOMMENDATIONS

- 2.1 Optus welcomes the opportunity to provide comments to the Productivity Commission's (PC's) Draft Report on 'Public Safety Mobile Broadband' (Draft Report).
- 2.2 The Draft Report contains a comprehensive and thoughtful 'first principles' analysis on what is a complex set of issues – namely recommending the most cost-effective use of scarce and valuable resources to deliver robust mobile broadband capability for PSAs by 2020.
- 2.3 The analysis undertaken has canvassed all options and determined that a commercial option would result in a net social and economic benefit outcome for the community.

Optus supports draft report recommendation

- 2.4 Optus strongly supports the key draft recommendation that a commercial approach represents the most efficient and effective way to deliver a PSMB capability to PSAs (Draft Finding 6.1).
- 2.5 Optus also supports the Draft Report's recommendations that endorses:
 - (a) a commercial option with a competitive procurement model that leverages infrastructure assets, adopts strategies to increase the number of potential bidders (such that all Australian commercial mobile carriers would be able to participate), splits up tenders by service or region and insists on open technology standards to help governments secure value for money (Draft Finding 7.4);
 - (b) small-scale trials will 'provide an opportunity for jurisdictions to gain confidence in a commercial approach, gauge the costs, benefits and risks of PSMB and develop a business case for a wider-scale roll out (Draft Finding 7.5).
- 2.6 Conducting 'small scale trials' will provide a practical opportunity to work collaboratively with State and Territory Governments and PSAs to test the capacity of existing commercial networks to deliver a PSMB (Public Safety Mobile Broadband) capability once PSA requirements are known.

Costing Methodology

- 2.7 Optus agrees with the Draft Report's analysis that 'the cost of a dedicated network was estimated to be in the order of \$6.1 billion, compared to \$2.1 billion for a commercial option'.
- 2.8 Optus has reviewed the costing methodology adopted and is in broad agreement with the approach.
- 2.9 While there could be endless debate over the precise nature of specification variables, and/or the use of simplifying assumptions, overall the method adopted is reasonable and instructive for the purpose for which it is used.
- 2.10 Optus would warn against focusing on trying to 'perfect' the costing approach – this 'holy grail' of cost modelling would be difficult, costly and timely to undertake and would likely to product insignificant incremental benefits over and above what the Draft Report has recommended.

- 2.11 Further, the greatest benefit from this analysis is the relative cost differences between the options rather than the absolute value. Any changes to cost or network assumptions are unlikely to materially impact of the relative cost of a stand-alone PSA network compared to commercial options.

A PSMB Network

- 2.12 Optus noted in its initial submission that a stand-alone set of infrastructure for PSA use would not remain entirely immune from damage in the event of a major catastrophe.
- 2.13 Optus notes the need for PSMB to operate in mission critical situations where communications infrastructure has been damaged.
- 2.14 The PC should remain cognisant that it is likely that situations resulting in damage to communications infrastructure are also very likely to impact any PSA-specific network. It is not possible to build infrastructure that would be guaranteed to work during all situations.
- 2.15 In preparing the final report, the PC should remain wary of claims that it would be possible to build a 'perfect' network that could deliver services all of the time. It may be more instructive to focus efforts on whether a stand-alone PSA capability would be better equipped to more effectively repair network failures during times of emergency than relying on existing MNO capabilities. Accessing more than one commercial network will help to guard against the consequences of a single point of failure.
- 2.16 Optus notes the Draft Report's reference of the Telstra Warrnambool exchange fire that affected a large number of Telstra fixed and mobile users. Optus 3G users were unaffected as our network was not reliant on the affected exchange. Where PSAs rely on one commercial network to provide services, the risk of network failure cannot be entirely avoided.
- 2.17 It is Optus' view that the focus in designing a PSA network should be on the redundancy of networks rather than just focusing on redundancy within one network.

Optus' capability

- 2.18 As a major telecommunications provider, Optus currently builds, operates and maintains fixed, mobile and satellite networks that are actively monitored and managed to ensure efficient and effective operation including in an emergency situation or extreme weather event.
- 2.19 As demonstrated in previous natural disasters and emergency situations, Optus has the ability to rapidly deploy its field forces to quickly restore services to the general public and to PSA users of our network. Optus also has sophisticated network monitoring capability allowing us to respond quickly to sudden spikes in traffic loads and to maintain, as far as possible, network integrity and capacity during peak demand periods.
- 2.20 Optus has substantial industry and technical expertise, continually upgraded networks and network capacity which can be leveraged to assist PSAs in 'peak periods' or 'mission critical situations'. For example, Optus already has wide coverage for both its mobile voice services and its 3G and 4G mobile broadband network and plans to increase its capital expenditure to \$1.7 billion in FY2016 to further extend the coverage of our superfast 4G Plus mobile broadband network.