

QCN SUBMISSION TO ACCC REGIONAL MOBILE INFRASTRUCTURE INQUIRY 2022

About QCN

QCN provides carrier-grade backhaul services to other carriers and Internet and Retail service providers, delivering increased data capacity through state-of-the-art, stable, optical networks and access to tower infrastructure.

QCN's mission is to improve regional connectivity through leveraging the spare telecommunications capacity of Queensland government-owned assets. QCN is jointly owned by Powerlink and Energy Queensland, Queensland Government-owned Corporations.

By delivering improved telecommunications Coverage, Capacity and Competition, QCN enables Queenslanders to take advantage of their exceptional opportunities in the emerging economy. QCN's operations improve regional connectivity through increasing competition and supporting new investment and jobs in regional Queensland.

QCN's core network utilises Powerlink and Energy Queensland's existing telecommunications facilities, with network extensions leveraging traditional telecommunications infrastructure providers. Since its inception in early 2020, QCN has driven a ten-fold increase in delivered capacity across the more than 13,000 kilometers of fibre stretching west from Brisbane to Toowoomba and beyond, and north through regional townships up to Cairns, and an 83% reduction in the cost per Gbps supplied.

QCN Towers

QCN has recently undertaken a major expansion of its existing network coverage and continues to break down the digital divide as a result of a new agreement with Powerlink Queensland. The new agreement sees QCN take over management of Powerlink's telecommunications tower and co-location services, significantly extending QCN's network coverage well beyond its existing fibre footprint.

QCN, as a carrier agnostic provider, is considered best placed to manage the licenses to rent space on towers and structures on the transmission network in addition to communications sites, significantly enabling the improvement of coverage and competition across Queensland.

Powerlink Queensland remains the owner of the towers and is responsible for operation and maintenance services.

Asset Overview

QCN has taken over the management of 55 existing sites that provide colocation services for more than 75 installations. Additionally, the Powerlink facilities made accessible to QCN include –

- more than 20,000 High Voltage (HV) towers
- 40 telecommunication sites (including some sites for potential purchase by QCN)

While it is acknowledged that the suitability of HV towers is dependent upon location and structural integrity, if QCN can utilise just some of the 20,000+ towers across Powerlink's network, we can be the catalyst to dramatically improving and expanding telecommunications services to underserved areas, particularly in regional Queensland. QCN will be working closely with the industry to identify additional Powerlink communication and HV sites, as well as building new sites, to further enable regional connectivity.

A map of the existing and potential QCN tower network is shown on the following page.

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- QCN Tower (HV or Comms) providing colocation
- Comms site – no current colocation
- HV Tower network – no current colocation
[Indicative spacing of 300m to 600m between towers]

Access to infrastructure

In general, the use of Powerlink facilities that are in place solely to support telecommunications requirements are considered equivalent to offerings from other suppliers in terms of access, process and commercial outcomes. However, there are limitations on the use of HV towers with respect to the process of installation and maintenance that result in HV towers being considered an option of last resort when compared to colocation on a dedicated telecommunications site, namely:

- Higher cost due to work needed to connect mains power and backhaul
- Delays associated with maintenance and restoration activities

These limitations have resulted in comparatively low uptake of colocation on HV towers, even in areas that would obtain significant benefit from the additional connectivity. QCN is committed to making access to existing HV infrastructure attractive to the market in order to fulfill its mission of connecting

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regional Queensland and is intent on addressing these limitations through investigating the inclusion of backhaul (via QCN's existing fibre network) and powered colocation facilities at HV towers. QCN considers that innovative approaches to future Federal funding for mobile or regional connectivity can negate the requirement for establishing new tower infrastructure, minimising the impact on the environment and aesthetic landscape.

We will be working closely with Powerlink and the industry to establish innovative and safe ways to reduce delays in maintenance and restoration activities to market acceptable timeframes.

General Commentary

Historically, government-funded projects such as the Regional Backbone Blackspots Program (RBBP) and the Regional Connectivity Program (RCP) have, whilst improving regional connectivity, not succeeded in increasing much-needed competitive tension in regional areas. These programs have served to support the existing monopolies (typically Telstra and NBN) in regional areas with the effect of limiting competition and choice.

As noted in the ACCC consultation paper, the geographic distribution of mobile sites is heavily dominated by Telstra in remote and very remote Australia. Providing unconditional funding that enables Telstra to extend its monopoly must be reconsidered. Similarly, the NBN's infrastructure model offers little opportunity for independent wireless providers to access the government's significant investment in NBN tower infrastructure. The reasons for NBN's resistance to open access are clear as this opens up NBN to competitive threats of alternate wireless technology. The commercial imperative to protect NBN over community benefit wins. The commercial and competitive inequity of government funds being provided to a single entity without any obligation to "share" the benefit must be questioned, including the open availability of NBN underlying infrastructure.

QCN acknowledges and applauds the RCP's support of recent Neutral Host projects, however, full benefits will only be achieved at the open or shared infrastructure layer.

A utopian solution would see only carrier agnostic infrastructure providers being supported with public funds. In the absence of that, a shared or open infrastructure obligation should be a mandatory obligation to beneficiaries of State or Federal funding initiatives, including new NBN infrastructure builds.

Response to Questions

It is noted that the ACCC is expected to generate evidence-based information on the costs that are incurred in providing towers and associated infrastructure. As QCN is in the very early phase of taking on the tower co-location business, we are somewhat limited in being able to provide a quantitative response to all of the relevant consultation questions at this point in time. Responses have been provided to questions that are appropriate to the phase of business we are in and can be supported by our experience.

We look forward to further engagement with the ACCC on the Inquiry and expect to be in a position to provide additional, evidence-based responses to the areas of interest over the course of the Inquiry.

2. What costs are involved (for example, in setting up and maintaining) business practices and systems needed to support the provision of access to towers and associated infrastructure?

QCN is in the setup phase of the tower colocation business. This phase is focused on establishing the systems, people and processes necessary to effectively manage site acquisition, new tower builds and the in-bound colocation process from cradle to grave. QCN is undergoing a competitive procurement process for a suitable system, and while actual costs are not known, the setup cost is

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budgeted at [c-i-c] [c-i-c]. This budgetary figure is based on the requirement to manage the full telecommunications site and asset lifecycle, enabling:

- Management of the relevant infrastructure assets and leasable items and areas;
- Acquisition and management of existing sites, leases, payment details, renewals and expiration;
- Management of the inbound co-location process;
- Site management including inventory, access, operation and maintenance activities;
- Management of customer leases, billing and payments;
- Management of minor works and projects;
- Management of contractors and other relevant third parties, including work allocation, completion, billing and payment;
- Integration with relevant existing QCN Fibre systems, including:
 - GIS mapping system;
 - QCN Customer Portal;
 - Customer Relationship Management;
 - Finance Systems;
 - HR/Payroll system; and
 - Email and Document management.
- Efficient workflow and process automation;
- Reporting, dashboards, artificial intelligence (AI) capability; and
- Compliance with QCN Fibre's cyber security requirements and policies

For the quantity of sites currently under management, annual licence and support costs are estimated at [c-i-c] [c-i-c]. In addition, an equivalent of [c-i-c] [c-i-c] is required to manage the tower and colocation business from end to end, including the management of outsourcing and coordination of on-site works.

4. What are the typical commercial arrangements for access to towers and associated infrastructure?

Master site access agreement established with the customer with commercial terms requiring payment throughout the application process and through the colocation lifecycle.

APPLICATION FEES	Amount
Connection Application Fee	[c-i-c] [c-i-c]
Preliminary Assessment Fee	[c-i-c] [c-i-c]
Structural Assessment Fee - Upgrade	[c-i-c] [c-i-c]
Design Update	[c-i-c] [c-i-c]
Site Radiation Folder Update	[c-i-c] [c-i-c]

Costs for structural upgrades, if required, are required to be covered by the customer as a cost pass-through.

An annual fee is payable which is determined based on the type and size of antenna, structural loading, quantity of cabling and geographical location. Typically, annual fees range between [c-i-c] [c-i-c].

The following are key items contributing to the commercial terms –

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- The customer (collocated party) is responsible for fulfilling land access requirements necessary for site works and ongoing operations.
- Works on Powerlink HV structures are to be carried out by industry personnel only (currently Powerlink and Ergon Energy)
- Site access arrangements are to be followed at all times.

7. What other matters do providers of towers and associated infrastructure consider in deciding to provide towers and/or provide access to towers?

QCN Fibre is an open access, carrier agnostic provider of backhaul capacity and space for colocation of wireless infrastructure. Consideration for providing access pertains only to the technical characteristics of the request, including –

- Structural suitability of the tower for the proposed antenna size and weight
- Available space to accommodate the request
- Power supply requirements
- Specific issues associated with the electrical safety of the site (for HV environments)