

**Submission by  
Clublinks Telecommunications Pty Ltd  
(CLT-Public)  
In response to  
Superfast Broadband Access Service  
declaration inquiry**

**Draft decision  
November 2015**

7 December, 2015

**Superfast Broadband Inquiry  
Australian Competition & Consumer Commission**

Submitted electronically to:

[superfastbroadbandinquiry@accc.gov.au](mailto:superfastbroadbandinquiry@accc.gov.au)

**The purpose of this document is to advise the ACCC of the unintended outcomes the proposed SBAS would have on the ability of Clublinks Telecommunications to continue to provide services to our customers and to request permanent or temporary exemption to the declaration.**

**1. Background.**

Clublinks Telco is a Micro Telco operating a private fibre optic network on two Golf Course estates in Victoria at Sandhurst /Sandarra VIC 3977 and Sanctuary Lakes VIC 3030. Operation of services for TV, Internet and Telephone commenced in May 2005 and we have in the order of 1,600 very happy customers who are receiving high speed internet and VOIP telephony services at competitive prices.

[CLT c-i-c starts]



[CLT c-i-c ends]

**2. Clublinks Telecommunications Pty Ltd Financial Commitment to our Customers.**

The scale of our operation has limited our ability to negotiate best industry pricing for services such as links and Internet backhaul. At startup in May 2005 Clublinks Telco had only 30 retail customers. To enable Clublinks Telco to provide a superfast Internet service to our retail customers we have had to enter into 3 year rather than 1 year contracts for the provision of 1Gbps links from each estate to our aggregation points at Eureka Tower and NextDC in the Melbourne CBD.



[CLT c-i-c starts]



[CLT c-i-c ends]

Clublinks Telco also provides onsite Technical support and Help Desk (four (4) full time staff) to enable prompt response to our customers.

The cost of building the network plus the need for long term supplier contracts has meant that only now after ten years of operation and due to the estates reached a critical mass that we are able to operate at break even. The owners of our Company are still yet to receive a return on their investment and as demonstrated below would not achieve such if the proposal is imposed upon us.

### **3. Competition within the estates services by Clublinks telecommunications Pty Ltd.**

Approximately 50% of homes in the Sandhurst estate are also serviced by Telstra (and other service providers) with good quality ADSL/2. Sandarra and the other 50% of Sandhurst are Fibre only. At Sanctuary Lakes Clublinks services 950 Lots with our Fibre Network, with the remainder of the estate, some 1800 Lots, being serviced by Telstra and other suppliers of ADSL and ADSL/2 services.

The Clublinks Telco fibre optic network offers competitively priced 15/2, 25/5 and 50/20 Internet packages which are all superior to the ADSL/2 services provided at either Sandhurst or Sanctuary Lakes by our competitors, in fact we are proud of the fact that we provide significantly faster upload and download speeds than our advertised Plans to all customers.

### **4. Wholesale/Retail operation.**

Unless we are exempted from the SBAS declaration for a minimum period of three years (December 2018) Clublinks would be required to set up a separate Wholesale Company at the published start date.

Because of the size of our customer base, the financial commitments detailed above and the fact that the wholesale charges will be mandated at approximately \$27 per month per customer the revenue generated by the wholesale company would not anywhere near cover the cost of providing the service.

An operational example of a conversion of our network to a Wholesale only network is as follows:



[CLT c-i-c starts]

**Example (approximate monthly revenues and costs)**

Revenue 

Costs



**NET MONTHLY LOSS**

[CLT c-i-c ends]



As our ability to generate any additional revenue is limited to the number of customers we can access via our network this demonstrates that, Clublinks would have no other alternative, other than to cease providing services on our network should a wholesale model with mandated revenue be imposed upon us.

The other issue that would impact Clublinks is that we have negotiated several long term contracts, which are term contracts with no ability to cancel mid-term. The proposal would create a situation where Clublinks Telco Retail would become uncompetitive as our fixed Costs combined with likely movement of a percentage of our customer base to competitors would result in a situation where the unintended outcome of the SBAS declaration would be to force Clublinks to close the network to prevent unsustainable losses.

This would leave our 1600 customers without the premium service that we currently provide and the majority of the customers would have to resort to Mobile G4 services as the only Internet service available. Also 75% of our customers have back to base alarms. They would have no access to monitored alarms.

## 5 Request for Exemption and security for Customers of CLT



As detailed in the examples above it would be impossible for Clublinks to operate a Wholesale company only, or even a mix of Wholesale and Retail while our current contractual obligations are in place (terminating as at end November 2018) also our size would require functional rather than complete staff separation rules to be applied to our operations.

As I said in my previous submission on these matters, no other service provider has ever contacted us to request access to our network. It appears the opportunity for our competitors to provide services to a loyal customer base of less than 2,000 users is not attractive enough for our competitors given the upfront cost they would incur and the fact we are already competitively priced in the market.

We understand the Government's wish to ensure that our customers are delivered a service that is comparable in price and performance to NBN networks.

We currently deliver in excess of the speeds stated in our Plans for all services 15/2, 25/5 and 50/20 and are prepared to accept any reasonable method of reporting price and performance to the ACCC on a regular basis so that the quality of our service can be audited without any excessive overhead.

We could include the additional performance information required to enable both the ACCC and our customers to look at performance on our telecommunications web site to enable online monitoring at any time.

Clublinks Telecommunications Pty Ltd request an exemption to the proposed SBAS provisions at least until the current term contracts for our Link and backhaul services terminate in November 2018.

We can provide additional financial and performance data to any hearing that may be conducted to verify the accuracy of our claims.

Yours sincerely,



Brian Mollet  
Manager,  
Clublinks telecommunications Pty Ltd