



**REQUEST FOR EXPRESSIONS OF INTEREST IN A
STRATEGIC ALLIANCE WITH THE TASMANIAN
GOVERNMENT FOR THE PROVISION OF
TELECOMMUNICATIONS SERVICES AND FACILITIES**

December 2003

Department of Treasury and Finance
21 Murray Street
Hobart Tasmania 7000
Australia

TITLE: Request for Expressions of Interest (REOI) in a Strategic Alliance with the Tasmanian Government for Telecommunications Services and Facilities.

PROJECT NAME: Tasmanian Government Telecommunication Infrastructure REOI

REFERENCE: EMB 2003-01

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1. INTRODUCTION

1.1 Overview

The Government of Tasmania has adopted a strategy for the development of a competitive broadband services market in Tasmania.

In August 2003 the Treasurer announced that the Government's aim is for Tasmania to be in the top three states in terms of competition, diversity and innovation for the delivery of telecommunications to Tasmanian homes, businesses, schools, hospitals and research institutions.

To underpin the development of a competitive broadband services market in Tasmania, the Government has arranged access to Telecommunications Assets by:

- a cooperative arrangement with Basslink Pty Limited for access to optical fibres between Tasmania and the mainland that will be available as part of the Basslink electrical cable connection;
- ownership of a backbone optical fibre network connecting George Town in the North, Hobart in the South and Port Latta in the North-West;
- agreements with Powerco governing the co-location of telecommunications conduit in association with the local urban reticulation of gas within a staged roll-out schedule; and
- financing the laying of conduit to points of presence in the major population centres throughout Tasmania.

In addition, the Government owns or controls sites and assets which can leverage the above investments in Tasmania's broadband future.

In this Request for Expressions of Interest (REOI), the Government is seeking innovative proposals from Respondents who wish to work in a strategic alliance with the Government to provide new competitive broadband services in Tasmania that are leveraged by access to the Government's Telecommunications Assets.

In addition, industry views are invited about the structure of the arrangements that could, or should, be put in place through the strategic alliance which would enhance the services offered to the public and would have the further effect of giving the arrangements the best certainty of commercial success. Options that the Government is prepared to consider include:

1. A strategic alliance with two full service providers on the following basis:
 - Providing the Strategic Partners access to the Telecommunications Assets of the Government;
 - Strategic Partners committing to the provision of new competitive broadband services and facilities initially in each of the four major population centres of Hobart, Launceston, Devonport, Burnie and possibly Ulverstone;
 - Strategic Partners may also be required to offer services for the maintenance and management of some or all of the Government's Telecommunications Assets.
2. A strategic alliance with one or more infrastructure providers on the following basis:
 - Providing the Strategic Partners access to the Telecommunications Assets of the Government;

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- Strategic Partners committing to the provision of new telecommunications access infrastructure initially in each of the four major population centres of Hobart, Launceston, Devonport, Burnie and possibly Ulverstone.
 - Strategic Partners committing to operate an open access regime on the telecommunications access infrastructure for carriage and content providers to be managed by the Strategic Partners;
 - Strategic Partners may also be required to offer services for the maintenance and management of some or all of the Government's Telecommunications Assets: and
 - A facilities manager may also be required for the purpose of managing the Government's Telecommunication Assets.
3. Other variations of the above that may be potentially possible, including proposals from consortia.

For each particular model, or models, put forward by Respondents, the Government is seeking information on the services that could be offered, service pricing policies and the proposed customer access infrastructure that would be deployed by the Respondents should they be successful in being selected as a Strategic Partner.

As an alternative to the approach described in the REOI, the Government reserves the right to appoint a manager(s) for Government Telecommunications Assets. The manager(s) would be required to make available capacity on the Government's Telecommunications Assets to all customers on terms and conditions that are set by the Government (subject to any necessary regulatory approvals). The Government's approach in this case would be to facilitate provision of new competitive services by making the capacity available on an open, non-discriminatory basis. This model would comply with the competitive neutrality principles of the National Competition Policy Principles, the *Telecommunications Act 1997* (Cth) and the *Trade Practices Act 1974* (Cth).

The Government is not a licensed telecommunications carrier and does not plan to be a direct participant in the provision of telecommunications services to non-government telecommunications users.

The Government plans to own its Telecommunications Assets only until a competitive market is developed for broadband telecommunications services in Tasmania. Thus the model(s) and proposals advanced should address the matter of a Government "exit" and mechanisms by which asset ownership could change over time.

The Government is not seeking Responses in this REOI in relation to the current or future contractual arrangements for the provision to the Government, (or Government Business Enterprises (GBEs) and State-owned Companies (SOCs)) of voice and data telecommunications services.

In order to achieve a more competitive broadband services market in Tasmania, the Government is not allowing Telstra Corporation Limited (Telstra), or any related bodies corporate or associated entities of Telstra, to participate in the REOI process (whether on its own account or in a consortium), because of Telstra's existing strong position in the market and the Government's underlying policy objective of facilitating a competitive telecommunications market in Tasmania. Instead, the Government hopes to encourage new entry into the market to compete with Telstra by providing competitive broadband services and new infrastructure and facilities to consumers in Tasmania.

1.2 Government Objectives

The Government's overriding objectives are to ensure Tasmania realises the economic and community benefits from new broadband infrastructure by:

1. facilitating a more competitive telecommunications industry structure within Tasmania;
2. encouraging new investment in broadband telecommunication facilities within Tasmania; and
3. creating an environment conducive to content and application providers of innovative and value added services.

To achieve these objectives the Government will:

- work with industry to create a more competitive and open telecommunications market and a vibrant service provision environment;
- utilise its Telecommunications Assets in a strategic alliance with industry to provide competitive telecommunication services throughout the State; and
- facilitate competitive infrastructure in Tasmania to ensure that innovative telecommunications services are more widely available.

The Government believes that significant improvements would flow from the achievement of these objectives, including:

- the reach and range of available telecommunication services;
- value for money, as services would be obtained at commercially competitive prices;
- ease of access to services and ease of use;
- the efficiency and effectiveness of Government businesses, as more integrated systems and infrastructure are developed;
- growth in the local information technology and telecommunications industries; and
- improved telecommunications infrastructure in areas outside the major cities in the State.

1.3 Related Initiatives

The Government is also involved in a number of separate initiatives that include broadband services or access to Government Telecommunications Assets. These initiatives include:

- A study to be undertaken by the Tasmanian Electronic Commerce Centre (TECC) and CEOS Pty Ltd to scope a fibre to the door pilot in a limited geographic region of Tasmania.

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- The development of the Tasmanian Research and Education Network (TREN) in partnership with the State's research institutions.

This initiative involves the Government working collaboratively with the University of Tasmania and other stakeholders to develop a TREN. The TREN will include, the University of Tasmania, CSIRO, and potentially other large research and education providers. While it is unclear at this stage what business models will be deployed to develop the TREN, it is presently envisaged that a shared access arrangement will be developed for use of the Telecommunications Assets and hence some capacity on the Government's Telecommunications Assets may be set-aside for the TREN, potentially diminishing telecommunication revenues associated with these large research organisations.

While these initiatives bear on this REOI, this REOI is a separate initiative and will be managed by the Tasmanian Department of Treasury and Finance as a standalone arrangement.

2. DEFINITIONS

Contracts means the final agreements entered into by the Government in relation to this REOI and the Project.

Government means the Crown in the Right of the State of Tasmania.

Powerco means Powerco Limited.

Project means the development by the Government of a competitive broadband services market in Tasmania in conjunction with one or more private sector organisations.

Response means any submission made by a Respondent and includes any questions put to the Government in accordance with clause 6.3.

REOI means this document together with any answers provided by the Government to questions asked by Respondents or potential Respondents.

Respondent means any recipient of this REOI who provides a written response to this REOI in accordance with the timetable set out in clause 6.9 and includes the officers, employees, agents, sub-contractors and advisers of a Respondent.

Strategic Partners mean the telecommunications providers appointed by the Government under the Contracts in relation to this Project. The term "Strategic Partners" is used solely to denote the strategic relevance of the Project to the Government. This REOI or the Contracts do not constitute the Government and the Strategic Partners the agent of the other or imply that the parties intend constituting a partnership, joint venture or other form of association in which any party may be liable for the acts or omissions of another.

Telecommunications Assets means the assets described in clause 4, other than the "Other Facilities" described in sub-clause 4(4).

3. PURPOSE OF INVITATION FOR EXPRESSION OF INTEREST

The purpose of this REOI is to:

- provide an opportunity for suitably qualified organisations to register a willingness to enter into a process to be selected as a Strategic Partner to work with the Government in the development of a competitive broadband and other telecommunication service markets in Tasmania;
- provide information to the Government in regard to the scope, scale and roll-out timetable of new competitive broadband services that potential Strategic Partners can feasibly offer in conjunction with access to the Government's Telecommunications Assets;
- provide information to the Government on the extent of access to the Government's Telecommunications Assets that potential Strategic Partners require to provide new competitive broadband services;
- provide information to the Government on the commercial terms and conditions for access to the Government's Telecommunications Assets that potential Strategic Partners can feasibly offer in order to provide new competitive broadband services;
- provide information to the Government on the commercial structure of the arrangements for strategic alliances that will promote the maximum increase in competitive broadband services and infrastructure; and
- provide information to the Government on the services and costs for maintenance and operation of some or all of the Government's Telecommunications Assets that potential Strategic Partners can feasibly offer.

4. TASMANIAN GOVERNMENT TELECOMMUNICATIONS INFRASTRUCTURE ARRANGEMENTS

The Government has access to a number of strategic telecommunications assets that are relevant to this REOI.

These strategic telecommunications assets are:

1) Backbone Optical Fibre Network

The Government has ownership of an optical fibre backbone system. The system has the key characteristics of:

- Total route distance of approximately 420 km;
- Route connection from George Town to Bridgewater (location near Hobart) and from Port Latta to the backbone route at Rosevale (location near Launceston);
- Availability of fibres in a Single Mode Optical Fibre (SMOF) cable;
- Backbone Synchronous Digital Hierarchy (SDH) transmission systems of STM 16 (2.5Gbps) and STM 4 (622 Mbps) capacity; and
- Availability of transmission capacity in standard capacity of STM1 (155Mbps) or STM 4 (622 Mbps) between various key interconnection points including Port Latta, Wynyard, Burnie, Deloraine, Rosevale, George Town, 5 Mile Bluff (on the coast North-East of George Town), Railton (near Devonport), Gawler (near Ulverstone) and Bridgewater (outside of Hobart).

2) Conduit to Population Centres

The Government has entered into Development Agreements with Powerco to distribute natural gas to Tasmania's major industrial and commercial customers (Stage 1), and gas to almost 40,000 households in Devonport, Burnie, Hobart, and Launceston (Stage 2A).

Stage 1 of the gas project involves the construction of approximately 100 kilometres of gas distribution networks that will connect the Duke Energy gas pipeline to a number of major industrial and commercial consumers. Stage 2A of the gas project will see another 583 kilometres of pipe laid into suburban areas of the State.

- The Government has an agreement with Powerco that would allow access to open trenches for the provision of telecommunication infrastructure to be laid simultaneously with the gas pipelines. In the first instance conduit will connect from the backbone optical fibre network into strategic points of presence (POPs), initially in four major population centres, (Hobart, Launceston, Devonport, Burnie and possibly Ulverstone).

Maps and plans indicating the gas roll-out are shown at www.energyregulator.tas.gov.au, under Gas Licences.

The Government may elect to provide for, or facilitate on behalf of Strategic Partners, the installation of conduit to complement the Stage 1 gas roll-out project subject in part to responses to the REOI.

3) Basslink Optical Fibre

Basslink Pty Limited (BPL) has contracted a consortium comprising Siemens Limited and Pirelli Cables to construct the Basslink project, which is a 500MW HVDC inter-connector between Loy Yang (Vic) and George Town (Tas). Following completion of construction of the project, BPL will be the owner and operator of Basslink. Basslink will also include the installation of an optical fibre telecommunications facility that will be used, inter alia, for communications purposes between the Basslink converter in Victoria and Tasmania.

The Basslink cable and associated optical fibre cable are planned to be commissioned and in service by November 2005.

The Basslink optical fibre telecommunications facility has the key characteristic of:

- Total length of the undersea cable is approximately 295 Km;
- Total length of the underground cable sections is some 8.1 km; and
- Land based optical fibre provided from landfall to the connection points at either end is to be Optical Ground Wire (OPGW) and has a total distance of 71.6 Km.

The Government has a cooperative arrangement with BPL for access to optical fibres between Tasmania and the mainland that will be available as part of the Basslink electrical cable connection.

4) Other Facilities

The Tasmanian Government has a variety of direct and indirect interests in other telecommunications infrastructure and capacity that may be relevant to this REOI. These assets are primarily used and owned by GBEs, SOCs, Government Departments and Government Agencies. These facilities include, but are not limited to:

a) Telecommunications Transmission Systems

- Microwave and optical fibre transmission systems owned and operated by Government departments or other Government organisations.

b) Buildings, Accommodation and Land

- Buildings and other accommodations that are owned or leased by Government departments or other Government organisations.
- Land potentially available for installation of new infrastructure.

c) Cable Accommodation

- Conduit and pit systems that are owned by Government departments or other Government organisations.
- Electrical transmission towers, poles and other facilities that are owned by Government departments or other Government organisations.

Respondents should note that access to such infrastructure would require separate negotiations with the relevant GBE, SOC (predominantly electricity businesses), Government Departments and Government Agencies.

5. TASMANIAN GOVERNMENT EXPECTATIONS OF THE STRATEGIC ALLIANCE

The Government is seeking expressions of interest from organisations or consortia willing to be involved in a strategic alliance in implementing the Government's vision for a competitive broadband market in Tasmania.

The Government is considering the appointment of two Strategic Partners on the basis set out in Section 1 (Overview).

The Government expects that Strategic Partners will meet the following requirements:

1) Licensed Carrier

- Strategic Partners must be appropriately licensed telecommunications carriers under the *Telecommunications Act 1997*.
- Strategic Partners must comply with all regulatory requirements arising from activities relating to the use of their carrier licence including those associated with the use of the Government's Telecommunications Assets.

2) Service Delivery Capability

- Strategic Partners must have demonstrable capabilities in the implementation, operation and management of telecommunications facilities including broadband facilities.
- Strategic Partners must have demonstrable capabilities in the provision of telecommunications services including broadband services.

3) Strategic Business Focus

- Strategic Partners must have a demonstrated focus on, and investment commitment to, emerging and next generation network facilities and services.

4) Competitive Broadband Service Offering

- Strategic Partners must offer new competitive wholesale, or wholesale and retail, broadband services to a significant proportion of businesses and residences initially, in each of the four major population centres of Hobart, Launceston, Devonport, Burnie and possibly Ulverstone.
- Strategic Partners may also offer new competitive wholesale and retail telephony services to a significant proportion of businesses and residences initially, in the four major population centres of Hobart, Launceston, Devonport, Burnie and possibly Ulverstone.
- Strategic Partners may also offer other data value added services (WEB browsing, hosting, private networks etc).
- Strategic Partners may also offer new competitive wholesale and retail broadband services and telephony services to businesses and residences in population centres other than at the nominated initial four population centres.
- Strategic Partners must use the access to the Telecommunications Assets as part of the overall service delivery arrangements.

5) Business model

Strategic Partners are expected to purchase capacity on the Government Telecommunications Assets from the Government on a pricing model that has the following principles:

- shared risk between the Government and the Strategic Partners in regard to the committed levels of purchase by the Strategic Partners;
- purchase by the Strategic Partners of capacity on the Telecommunications Assets is to be on the basis of a number of dark fibres between specified access points and/or the capacity of transmission systems between specified access points;
- current network design on the Backbone Optical Fibre Network caters for the provision of STM1 and STM4 units of transmission capacity;
- the pricing for access to transmission capacity is to be on the basis of per optical fibre and/or per STM1/4/16;
- price escalation to be on a Consumer Price Index (CPI) based formula; and
- pricing will be on the basis of cost recovery by the Government over the economic life of the Telecommunications Assets.

6) Pricing Principles

- Enhancement of price competition for broadband telecommunication services at the wholesale and retail level.

7) Investment in Tasmania

- Strategic Partners must implement and operate new broadband infrastructure to a significant proportion of businesses and residences initially in each of the four major population centres of Hobart, Launceston, Devonport, Burnie and possibly Ulverstone.
- Strategic Partners may implement and operate new broadband infrastructure in population centres other than at the nominated initial four major population centres.
- Strategic Partners must establish or expand operations centres in Tasmania for the marketing, operations, maintenance and management of the telecommunications services and facilities offered in Tasmania.

8) Contractual Terms and Conditions

Strategic Partners will have access to the Government's Telecommunications Assets on specific terms and conditions. At this stage, the Government proposes to include the following terms:

- A maximum initial term of 15 years with a right to negotiate a further term of five years, subject to achievement of certain milestones.
- Options to purchase certain Government Telecommunications Assets on terms to be agreed between the parties.

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- The Strategic Partners will purchase non-transferable, exclusive rights to use of the Telecommunications Assets subject to the Government's rights to use capacity for government purposes (including the initiatives set out in section 1.3) and third parties' rights to access capacity under the Trade Practices Act 1974 and the Telecommunications Act 1997).
 - The Strategic Partners must provide access to the Telecommunications Assets to third parties in order to stimulate competition.
 - Rights for Government to add Strategic Partners, subject to agreement between the parties.
 - Rights for Government to replace Strategic Partners for material breaches of the Contracts or if milestones are not met.
 - Strategic Partners must be required to carry out their own due diligence prior to execution of the Contracts and the commercial risks associated with participation in the Project (including in relation to the reliability and performance of the assets) will lie with the Strategic Partners.
 - Access to Telecommunications Assets will be provided on an 'as is' basis. The Strategic Partners will be responsible for the costs associated with the operations and maintenance of the Telecommunications Assets on terms to be agreed between the parties.
 - The Strategic Partners will bear all liability for direct losses to the Government as a result of damage to any Telecommunications Asset owned or operated by the Government caused by the Strategic Partners or their customers.
 - Each Strategic Partner must indemnify the Government against actions by third parties for losses incurred as a result of and/or the technical failure of any Telecommunications Asset caused by an act or omission of that Strategic Partner.
 - The Strategic Partners will not be permitted to assign or novate their rights and obligations under the Contracts without agreement of the Government.
 - Strategic Partners will be required to meet certain milestones in relation to their accepted proposal to roll-out infrastructure and service delivery to end users. The milestones will include commitments relating to service provisioning, service assurance, support and quality of services.
 - Strategic Partners must operate independently of each other and the Government.

6. EOI PROCESS

6.1 Lodgement Details

a) The Respondents must forward five bound copies and one unbound copy of the Response by recorded delivery in a sealed envelope or package. Recorded delivery may be by registered post, by courier or by hand provided that the Respondent receives written proof of receipt of the Response from or on behalf of the contact specified in paragraph 6.3.

b) The sealed envelopes or packages shall be marked:

“Strictly Private and Confidential – Request for Expression of Interest in a Strategic Alliance with the Tasmanian Government for the Provision of Telecommunication Services and Facilities. Reference EMB 2003-01.”

c) The Responses shall be addressed to and deposited in the Department of Treasury and Finance’s Response Box at:

Mr R Nicholl
Deputy Secretary and Chair of the Telecommunication
Infrastructure Steering Committee
Department of Treasury and Finance
21 Murray Street
Hobart Tasmania 7000

The closing time for submission of Responses is 2.00 pm on 30 April 2004.

6.2 Late Responses

Responses lodged after the closing date will not be accepted, except where the integrity of the REOI process will not be compromised.

Late Responses will generally not be considered for evaluation if they are:

- Hand delivered, including courier deliveries, after closing time on the closing date; or
- Received through Australia Post unless the envelope is clearly postmarked or time stamped by Australia Post prior to the closing time and date.

6.3 Enquiries and Communications

All communication relating to this REOI must be addressed to the Department of Treasury and Finance Respondent Liaison, who is:

James Pirie
Deputy Director (Special Projects)
21 Murray Street
Hobart Tasmania 7000

Telephone: (03) 6233 2672
Facsimile: (03) 6233 5646
E-mail: james.pirie@treasury.tas.gov.au

During the REOI period, respondents may submit queries and/or requests to James Pirie by letter or by e-mail, in accordance with the deadlines set out in section 6.9. Composite replies (which will not identify the party making the query) to each set of queries/requests will be placed on www.treasury.tas.gov.au/telco_infrastructure_reoi on the dates set out in the indicative timetable. If any replies contain confidential or commercially sensitive information of the Government or a third party, the Government reserves the right to require each Respondent to execute a confidentiality undertaking in a form acceptable to the Government as a pre-condition to the release of such information.

6.4 Discussions with the Department of Treasury and Finance and the Government

Potential Respondents may not contact any member of the Department of Treasury and Finance or the State including its agents and their respective advisers to discuss any aspect of the bidding process or REOI except as provided in sections 6.3 and 6.5. Failure to observe this prohibition may result in disqualification from the process.

6.5 Briefing Session

In order to provide the opportunity for potential Respondents to this REOI to better understand the requirements of the REOI and the Government's policy objectives, a once only briefing will be conducted.

Please register by emailing james.pirie@treasury.tas.gov.au if you intend to be present.

Time and venue will be advised to registrants.

6.6 Evaluation of Responses

The Government appointed evaluation team shall undertake the evaluation of all Responses and may, if necessary, engage independent advisers and/or consultants to assist.

6.7 Probity Auditor

In order to ensure a fair and transparent process, the Government has made arrangements to appoint a probity auditor.

6.8 Costs to be borne by Respondents

Neither the Government, nor any of their authorities or agencies, nor their respective officers, employees, agents or advisors will in any circumstances be responsible for any costs or expenses incurred by any Respondent or potential Respondent in preparing or lodging an REOI or in complying with the process contemplated by the REOI.

6.9 Timetable

The following timetable is subject to change by the Government at any stage by notice placed on www.treasury.tas.gov.au/telco_infrastructure_reoi.

12 December 2003	REOI released
January 2004	Briefing session
30 January 2004	Deadline for receipt of questions
27 February 2004	Questions and answers prepared and distributed by the Government
15 March 2004	Deadline for receipt of clarification questions
26 March 2004	Final questions and answers prepared and distributed by the Government
30 April 2004	Deadline for submission of Responses

6.10 Conditions of Responses to REOI

No representations or warranties

The Government has prepared this document to give interested parties background information on the Project. Whilst the Government has taken care in the preparation of the information contained herein and believes it to be accurate, neither the Government, any of its authorities or agencies nor any of their respective officers, employees, agents or advisers gives any warranty, or makes any representations, express or implied, as to:

- a) the completeness or accuracy of the information contained in this document or any information which may be provided by the Government in association with it; and
- b) the profitability, viability or feasibility of the Project, and the business and technical model contemplated by the Project.

Potential Respondents should conduct their own due diligence and make their own assessment as to the profitability of the Project. Respondents must have regard to telecommunications, trade practices (including access regimes) and other legislation in formulating Responses. The Government will not be responsible if the application of any State or Commonwealth law adversely affects the Project.

No person has been authorised by the Government to give any information or to make any representation in relation to the Project not contained in this REOI.

Nothing in this REOI can be relied upon as a promise or representation as to the Government's ultimate decision in relation to the subject matter of the REOI. The Government reserves the right to change its approach to the Project and to amend this REOI at any time.

Procedures to be followed by the Government

The Government may hold interviews with, or seek additional information from, any, all or none of the potential Respondents. Respondents should not draw any inference from a request for an interview.

Following submission of Responses by Respondents the Government reserves the right to proceed to an open or closed tender or negotiate directly with one or more Respondents.

Subject to the following paragraph, the Government will deal with all parties on an equal basis.

It is the present intention of the Government that only the Respondents will be entitled to participate in the next stage of the Project, however the Government reserves the right to:

- a) make changes to the procedures set out in this REOI;
- b) not invite any or all of the Respondents to this REOI to proceed to the next stage of the Project;
- c) not to furnish any or all of the Respondents with any further information in relation to the Project;
- d) withdraw from the Project completely, amend the approach to, or the structure of the Project;
- e) enter into negotiations or discussions in relation to the Project with a party who is not one of the Respondents to this REOI;
- f) to refuse to negotiate further with any or all of the Respondents of this REOI; and
- g) enter into negotiations or discussions in relation to the Project with a Respondent whose Response does not comply with the format set out in this REOI.

Under no circumstances will the Government reimburse any Respondent or potential Respondent for any costs incurred in connection with the provision of a Response or in participating in the question and answer process set out in Section 6.9.

No responses sought in relation to provision of services to the Government or offers to purchase assets

The Government is not seeking Responses in relation to the following:

- a) the current or future contractual arrangements for the provision to the Government of voice and data telecommunications services; or
- b) offers to purchase the Government's Telecommunications Assets except under the exit strategy contemplated by this Project.

Respondents to seek independent advice

The information provided in this REOI does not purport to be comprehensive or to have been independently verified. Nothing in this REOI can be construed as legal, financial or tax advice. Respondents should make their own enquiries and seek their own legal, financial and tax advice.

Compliance with laws

This REOI is being made available by the Government on the terms set out herein and its possession or use in any manner contrary to any applicable law is expressly prohibited. Respondents must inform themselves concerning, and must observe, any applicable laws in relation to the provision of their Responses to this REOI.

Legal effect of REOI

This REOI is not a contract. No legal or other obligation will arise between any Respondent and the Government unless and until the Contracts are executed and any conditions precedent contained in those Contracts are met. In the event that Contracts are entered into in relation to the Project, this REOI does not form part of the Contracts except to the extent that it is expressly incorporated.

The process set out in this REOI is not a tender process. The Government is seeking Responses in order to identify the options available to it for the development of a competitive broadband services market in Tasmania.

Any Response to this REOI constitutes agreement to and an acceptance of the conditions contained in this REOI (in particular section 6) by the Respondent.

The laws of the State of Tasmania shall govern this REOI and all related documentation.

All Responses will become the property of the Government and all ownership in the Responses and related documentation will vest entirely with the Government.

Disclosure of information contained in Responses

With the exception of any information contained in a Response that is expressed to be confidential, (which exception concerning confidential information, the Respondent agrees, is subject to the limited rights of disclosure detailed in the two immediately following paragraphs), the Government reserves the right to publish or otherwise disclose information relating to the Project, including (without limitation) information relating to the evaluation of Responses.

The Government reserves the right to publish or otherwise disclose any information contained in a Response, including but not limited to information that is expressed to be confidential, to a Minister in Parliament, or otherwise to comply with a Minister's obligation to Parliament or a committee of Parliament.

The Government is subject to the *Freedom of Information Act 1991* (Tas). Information included in the Responses that is of a commercially sensitive or confidential nature should be clearly identified as such. The Government will take the nature of such information into account when considering requests (if any) for access to such information under the Act.

Procedure for submission of questions

Questions must be provided in writing or via e-mail. The Government will consider requests to keep confidential questions of a proprietary nature if requested to do so by the potential Respondent (including by requiring potential Respondents to execute confidentiality undertakings prior to disclosing such questions). All other questions will be disclosed to other potential Respondents by placement on the website www.treasury.tas.gov.au/telco_infrastructure_reoi.

Requirements for submission of Responses

Each Respondent must promptly inform the Government in writing of any material change to any of the information contained in its Response, and of any material change in the circumstances that may affect the truth, completeness or accuracy of any information provided in or in connection with the Response.

Restrictions on Submissions

In order to achieve a more competitive broadband services market in Tasmania, the Government is not allowing Telstra Corporation Limited (Telstra), or any related bodies corporate or associated entities of Telstra, to participate in the REOI process (either on its own account or in a consortium), because of Telstra's existing strong position in the market. Instead, the Government hopes to encourage new entry into the market to compete with Telstra by providing competitive broadband services and new infrastructure and facilities to consumers in Tasmania.

6.11 Evaluation criteria

The evaluation process will be undertaken with regard to the evaluation criteria below. Hierarchical ranking of the criteria has Criterion 1 as most important, with remaining criteria descending in degree of importance, to criteria 8 of less importance.

- 1) Roll-out Offering:
 - Proportion of businesses and residences offered broadband services in each of the four initial areas;
 - Timetable for offering of broadband services in each of the four initial areas;
 - Timetable and extent of broadband service offering in other than the four initial areas;
 - Timetable and extent of telephony and other services offered;
 - Marketing and sales programs for offered services; and
 - Access arrangements for other telecommunications carriers and service providers.
- 2) Increases in Competition:
 - Extent to which the Respondent's proposal will increase the scope for and scale of third party application service provision;
 - Extent to which the Respondent's proposal will increase competition in the market for broadband telecommunications services in Tasmania; and
 - Extent to which the Respondent's proposal will benefit the people and businesses of Tasmania.
- 3) Service Offering:
 - Broadband services offered;
 - Telephony services offered; and
 - Other services offered.

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- 4) Business Model:
 - Proposed operating structure (and specification of proposed upstream and downstream interfaces); and
 - Consistency with an open access industry framework.
 - 5) Regulatory Arrangements and Assumptions:
 - Regulatory arrangements and assumptions within which the Respondent proposes to perform the work under the Project; and
 - Any specific regulatory approvals or exemptions that will be sought for the Project.
 - 6) Service Delivery Capability:
 - Demonstrable capability to implement, operate, maintain and manage the services offered; and
 - Demonstrated track record and experience in collaborations and inter-working with upstream or downstream industry partners.
 - 7) Financial and Management Capability:
 - Demonstrable business case for Respondent's investment in the roll-out;
 - Demonstrable financial capability;
 - Demonstrable management team capability; and
 - Basis on which the roll-out of infrastructure will be funded.
 - 8) Purchase Offer for Access to Government Assets:
 - Adherence to proposed pricing principles;
 - Pricing offered for individual optical fibres and/or telecommunications transmission capacity between specified access points; and
 - Proposed terms and conditions for access to Government Telecommunications Assets.

Schedules

SCHEDULE A ROLL-OUT OFFERING

1. Provide details of your proposed core infrastructure roll-out including the scope, scale, roll-out timetable and form of the technology proposed for the customer access infrastructure.
2. Provide your proposals for the proportion of businesses and residences to be offered broadband services in each of the four initial areas.
3. Provide your proposed timetable for offering of broadband services in each of the four initial areas.
4. Provide your proposed timetable and extent of broadband service offering in other than the four initial areas.
5. Provide your proposed timetable and extent of telephony and other services to be offered.
6. Provide your proposed marketing and sales programs for offered services.
7. Provide your estimate of the access required, and the terms and conditions for that access, to Government Telecommunications Assets.
8. At this point in time the Government has the "Backbone Optical Fibre Network". To derive transmission capacity on that Optical Fibre network where necessary and also to provide connectivity into other networks via that optical fibre backbone, Strategic Partners will need to complete a design and implement multiplexers and make suitable arrangements to extend the network to a point or points that will provide the Strategic Partners the connectivity required. Commercial relationships will also need to be formed with the carrier networks that will provide the points of interconnection. The Government requires that the Strategic Partner or Partners will separately make the necessary arrangements and complete the implementation to suit their requirements. Your views are sought on how this may best be structured and managed. In addition your proposals for equipping the Government's Telecommunications Assets with the required capacity, including details of the quantity of transmission capacity that will be required initially and the incremental increases in capacity planned for the next five years are required.
9. Indicate the number of fibres and/or transmission system streams that would be required for the above proposals. (Note: the Government reserves the right to establish a Strategic Partnership with two access service providers, in which case a decision will need to be made as to how many fibres and/or transmission system streams will be made available to each Strategic Partner). The Response must separately show the requirements for fibres and/or transmission capacity on the Basslink connection and the requirements for fibres and/or transmission capacity between locations within Tasmania.
10. The Government has other telecommunications facilities that may be relevant to respondents to this REOI. You are requested to identify those assets that you would require access to and the terms on which you would seek access.

SCHEDULE B COMPETITION EFFECTS

1. Indicate the extent to which your proposal will increase competition in the market for broadband and other telecommunications services in Tasmania. Include consideration of both retail and wholesale telecommunications markets.

SCHEDULE C SERVICE OFFERING

1. Provide details of services that the Respondent would offer to each market segment. Please use your own assessment of the various retail and wholesale market segments you would target and identify the services you would offer against each segment. You should give consideration to the following types of services;
 - broadband services;
 - telephony services; and
 - other services offered.

Firm proposals should be outlined for Years 1 to 5, and provide indicative approaches to longer term opportunities.

2. Provide details of the guarantees or service levels you would offer for each service.
3. Provide details of your proposed retail and wholesale service pricing policies.

SCHEDULE D STRUCTURE OF STRATEGIC PARTNERSHIP

1. Industry views are invited about the structure of the arrangements that could or should be put in place through the Strategic Partnership arrangements. Proposals should indicate how the commercial arrangements will lead to the enhancement of the service offered to the public and will have the further effect of giving the arrangements the best certainty of commercial success. The Government will consider Responses which depart from the structure of arrangements set out in the REOI only where the non-compliant Response sets out the reason for the departure and clearly explains how the proposed alternative structure meets the evaluation criteria. Options that the Government is prepared to consider include:
 - a strategic alliance with two full service providers;
 - a strategic alliance with one or more infrastructure providers and a proactive open access regime for content providers to be managed by the infrastructure providers, with possibly a facilities manager for the purpose of managing the Government's Telecommunication Assets; and
 - other variations of the above that may be potentially possible.
2. Provide details of the form of your proposal for a strategic partnership:
 - indicate the contributions and responsibilities you propose each party would commit to; and.
 - provide information on the commercial structure of the arrangements for Strategic Partnerships that will promote the maximum increase in competitive broadband services.
3. The Government is cognisant of the fact that it may not be an optimum economic model for more than one optical fibre access network to be rolled out in any area. On the other hand the Government has no desire to establish a monopoly supply situation should there be only one supplier of optical fibre access. As an input to the Government's deliberations on this matter your views are sought on alternative strategies the Government might employ. In addition to your views please advise the advantages and disadvantages that may arise from the alternative scenarios you propose.
4. In view of the fact that the Government may decide it would be inefficient and potentially threatening to the viability of the Project to select two Strategic Partners that would attempt business models that relied on both to be full service providers the Government may select one only Strategic Partner for the physical supply of the broadband customer access network. In this circumstance the Government is likely to prefer to ensure a level of competition at the service or content supply level on the single infrastructure. For this to happen the Infrastructure service provider would be expected to actively promote, facilitate and manage the provision of the higher layer services on its infrastructure. Your views are sought on how these arrangements may work and the commitments you are prepared to undertake to ensure this outcome was successfully managed. In addition your previous experience in managing such an environment should be indicated.
5. The Government has an agreement with Powerco to allow the provision of additional conduit that would be owned by the Government. The conduit will connect from the backbone optical fibre network into strategic points of presence, initially in four major population centres.

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6. Having consideration of the possibility that the Government may choose one or more Strategic Partners for the provision of the broadband access network your views on such matters as listed below are sought:
- a) What arrangements may need to be put in place to manage the access and capacity requirements of the conduit network and/or the optical fibre that may be supplied;
 - b) Should the Government supply the optical fibre or should that be left to the Strategic Partners;
 - c) What specifications would you have for the conduit network, such as duct capacity, pit specifications, and access;
 - d) What capacity of optical fibre would you require; and
 - e) How should the expansion or repair of the conduit network be handled? Who should have responsibility for doing so? In asking for your views the Government currently leans toward the Strategic Partners to make arrangements to accept all responsibility for the ongoing management, repair and further capital investment in this asset. The Government is also mindful of the fact that from time to time prompt attention may be required to repairing damaged conduit or optical fibre cable for the purpose of restoring service within service guarantee commitments. The Government takes the view that the involvement of a third party in the process of restoring service may not be efficient. The same view applies to circumstances where additional capacity is required.

SCHEDULE E REGULATORY ARRANGEMENTS

1. Does the Respondent hold a carrier licence?
2. Does the Respondent assume that the Respondent will become the Government's nominated carrier for the Telecommunications Assets?
3. Does the Response rely on access to other carrier's facilities or other carrier's sites in order to provide the services outlined in the Response? Please describe the facilities that will need be accessed, who owns those facilities and for how long access will be required.
4. Does the Response rely on access to the services of other carriers or carriage service providers? Please describe the services that will be accessed, who provides those services and for how long access will be required.
5. Please outline the land access rights that will be relied on in rolling out any new infrastructure referred to in the Response.
6. Detail any other regulatory arrangements and assumptions on which the Response relies.
7. Indicate any specific regulatory approvals or exemptions that will be sought.

SCHEDULE F SERVICE DELIVERY CAPABILITY

1. Provide details of your demonstrated capability to implement, operate, maintain and manage the services you propose to offer.
2. Provide details of your proposed strategy for your service delivery model.

IE:

- All done by the employees of your company;
 - Parts done by suppliers and contractors;
 - Totally outsourced.
3. Provide a profile of the organisational structure and number of jobs your company would create in Tasmania for each year of your activities.

SCHEDULE G FINANCIAL AND MANAGEMENT CAPABILITY

The Tasmanian Government must satisfy itself of the financial standing of company(s) it chooses as a Strategic Partner. Responses to the following questions will form a basis for a preliminary assessment. The Government will take further actions beyond your responses to verify the information provided and to investigate other relevant matters.

Please provide details in relation to the following:

Details of the Respondent

1. The identity of the Respondent, including ACN or ACN's in the case of a consortium.
2. The beneficial ownership interests in the Respondent.
3. A brief overview of the Respondent, providing background information and details of its operations.
4. Where more than one party has an interest in the Respondent or where the Respondent is comprised of more than one party, the roles of each of the parties should be described, including details of the contractual arrangements established, or to be established, between those parties.
5. Relevant information on group or consortium structure (if the Respondent is a member of a larger group or consortium).
6. The identity of any company which has become insolvent and with which any director of the Respondent, or any significant shareholder in the Respondent, is or has been associated.
7. Respondents must disclose any major breach by each party to the Response of safety and environmental laws within the last five years in any jurisdiction. The disclosure should note the jurisdiction in which the breach took place, describe the nature of the breach and summarise its resolution or current status.
8. Details of the Respondent and its professional advisers including the following information for each party:
 - names and titles;
 - telephone numbers;
 - office addresses;
 - facsimile numbers; and
 - email addresses.
9. A summary of the Respondent's business plan for the Response.
10. Details of key assumptions (including tax assumptions) underlying the Response.
11. Details of financing ability, including:
 - how the Respondent will finance the activities outlined in its Response, particularly in relation to the roll-out of new infrastructure;
 - the extent, if any, to which the Respondent's participation in the alliance with the Government will be financed by third parties, and copies of any indications of support from these third parties; and
 - all approvals required (including government approvals or foreign investment approvals).

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12. A copy of the most recent accounts audited financial reports for each of the last three years of the Respondent. Where more than one party has an interest in the Respondent or where the Respondent is comprised of more than one party (for example a partnership), recent annual accounts should be provided for each of those parties.
 13. Provide three financial referees and Bank references;
 14. The Respondent must indicate that it is prepared to indemnify the Government from any financial losses that may be incurred by you as a result of the proposed strategic partnership.

Relevant Expertise and Experience

15. A description of the relevant expertise and experience of the Respondent and details of the added value that the Respondent will bring to the Project.

Management Capability and Structure

16. Details of management capability including a brief description of the management structure (together with an organisation chart and details of key people along with their CVs) which the Respondent proposes to put in place, identifying key management positions. These details should include that part of your organisation that will be managing the Strategic Partnership.
17. Provide evidence of demonstrable management team capability by providing details of management of telecommunications infrastructure implementation and operation that is similar and/or relevant to what has been proposed in your Response.

Dealings with Government Authorities

18. A summary of the outcome of any discussions or other dealings the Respondent may have had with any Government authority in relation to the matters contained in the Response.

Other

19. Details of who within the company has signed off on the Response, including name, title and level of authority. (If the Response has been completed by a consortium, similar statements should be provided by each member).
20. Any other supporting information that the Respondent considers relevant.

SCHEDULE H PURCHASE OFFERING

1. Indicate your preferred structure of arrangements you would seek to have with the Government for the rights to access the Government's Telecommunications Assets.
2. Provide information to the Government on the commercial terms and conditions for access to the Government's Telecommunications Assets that you can feasibly offer in order to provide new competitive broadband services. This should cover the pricing offered for individual optical fibres and/or STM1, STM4 or other telecommunications transmission capacity between specified access points.
3. Indicate your response to the proposed pricing principles for access to the Government's Telecommunications Assets.
4. Provide information to the Government on the extent of access to the Government Telecommunications Assets that you would require to provide new competitive broadband services.
5. Indicate that you accept the Government's terms and conditions in section 6.
6. The Government may require its Strategic Partner(s) to accept responsibility for the maintenance and further development of the Government's Telecommunications Assets. Provide information to Government on the services and costs for maintenance and operation of some or all of the Government's Telecommunications Assets that Partners can feasibly offer.
7. Identify the benefits you foresee in your proposed arrangements with the Government.