



Australian Government
Department of Communications,
Information Technology and the Arts

DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

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The evolution of Broadband Connect A policy perspective

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The background to the HiBIS approach

- The RTI and its terms of reference
- RTI findings
- Government response



Key HiBIS policy objectives

- Universal access to metro-comparable services
- Promoting effective competition
- Effective targeting of Government support to areas of need



Strategies to achieve HiBIS objectives: universal access

- Incentive payment levels
- Recognition of high cost areas
- Price requirements for registered services
- Service level requirements for registered services



Strategies to achieve HiBIS objectives: Promoting competition

- Multiple providers
- Standardising incentive payments
- Certainty about eligible areas and premises
- Retailer and wholesaler participation



Strategies to achieve HiBIS objectives: Effective targeting

- Eligible customers
- Eligible premises
- Allowable costs
- Relies on effective Departmental information systems and mapping capacity



Achievements of the HiBIS approach in regional Australia

- **Universal access to metro-comparable broadband services**
- **Significant additional terrestrial broadband coverage**
- **A number of new broadband providers**
- **Significant boost in broadband take-up in regional areas**



Filling remaining gaps

- **Broadly of two kinds**
 - more remote areas
 - technology impairments
- **Not clear that incentive approach will be effective**
 - Business case is becoming marginal, even with incentives
 - Difficulty in identifying and addressing 'swiss cheese' technology impairments



Transitioning to improved broadband capacity

- **Is happening in major metropolitan areas**
 - **Though speed of roll-out is an issue**
- **Need to be pro-active to stimulate improved capacity in regional areas**
- **And to stimulate commercial developments in other metropolitan and quasi-metropolitan areas**



Promoting effective competition

- **The HiBIS incentive approach has supported competition**
- **But there are claims that barriers to sustainable competitive entry remain**
- **Going forward we want maximum competition and differentiation of retail products**
- **And we don't want to rely entirely on regulation to achieve this objective**



Revising Broadband Connect: developing a strategy to address these challenges

- **A small number of major infrastructure projects**
- **Through encouraging collaboration and partnerships**
- **Key aims/requirements**
 - **To address coverage gaps in a more sustainable way**
 - **To build an infrastructure base for scaling up broadband capacity**
 - **Requiring effective wholesale access on reasonable terms and conditions**



Improving the sustainable infrastructure case

- **Whole networks rather than just marginal areas**
- **Collaboration and partnerships to build strengths**
- **Commercial areas funded commercially**
- **Net result improved economies of scale and scope**
- **More efficient and effective Government support**
- **Recognise that some areas may remain unviable**



A platform for enhanced broadband services

- **Need to proactively address future needs**
- **May not achieve equal speeds across all regional areas**
- **But need to think about parity to enable new broadband applications and services**
- **And a technology pathway to enhanced performance going forward**



Promoting effective broadband competition

- **Effective access to wholesale broadband services is the key**
- **In a way that enables maximum degree of service differentiation and choice**
- **May be an opportunity for facilities-based competition in more commercial areas**



Major private sector contribution

- Focussed primarily on commercial areas
- But also a contribution towards marginal areas
- Build on existing infrastructure
- And extending into quasi-metropolitan areas



Linkages with other Connect Australia elements

- Clever Networks
- Mobile connect
- Backing Indigenous Ability



The way forward

- **Interim incentive program to continue in 2006-07**
- **Call for expressions of interest – June/July**
- **Competitive grants program – first part of 06-07**
- **Small number of major projects begin later in 06-07**



Any questions?