

Thank you for the invitation to come back and once again address the ATUG Regional Conference.

The landscape of the telecommunications debate in Australia has changed dramatically since I spoke at the ATUG regional conference last year.

The passage of legislation providing for the full sale of Telstra, as well as a new mind set from the company's management have turned the Australian telecommunications sector upside down.

As a result, we have seen a wave of change – both positive and negative.

The sector has seen some encouraging developments, such as the progress in Austar and Unwired's Wimax plans and Telstra's plans to deliver 3G data services across its existing CDMA network footprint.

But we've also seen equal parts of high farce – not the least of which has been the increasingly shrill rhetorical war between the government, the ACCC and Telstra.

This very public three way fight has achieved little but to distract attention from the real issues facing the Australian telecommunications sector.

While the media always loves to cover the cut and thrust of large egos, the real news story in the Australian telecommunications sector over the past 12 months has been its continuing poor performance by international standards.

One thing that has not changed in the last 12 months is the fact that Australia's antiquated communications infrastructure has left our nation as a broadband backwater.

Australia is ranked just 17th out of 30 countries surveyed by the OECD for take up of to 256kbps broadband.

A recent World Bank study confirms what many of us have long suspected, that when Australia's performance is assessed on the basis of multi-megabit broadband, this ranking is even worse.

In a recent report on Information Communications Technology, the World Economic Forum ranked Australia 25th in the world in terms of available internet bandwidth.

The same forum ranked Australia's 'Networked Readiness' at just 15th in the world, having fallen in every year since 2003.

The impacts of this appalling performance extend to all aspects of the Australian economy.

True broadband is a critical enabling technology that is currently driving substantial productivity gains around the world.

True broadband will not only make Australian businesses more efficient at what they already do, but will also open up completely new ways of doing things (eg through VOIP, IPTV, Virtual Private Networks etc).

True Broadband will be a substantial driver of information technology innovation.

True Broadband is also a crucial tool for the commercialisation of Australian intellectual property and content.

True broadband will be the highway that Australian ICT and digital content companies use to deliver their products to the international market place.

True broadband gives Australian knowledge economy companies the chance to break down the tyranny of distance and connect with the global economy on equal footing.

Broadband is especially important for rural and regional Australia.

Broadband can help to bring an exciting new world of e-education and e-health services to regional Australia.

In education, broadband combats the impact of the tyranny of distance by bringing the world's best libraries, museums and cultural events into the home in an engaging and media rich environment.

In e-health, broadband offers a range of new services and cost savings for Australian citizens.

For instance, an Australian company is currently providing an e-health radiology application in the United States.

This application allows radiologists to examine patient records and test results remotely, significantly increasing economies of scale and removing the need for patients and experts to be at the same location.

The practical benefits of such a service for Australians living in rural and regional Australia are obvious.

As well as reducing the cost of treatment, such a service reduces the significant inconvenience of having to travel from a regional centre to a large city for specialist evaluation.

Most of you in this audience will be well aware of these applications and the importance of broadband infrastructure to a modern economy.

I can assure you that Labor understands the importance of broadband to the Australian economy and Australian society.

Labor also understands that Australia's poor performance in broadband needs urgent action.

That is why in his budget reply speech last Thursday night, Kim Beazley announced that delivering access to genuine broadband for all Australians would be a national priority for a Beazley Labor government.

That is also why Kim Beazley unveiled Labor's Broadband Plan to dramatically improve Australia's crumbling telecommunications infrastructure and ensure that all Australians have access to the benefits of broadband.

Labor's Broadband Plan will deliver:

- access to broadband of at least 6mbps to 98% of Australian businesses and homes via the roll out of a national fibre to the node network;
- a framework for a competitive next generation telecommunications infrastructure roll out; and
- an infrastructure foundation for future broadband upgrades (eg either through future Very high bit-rate Digital Subscriber Line developments or through Fibre to the Home).

The fact that Labor is advocating the construction of a national fibre to the node network is no criticism of wireless broadband.

Wireless broadband will play an important part in the national broadband landscape and I wish Austar and Unwired luck in their plans for the roll out of wireless broadband in regional Australia.

Of course, for the most isolated Australians, wireless broadband will probably remain the only viable delivery channel.

However, for the delivery of the high bandwidth next generation services that will be made available over broadband in the future, like IPTV and video calling, the industry consensus is that fixed line broadband will dominate.

Fixed line fibre networks are the first choice networks being rolled out by incumbents around the world to deliver next generation broadband.

As such, Labor believes that all Australians should be entitled to a base level of fixed line broadband service.

On this point, I must profess surprise at Senator Coonan's description of a fibre to the node network as a "white elephant" last Friday.

I'm sure this will come as news to Telstra, Optus, Primus, Transact, iinet and the rest of the gang of eight who are lining up to invest in this technology.

While the Minister is not convinced at the merits of a fibre to the node network, Labor believes that such a network would be a valuable upgrade over Australia's currently limited fixed line infrastructure.

At present there are serious technological constraints on the broadband speeds that are able to be delivered over DSL services using the copper last mile in Australia.

It is well known that DSL broadband speeds decline appreciably the further away a customer is located from an exchange.

Unfortunately around 60% of Australians are located more than 1.5kms from their nearest exchange, significantly curtailing the broadband speeds available to them making the delivery of ubiquitous true broadband unlikely.

The scale of investment required to remedy this situation is significant.

Labor's Broadband Plan is designed to deliver the investment needed to roll out such a network to all Australians.

In this respect, Labor's Broadband Plan has two elements.

Firstly, a Beazley Labor Government will improve regulatory settings to encourage private sector investment on a pro-competitive basis.

I have been discussing what these potential reforms may look like in some detail with the telecommunications with the sector for many months now and these discussions will continue in the lead up to the next election.

However, in brief, these reforms would provide a legislative framework providing regulatory certainty for the creation of a joint venture vehicle formed to construct and maintain a national fibre to the node network.

This regulatory certainty would involve the negotiation of prospective access terms with the joint venture vehicle and the exemption of the vehicle from Part XIB and XIC of the Trade Practices Act and the new operational separation regime.

This framework would significantly improve existing regulation of the Australian telecommunications sector, cutting through the clutter of regulation and delivering a structural solution that would make many existing regulations redundant.

These reforms would significantly improve incentives for private companies to make the large scale investments necessary to construct a national fibre to the node network.

However, as Telstra has pointed out, as is the case with other broadband technologies, it is simply uneconomic to deliver high speed broadband to millions of Australians without government support.

This is why Kim Beazley announced in his budget reply speech on Thursday night that Labor's Broadband Plan will also invest up to \$2.6 billion in the joint venture vehicle to ensure that the fibre to the node network extends to all Australians.

Labor believes that True Broadband infrastructure is productive economic infrastructure with public good characteristics and as such warrants government investment.

Labor will provide government funding for its Broadband Plan to hasten the roll out of real Broadband and to fast track the realisation of the economic and social benefits it holds for the whole Australian community.

Labor will obtain the funding for this promise by reallocating the funds from the Broadband Connect and Communications Fund for this purpose.

For ten long years, the complacent Howard government has wasted hundreds of millions of dollars on pork barrelling in telecommunications.

Australia has been left with little more to show for it than a series of National Party photo-opportunities.

Broadband Connect and the Communications Fund are the latest iterations of this cynical money politics.

To date, HiBIS/Broadband Connect has functioned as a consumer bounty designed to subsidise the cost of new broadband infrastructure.

As I described at the 2005 ATUG regional conference, this program has been an abject failure in delivering new infrastructure in the ground for rural and regional Australia.

Labor has discovered through the Senate Estimates process that the HIBIS funding has largely been wasted subsidising existing ADSL and satellite infrastructure.

The lack of a national plan for government financing of broadband infrastructure has meant that this government money has not produced what the bush desperately needs – infrastructure in the ground.

The second source of funding we will tap to fund Labor's Broadband Plan is the \$2 billion Communications Fund established by the government last year.

The creation of this Fund was one of the Howard Government's most cynical and craven ploys.

The Communications Fund was never about improving telecommunications services in rural and regional Australia.

It was only ever about buying off Barnaby Joyce and bankrolling future National Party pork barrelling.

Senator Joyce belled the cat when he stated that he was "happy" for the Communications Fund to be described as a "Slush Fund".

Believe it or not – but that's a direct quote.

I know that Senator Joyce has acquired something of a cult following in the media for his turn of phrase – but frankly those comments are appalling.

Is it old fashioned to be offended at this kind of brazen, shameless cynicism?

The arrogance is astounding.

While she's not as brazen as Senator Joyce, the Minister knows just as well herself that this money was never about improving telecommunications services.

Before the Minister realised she would need to buy Barnaby's vote for the sale of Telstra she was cool on the idea of the Communications Fund – describing herself as "*agnostic*" on the need for on-going future proofing funds in regional Australia.

On top of this she noted:

"I think the real debate here is what will a fund guarantee? What will it do that is not already being done by the Government?"

"The most important thing is you have to identify an area of unmet need."

The only area of unmet need the government has identified for this money is Barnaby Joyce's vote for the sale of TELstra.

In contrast, the Labor Party has identified a genuine area of unmet need in Australian telecommunications – remedying the appalling state of Australia's broadband infrastructure – now.

Forget about future-proofing, the bush is already years behind the city.

Even worse, even the Australian cities are years behind our international peers.

Labor's Broadband Plan delivers the future to the bush – today.

Labor's Broadband Plan takes the decisive action that is necessary to bring Australia back into line with our international peers.

That is the difference between Labor's telecommunications policy and the government's.

Labor will spend the money in the Communications Fund for a Nation Building infrastructure project – not for pork barrelling.

Does anyone here really believe that the funds from the Communications Fund, already described by Barnaby Joyce as a “Slush fund” would be spent on future proofing?

The government has form when it comes to spending public funds in this way and it's not good.

If you give this government half a chance the Communications Fund will be bank rolling every half baked telecommunications scheme being pushed by a National Party family member west of the Great Divide.

Keep in mind, this is the government that brought you Networking the Nation, a government program that was so wasteful it was panned by the usually restrained Auditor General.

This is the government that brought you the Regional Grants Program – a program that spent government money on a series of worthy causes like dredging Tumby creek – twice.

If this government is allowed to spend the money from the Communications Fund on small scale projects of this kind you'll get a lot of National Party campaign stops, but not much in the way of real results for rural and regional Australia.

That's why Ron Boswell was so quick off the mark on Thursday night to condemn Labor's plan to shut down this slush fund.

It took him half an hour to have a release out opposing this move.

It's a good lesson for future reference - never stand between a National Party MP and a slush fund.

Senator Boswell's statement on the budget reply night demonstrates the priorities of the National Party.

This is a Senator who did not even bother to turn up to question Telstra about its plans to switch off the CDMA network in rural Australia and replace it with a new, untested 3G network.

But, when he thought there was a chance his campaigning fund would be under threat, he moved faster than he's moved in years to condemn it.

We will wait and see whether Senator Boswell is ask quick off the mark when Telstra cuts a deal with the ACCC to roll out fibre to the node in metropolitan Australia – and leaves rural and regional Australia, and the National Party out in the cold.

The cynicism that underlies the rationale for the creation of Communications Fund was the primary reason Labor opposed its establishment.

It's also the primary reason why we do not have any qualms redirecting this money towards a national building project that will deliver real results for rural and regional Australia.

We completely reject the government's claims that redirecting these funds will produce an inferior result for the bush.

Labor believes that government leadership to facilitate the roll out of true broadband infrastructure in Australia fits well with Labor's economic agenda of continuing our prosperity through investment in Australia's skills and infrastructure.

That is why, in the lead up to the next election, Labor will be making the case for the need for a substantial investment in Australia's broadband infrastructure – now.

Australia needs a visionary infrastructure investment to lift Australia out of the communications dark ages and open up the information age for Australian families, businesses and the economy.

Labor has a plan to deliver this investment.

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