

**Senate Select Committee on the National
Broadband Network –**

committee hearing

**For the Department of Broadband,
Communications and the Digital Economy**

May 2010

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The Australian Government's National Broadband Network Implementation Study was released on 6 May 2010. The Study is an extremely comprehensive report on broadband infrastructure in Australia and its release was eagerly awaited both in Australia and overseas.

BuddeComm is aware that the Study is currently being reviewed worldwide, and will also be considered by the ITU/UNESCO Broadband Commission for Digital Development. This underlines the national and international importance and credibility of the Study. To BuddeComm's knowledge, this is the first time that Australia leads the international telecoms world in relation to government policies and business strategies for the deployment of national infrastructure.

The Study recognises the importance of broadband infrastructure as a utility which can provide the basis for the development of a digital economy, particularly in relation to applications such as healthcare, education, smart grids and transport.

According to the original plans and statements made by the government, 'national interest' was one of the fundamental reasons for government intervention in the telecoms market in order to establish an affordable infrastructure which could be used to deliver the significant social and economic benefits this investment would secure.

The utilities-based NBN would certainly be able to deliver that basic foundation for the Australian digital economy.

However, BuddeComm is disappointed to see that the Implementation Study did not come up with strong recommendations regarding the use of the NBN for these trans-sector services and regards this as a missed opportunity to deliver e-health, e-education, smart grids and transport applications. The Study mentions these services and the social and economic benefits in quite some detail, but it falls short of making any recommendation for them in government policies that would lead to a reallocation of funds within the budgets of these sectors.

By promoting the utilities-based model the government avoided the need to make financial recommendations that would require it to make trans-sector policy decisions, which BuddeComm had proposed in its previous submissions to Senate Commissions as being a major new revenue stream for the NBN.

The proposed wholesale charges could indeed lead to access charges for consumer-based high-speed internet services that would be attractive enough to reach high-levels of penetration (above 45%). This would make such a network financially viable without the need to attract funds from other sectors. While this of course is excellent news, it allows the government to avoid making more visionary policy decisions that would lead to a more rapid deployment of trans-sector services.

Such policy decisions would have also sent a strong message to the industry to start looking at more innovative digital economy developments. In particular, Telstra would have welcomed such trans-sector initiatives as they would open up new business opportunities to compensate for the fall in revenue from traditional services. This in turn would have helped the negotiation process between the government and Telstra.

While BuddeComm does not necessarily disagree with the utilities model – to the contrary – BuddeComm would have liked to see a stronger emphasis on the business opportunities that would flow from digital economy initiatives. While there is a lot of lip-service to that concept, both in the Implementation Study as well as in the May Budget, these important opportunities have so far been ignored by the government.

In the May Budget the government again missed the opportunity to use the NBN to facilitate better results for some of the other policies launched in the Budget, such as healthcare, training and other infrastructure. There are great synergies to achieve with the NBN as a facilitating infrastructure, but this would require government coordination rather than the current silo approach.

This was also mentioned at the NBN/Trans-Sector Conference organised by the government in December last year. The need for a coordinated government approach towards the NBN was one of the most significant outcomes of that Conference, but so far we have seen no commitment from the government to use NBN on a trans-sector basis.

On several occasions BuddeComm has suggested that the government should either appoint a minister or an assistant minister to coordinate the various government policies that can be facilitated through the NBN. While the NBN won't solve all the world's problems, without it none of those policies can be implemented in an effective way. This is now recognised by the UN and also by many other countries, and BuddeComm is extremely proud of the fact that Australia is leading this international development through its visionary approach to the NBN.

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