

Chapter 2

Issues

Preliminary nature of the bill

2.1 The committee notes that the bill may be described as being of a preliminary or technical nature, insofar as it seeks only to enable the spending of the fund's capital for the creation of a national broadband network. The bill does not affect issues around future regulatory settings, competition, access, service levels and standards, tendering and other such matters. The small number of submissions received doubtless reflects the narrow scope of the bill and not the level of interest in the national broadband network more generally, which is considerable.

2.2 The committee received a submission from iiNet, a national internet service provider. Noting the preliminary nature of the bill, iiNet expressed its support:

[iiNet]...recognise that this Bill is the first piece of legislation that enables the Federal Government to fulfil its election commitment to build a National Broadband Network.

In broad terms, we support the Government's intentions relating to the deployment of the National Broadband Network.¹

2.3 Similarly, the submission from the Western Australian Department of Industry and Resources states:

To the extent the funding will support the development of infrastructure of national significance such as the National Broadband Network (NBN), the Department of Industry and Resources (DOIR) is broadly supportive of this initiative.²

2.4 Beyond these expressions of broad support for the creation of a national broadband network, the submissions of iiNet and the WA Department of Industry and Resources raised issues around competition, access and capacity, which are not able to be considered as part of the inquiry into the bill. The committee notes that opportunities to canvass these and other matters should arise as the development of the national broadband network progresses.

Effect of bill on reviews of regional telecommunications needs

2.5 The submission of the NSW Farmers Association (NSWFA) expressed concern that allowing the fund's principal capital of \$2 billion to be spent on the national broadband network will effectively prevent future reviews of regional

1 iiNet, *Submission 1*, p. 1.

2 Department of Industry and Resources, Government of Western Australia, *Submission 2*, p. 1.

telecommunications being conducted by the Regional Telecommunications Independent Review Committee (RTIRC).³

...the Association is extremely concerned that the removal of the Communications Fund will in effect remove the guarantee that further independent reviews into regional telecommunications will be carried out.⁴

2.6 On this issue, the submission of Department of Broadband, Communications and the Digital Economy (DBCDE) outlines the present schedule for reviews by the RTIRC:

On 4 February 2008, the Government extended the current Regional Telecommunications Review, chaired by Dr Bill Glasson AO, to report to the Minister for Broadband, Communications and the Digital Economy in August 2008. This extension will enable the Committee to take into account other Australian Government regional telecommunications policies, such as the National Broadband Network.

The Government is required to respond to each House of the Parliament within 6 months after receiving the report from the Committee.

2.7 The DBCDE submission states that the passage of the bill:

...will not change the reporting requirements of the...[RTIRC].⁵

Ability of bill to benefit regional Australia

2.8 The NSWFA expressed concern that the bill will enable the fund to be spent on a national broadband network, beyond its original purpose to fund regional telecommunications projects exclusively. The submission states:

The Association is concerned that the government's National Broadband Network proposal is clearly...city-focussed [sic] and...may take until 2013 to actually reach many regional areas. As such, the Association is strongly opposed to redirecting the Communications Fund to supply part of the investment required for this proposal, given that any potential benefit of the Network to rural and regional Australia is at best five years away, and may or may not have application to rural communities.⁶

2.9 The DBCDE submission provides a number of responses to this concern. First, it notes that the government's proposal for a national broadband network includes the provision of broadband services to regional Australia:

The National Broadband Network is expected to provide broadband services to 98 per cent of Australian homes and businesses, including

3 See paragraph 1.4.

4 NSW Farmers Association, *Submission 3*, p. 4.

5 Department of Broadband, Communications and the Digital Economy, *Submission 4*, p. 3.

6 NSW Farmers Association, *Submission 3*, p. 4.

regional and rural areas, with minimum downlink speeds of 12 megabits per second.⁷

2.10 Second, the DBCDE submission outlines two strategies by which the government intends to ensure that broadband services are provided to regional Australia through the national broadband network proposal. The first strategy will complement the national broadband network process:

In parallel to the National Broadband Network process, the Government is separately inviting proponents, industry, public interest groups and other interested parties to make submissions on policy and funding initiatives to provide affordable access to broadband services to remote areas that may be outside the National Broadband Network coverage area.

This could include strategies to enhance the Australian Broadband Guarantee program to achieve outcomes comparable to the National Broadband Network. Submissions will be considered by the Regional Telecommunications Independent Review Committee. Submissions are due by 5.00pm AEST 30 June 2008.⁸

2.11 The second strategy outlined relates to the Australian Broadband Guarantee (ABG):

The Government has announced it will separately fund an additional \$95 million in 2008-09 for the continuation of the Australian Broadband Guarantee.

The Australian Broadband Guarantee offers subsidised access to metro-comparable broadband services to those who would otherwise be unable to receive a metropolitan comparable broadband service. The program operates by paying a subsidy of up to \$2,750 (GST-inclusive) per premise to registered providers for every eligible premise they connect to a metro-comparable broadband service.

Effect of bill on regional telecommunications infrastructure and programs

Telecommunications infrastructure

2.12 The NSWFA submission expresses concern about the effect of the bill on the ongoing maintenance and improvement of regional telecommunications infrastructure, particularly as this relates to service standards such as the Customer Service Guarantee and the Universal Service Obligation.⁹ It asks:

In the absence of the Communications Fund, what mechanisms will the Government put in place to ensure that telecommunications service

7 Department of Broadband, Communications and the Digital Economy, *Submission 4*, p. 1.

8 Department of Broadband, Communications and the Digital Economy, *Submission 4*, p. 4.

9 NSW Farmers Association, *Submission 3*, p. 4.

providers are adequately resourced to ensure they can maintain and make repairs to the increasing number of telecommunication services on offer?¹⁰

2.13 On this issue, the DBCDE submission makes it clear that the extent to, and manner in, which the fund is to be utilised for the creation of the national broadband network is not yet known:

The purposes...[of] the Bill are not intended to prejudice any particular form of funding in a National Broadband Network, rather they are intended to cover all probable options for investing in or funding a National Broadband Network to give proponents flexibility in preparing proposals and to provide the Panel of Experts with flexibility to assess proposals on the basis of value for money with regard to the costs to the Commonwealth.

...

The final Budget implications of the National Broadband Network will depend on the proposals put forward and, ultimately, the form of the Government's contribution to the National Broadband Network.¹¹

2.14 The committee notes therefore that it is not possible or relevant to predict the 'absence' of the Communications Fund at a point in the future in order to comment on the resourcing issues raised by the NSWFA.

Telecommunications programs

2.15 A similar concern raised in the NSWFA submission was the effect of the bill on such programs as the ABG.

2.16 The committee again observes that it is not possible or relevant to consider this issue under either the terms of the bill or the terms of reference for the committee's inquiry. Nevertheless, the committee notes the intentions of the DBCDE outlined at paragraph 2.11, concerning the future funding of the ABG.

Committee view

2.17 The committee notes that the majority of submissions expressed broad support for the purposes of the bill to enable the fund to be used for the creation of a national broadband network.

2.18 The committee notes that the majority of concerns raised by stakeholders relate to considerations beyond the objects of the bill, which are to enable the capital of the fund to be utilised for the creation of a national broadband network. The scope of the bill does not extend to matters around the ways in which the fund may ultimately be expended.

10 NSW Farmers Association, *Submission 3*, p. 4.

11 Department of Broadband, Communications and the Digital Economy, *Submission 4*, p. 4.

2.19 The committee observes that issues that could not be addressed under the terms of the inquiry will be able to be considered as the process of creating a national broadband network proceeds.

Recommendation 1

2.20 The committee recommends that the bill be passed.

Senator Anne McEwen
Chair

