



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

**TELECOMMUNICATIONS LEGISLATION
AMENDMENT (COMPETITION AND
CONSUMER SAFEGUARDS) BILL 2010**

Second Reading

SPEECH

Monday, 15 November 2010

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Monday, 15 November 2010
Page 72
Questioner
Speaker Sidebottom, Sid, MP

Source House
Proof Yes
Responder
Question No.

Mr SIDEBOTTOM (Braddon) (5.42 pm)—My poor old heart bleeds for poor old Telstra. Poor old coalition: too little for too long and now it is too late. This feigned interest by the coalition in bringing us to scrutiny, in having the parliament as the chamber of expertise to look through every clause and subclause of this legislation, beggars belief. I think those opposite are on to telecommunications plan No. 20, and that tells a story of its own. We on this side have a plan and we are actually getting on with it. Believe it or not, even Telstra believes that this is the way to go. It finally understands that this is the way to go if it is to have a future.

Twelve months ago I rose in this place to speak on the previous version of the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2010. A lot has changed on the issue in that time, except of course the negativity of those opposite towards our vision of the fibre future, a vision shared by many thousands of Australians. Indeed, this negativity has intensified with the member for Wentworth being specifically assigned with the job of ‘destroying the NBN’. That is the coalition’s idea of policy development. At the time, I said this was about the ability of people, businesses and institutions of all sorts to have universal and comprehensive access to 21st century communications systems—and that remains unchanged. In that year we also saw some tremendous progress on the ground, particularly in my electorate, with the rollout of the first stage of the National Broadband Network, starting as it did at Smithton in the Circular Head region. Let me remind those opposite that this was the pioneering of the rollout. People do indeed have contractual obligations to other providers, but I remind those opposite that people are interested in signing up for the NBN and, as it rolls out, it will gather its own momentum.

Equally important was the landmark heads of agreement between Telstra and the NBN Co. made in June this year, which will encourage a much more cooperative approach to the future of telecommunications in Australia. Indeed, this legislation is specifically designed to allow this to happen. Another factor is that with the return of the Gillard Labor government comes the continued resolution to roll out its visionary NBN plan. It is worth reiterating this at this stage because its characteristics are at the heart of the legislation.

First and foremost, the NBN is a fibre-to-the-premises network. The Australian government has established a government business enterprise—NBN Co. Ltd—to design, build and operate an open access network, providing download speeds of up to one gigabit per second to 93 per cent of Australian homes and businesses, for which it is offering to contribute an initial cash injection of up to \$43 billion. The remaining homes and businesses will be supplied using wireless and satellite technologies.

The National Broadband Network will be built with the following characteristics. The network is to be operational progressively over eight years as a government business enterprise. It must be able to provide high-quality voice data and video services, including symmetric services such as high-definition video conferencing. The network is expected to cost about \$26 billion, with the government issuing infrastructure bonds to allow private investment in the network. This will be capped at 49 per cent. The network is to be open access and have a uniform pricing structure regardless of customer location. The Australian government will hold a 51 per cent share and will operate the network for at least 10 years once completed before selling down their stake, although there is debate about whether the network should be sold. It is estimated that it will create 47,000 new jobs over the next eight years and will support 25,000 jobs every year until completed. The NBN will be the largest single infrastructure investment in Australia’s history.

Work on the rollout in my home state began in July 2009 and the first services went live on 1 July 2010. Indeed, the Circular Head Christian School in my electorate was part of the very first transmission. Crucially, on 20 June 2010 Telstra signed a non-binding agreement to participate in the National Broadband Network rollout, and the revamped legislation before us gives effect to this.

As I say, the National Broadband Network will be the largest single infrastructure investment in Australia’s history, with enormous potential benefits for the nation. Better, faster and cheaper internet services will allow Australia to be at the forefront of the digital economy in the digital world. The new network will have a profound importance for Australia’s productivity and the ability of Australian

businesses to thrive in a fiercely competitive world. It will help transform the way governments and non-government agencies deliver services, especially in health and education, and the way we communicate and entertain ourselves in our personal lives.

I am excited about its potential, for example, for families with autistic children. Burnie in my electorate is one of six sites chosen throughout the nation to network intensive autistic services in Tasmania and is already underway in doing so. The NBN will allow families to video access the centre from their own living rooms and hence access early, intensive therapy and services so vital in giving autistic children the start they need to tackle their individual needs. The NBN can also eliminate the communications disadvantages of country and regional areas and render them more attractive as business and employment locations.

However, as this legislation bears out, it is imperative that Australia get it right and get it right from the start. Getting it right is not just about getting the best technology, as important as that is; the real challenge will be in putting in place the right rules to govern how the network will operate. Those rules must ensure the network is run in a way that encourages competition and innovation in the downstream services provided by communications retailers.

I mentioned earlier that the NBN is opposed by the coalition. A week prior to the 2010 Australian federal election, the coalition released a \$6.25 billion alternative policy, relying on a combination of public and private funding to build a primarily wireless network delivering a minimum peak speed of 12 megabits per second to 97 per cent of the Australian population. The plan included \$3.5 billion to be spent developing an open access, optical fibre backhaul network. It was not long before the so-called alternative policy was criticised by the general telecommunications industry, with executives describing it as one that 'harked back to an earlier era', 'lacked vision' and was 'muddy and unclear'. As one ISP CEO put it, 'What policy?'

After the 2010 election, the member for Wentworth was appointed opposition communications spokesman, with the mission 'to destroy the NBN'. I notice too that the opposition's spokesperson on telecommunications was promptly sacked after the election and plonked on the back bench. That is how much integrity those opposite placed on their policy during the last election. The Australian people woke up to it, particularly further south and in rural and regional Australia.

Apart from the opposition and some naysayers in the conservative commentariat, there is overwhelming support for Labor's NBN policy across a whole array of sectors and the Australian population. David Thodey,

for example, the CEO of Telstra, was reported in the *Australian* on 20 October as saying:

We believe the interests of Telstra shareholders would be best served by the bill being passed this year so that a definitive agreement on our involvement in the NBN can be reached quickly.

On 19 August 2010, the Australian Internet Industry Association issued a statement supporting the NBN, outlining the problems of a proposed alternative based on wireless networks and criticising the comparative speed of broadband in Australia, saying it is:

... not a 'nice to have', it's an essential part of a modern economy.

I do not need to remind this House, as I have at other times, about our poor record on internet services, delivery, speeds and expansiveness, or lack of it, compared to our overseas competitors.

In the past decade Australia's internet use has grown by a staggering 12,000 per cent, with the rate quickly accelerating. Yet despite this, as the association pointed out, Australia is ranked 50th in the world for our average broadband speeds. I noticed on 21 September this year that Telstra announced that it was signing on to be a provider of services under the NBN, launching a trial in Tasmania to test the compatibility of its broadband service and digital products with the NBN.

Within this parliament itself, the NBN has the support of the Greens and a number of the Independents. Indeed, the members for Lyne and New England cited the NBN as one of the key reasons they decided to back the Gillard government. I remind those listening to this debate that on 7 September during negotiations concerning who might form a minority government, the member for New England, Tony Windsor, said of the NBN, 'You do it once, you do it right and you do it with fibre.' The member for Kennedy, the Independent Mr Bob Katter, was similarly reported as agreeing that the national grid and NBN 'are a good thing for this country, a great thing for this country'. And support is also relatively strong amongst the technology sector.

Optus has viewed Labor's win at the last election as an endorsement for the long-term NBN solution, as well as endorsement for the need for an overhaul of the current regulatory structure in Australia. Optus supports the legislation before us. Indeed, as Optus's Director of Government and Corporate Affairs, Mr Krishnapillai, asserts:

We believe that the telco reform bill—including the structural separation of Telstra and the greater power for the ACCC to enforce a level playing field in the fixed line market—must be a priority for the new government.

Hence this legislation before the House. In an interview with the radio station 2UE in Sydney on 13 October, Mr Krishnapillai made it very clear that the NBN would be affordable to customers, saying:

We have done a lot of modelling on this, we've been through NBN Mark 1, we've been through years of modelling and work on this with the government and we know that the NBN, as it is characterised now, is commercially viable.

He went on to say:

... in the longer term the NBN is the right solution for the sector, it's the right solution to deliver broadband and transform, if you like, how communications are delivered to customers and businesses.

I think Google Engineering's Alan Noble put it best when he wrote *Opportunities of the NBN* for the ABC on 18 October 2010. He said:

The National Broadband Network will be the digital equivalent of the Trans-Australian Railway: linking towns small and large, bringing new life and new opportunities to our economy and our communities.

He further said:

... so too will a super-fast broadband network bring a freight train of innovation to our shores.

The legislation before us seeks to overcome the restrictions created by the dominance of one player in the telecommunications market. If passed, this will represent the most significant reform of the telecommunications regime since open competition was introduced in 1997. I know everyone in this House fully understands the need for that change.

Structural reform is clearly in the national interest. The bill includes provisions to authorise, for the purposes of section 51 of the Competition and Consumer Act, conduct by Telstra and NBN Co. relating to Telstra's structural separation undertaking. However, the Australian Competition and Consumer Commission will make the final decision on acceptance of Telstra's undertaking to structurally separate. Amongst other provisions the bill provides for Telstra's structural separation undertaking to include a migration plan. There will be significant consultation on the migration plan, which will deal with the processes and timing of migrating Telstra's customers from its copper network to the NBN. The bill now provides more legislative certainty for Telstra in the transition to a retail company. (*Time expired*)