

## **Welcome and Opening Address**

UNKNOWN SPEAKER: This is a reminder to speak slowly for the day. Interpreters know that I am notorious for not speaking slowly, so I'd like to introduce you to our culture representative from the Metropolitan Local Aboriginal Land Council, Allen Madden, who's going to do our Welcome to Country. Thank you.

ALLEN MADDEN: Thank – oh, bugger! Thank you. Once again, my name is Allen Madden, Gadigal elder. Minister, distinguished guests, ladies and gentlemen. First of all, two apologies for the terrible weather we're having outside at the moment – sorry. And I've been able to welcome you to my country and my language, as we were talking the language a long time ago. I'd like to acknowledge our Aboriginal elders, past and present, and pay my respects. And to all our Aboriginal and Torres Strait Islander brothers and sisters, from whatever Aboriginal or island nation you may have come from, welcome to Gadigal land. Aboriginal land. And to all our non-indigenous brothers and sisters here today, a very warm and sincere welcome to you to Gadigal. No matter where you've come from, whether it be across the seas, across the state, or across town, once again, a very warm and sincere welcome to you to Gadigal. As I've mentioned many times before, was, is, and always will be Aboriginal land. Only three things surer than that – coming, taxation, and going.

(LAUGHTER)

It is an honour and a pleasure to be here today to welcome one and all to Gadigal. Gadigal is one of 29 clans of the Eora nation. The Eora nation is bounded by the Hawkesbury River to the north, Nepean to the west, and Georges River to the south. And in between those three mighty rivers is the Eora nation. And in that nation, we have 29 clans. And the clan's land we're on today is Gadigal. On behalf of members of the Metropolitan Local Aboriginal Land Council, and of the Gadigal mob, once again, a very warm and sincere welcome to you to Gadigal. There's an old saying out there – and I think it's very appropriate for you mob here today. You fellas have heard it a thousand times before. They say where there's a will, there's relatives.

(LAUGHTER)

So once again, on behalf of Land Council, and of the Gadigal mob, welcome, welcome, welcome. Thank you.

(APPLAUSE)

UNKNOWN SPEAKER: Thank you very much, Allen.

I'd like to now introduce to our chairperson, Johanna Plante.

Thank you, Teresa. Good morning to you all. I acknowledge the traditional owners of the land on which we meet, the Gadigal people, and the elders past and present. On behalf of ACCAN, it's my pleasure to welcome you to our fifth national conference – Connecting Today's Consumer. I'm also delighted to especially acknowledge our distinguished guest here today, the Honourable Mr Paul Fletcher, the Member for Bradfield, and Parliamentary Secretary assisting the minister for communications, who I've known and worked with for almost 15 years in various of his previous guises. Welcome.

ACCAN reached a major milestone this year, celebrating our fifth birthday and five years of significant gains for Australian consumers. In our role as the consumer voice in today's complex communications landscape, we've achieved a great deal and shown that all stakeholders stand to benefit from listening to what consumers have to say. Over that time, we've made more than 165 policy submissions, commissioned over 20 research projects, held 40 or so event, published numerous reports, tips and guides, and even built a smartphone app.

At the same time, we've focused strongly on building and sustaining positive relationships with all our stakeholders – government, regulators, industry, members, and consumers. We now play a unique and vital role in linking those who make the communications policies and product with those for whom the policies and products are made – the ordinary consumer. Our relationships with individual service

providers and telcos has been particularly productive. Through these relationships, we've been successful in directly influencing product and service development directions, and facilitating market-based consumer outcomes without needing more regulation.

In today's rapidly changing communications environment, ACCAN continues to evolve our role and strategic focus to maximise both our efficiency and effectiveness in delivering consumer outcomes.

To this end, we're about to embark on a major review of our strategic plan, and the development of a new plan for the next three years. The ACCAN board has put in place a broad stakeholder consultation process to underpin the development of that plan. This will involve meetings with all our stakeholders, members, government, regulators, and industry, to obtain views and perspectives about ACCAN's future focus and activities. I'm very much looking forward to hearing what everyone has to say. Before I invite Paul to the podium, I'd like to sincerely thank all our wonderful sponsors – Telstra, Google, amaysim, Optus, Conexu Foundation, auDA, Vodafone, National Relay Service, the ACMA, and Red Bee Media. Your strong and ongoing support of ACCAN and what we do is well and truly valued. Now please join with me in welcoming our special guest, the Honourable Paul Fletcher, who will now formally open the ACCAN Connecting Today's Consumer conference, and delivering the opening address. Thank you.

(APPLAUSE)

PAUL FLETCHER: Thank you very much, Johanna, and it is a great pleasure to be here with you at the ACCAN Connecting Today's Consumer conference. I always do feel like I'm amongst old friends when I come and join ACCAN at one of your gatherings, and there are a number of people in this room – as Johanna mentioned – who I've had the privilege of working with for between 10 and, in some cases, approaching 20 years, which is quite a frightening thing. Over that period of time that I've been involved in the sector and all of us here have been involved in the sector, the great constant has been the extraordinary rate of change. That makes it hard for anybody involved to keep up with. But it's particularly challenging for consumers. That means the job of a consumer body like ACCAN is critically important in ensuring that the consumer voice is heard as industry adapts and responds to that change – it's important that the consumer voice continue to be heard. One of the critical policy issues in communications has always been getting as many people as possible connected to the network. If a portion of the population cannot connect because they live in remote areas where there's no network, because they cannot afford the services, or because they're hearing-impaired or have another disability, then they face a profound disadvantage. That's obviously bad for those who are denied connectivity. But it's also a bad thing for those who are connected, because of the network effect – the more people who are connected to a network, the more useful the network is to everybody. In the brief time available to me today, I want to touch on three points that I think are relevant to ACCAN's mission.

First, I want to just briefly review the longstanding concern about communications equity issues – often summarised in the term "digital divide". Secondly, I want to touch on the way those issues are evolving – not disappearing, but evolving – as the technology that we use evolves. And finally, I want to explain how key Abbott government priorities in the communications space are directed at addressing some of these equity issues.

Public policy in the communications space has always had a focus on measures to ensure that as many people as possible are connected, from the universal service obligation to specific funding for network roll-outs and in uneconomic areas, to the National Relay Service. These policies are directed towards overcoming disadvantages in communications, or what's often called the digital divide. Traditionally, the digital divide refers to the fact that those who are economically disadvantaged – on lower incomes or pensions, for example – have a lower rate of internet take-up. And with connectivity correlated to economic opportunities, a lack of connectivity can reinforce existing disadvantage. There's often a geographic aspect to the digital divide. For example, in Australia, as in many other countries, the cost of building network in regional and remote areas means that broadband access or mobile coverage is often poorer in those areas than in the cities. Governments have been grappling with variations of the digital divide for many years. The original policy rationale for the universal service obligation was that no-one should be barred from being connected to the fixed-line telephone network by reason of a high cost of connection. Hence, wherever in Australia you happen to live, you can be connected to Telstra's network for a connection cost which may not exceed a flat amount –

today, \$299. As my former nemesis in my Optus days, Dr Phil Burgess – then head of public policy at Telstra – was fond of saying, Telstra's obligation extended to providing a connection to someone living in an abandoned car 200km out of Alice Springs, even if it cost over \$100,000 to make that connection. So there's a long tradition of public policy measures designed to break down the digital divide, and evidence of government concern over these issues going back many years. Let me cite another couple of examples – a speech to the Consumers' Telecommunications Network – one of the predecessor organisations of ACCAN – in 1994. Then-communications minister Michael Leigh said, "It was unacceptable that when more than 1 million Australians now have a mobile phone, 1 million others don't have a phone at home." That quote incidentally reminds us how far we've come in 20 years. I haven't done the numbers, but today I strongly suspect there'd be 1 million Australians under the age of 15 with a mobile phone. But I emphasise I haven't checked that figure, so please don't attribute that to a government spokesman!

(LAUGHTER)

Similarly, when the government was going through the process of privatising Telstra in 2001, then-minister Richard Alston said that the government had to look closely at the needs of people outside cities "to ensure that there isn't this digital divide between metropolitan and rural Australia." Well, the technology that we all use is evolving in a very rapid rate. What this means is that the nature of the concern about equitable access to technology is also evolving. I mentioned in my last speech to ACCAN that, when I joined Richard Alston's staff in 1996, among the issues we faced then were people in the bush complaining that their internet speeds were hopeless – as low as 1.2 kilobytes per second. To add insult to injury, internet was provided over a dial-up service. For people in more remote parts of Australia, there were no untimed local calls, meaning you were paying a timed call charge to dial up and get online. We've obviously come a long way since then. In part, that's because, in the nearly 20 years since that time, the technology that people are using to go online – both in regional and remote Australia, and in the built-up areas – has changed profoundly. This message has come home to me very powerfully in some of the consultations I've been doing as part of the coalition's policy to spend \$100 million on improved mobile coverage in regional and remote Australia. In the last year, I've attended over 50 community meetings in more than 30 electorates across regional and remote Australia, from Geraldton in WA to Dumbalk in Victoria, from Balranald in NSW to Clarke Creek in Queensland, from Gunns Plains in Tasmania to Renmark in South Australia, and many other points besides. I've heard a very clear message – people without mobile coverage in their town feel disadvantaged. Safety is the first thing that people mention in these meetings – mobile coverage means a quicker response to car accidents and greatly assists in fighting bushfires, floods and other natural disasters. Tourism quickly comes up in the conversation. Guests from Australia's big cities or from around the world expect to have mobile connectivity wherever they go. A tourism operator in Narooma in southern NSW told me that there's no mobile coverage in his park, and 1 in 10 of the people who drive up choose not to stay as a result. But tourism is just one example of the way that economic activity increasingly depends on having mobile coverage. Mobile connectivity has a big role in agriculture. It facilitates the use of technology to carry out many tasks remotely, such as monitoring soil moisture, supplying water to drinking troughs for cattle, and opening and closing gates. Obviously I acknowledge there are traditional means of opening and closing gates, but increasingly, the point is that farmers are installing the technology to be able to do this remotely. But it depend upon connectivity to work. The formal data is very consistent with the anecdotal impressions I've formed from these visits. People from regional Australia are using mobile phones to access the internet more than ever, with usage growing by 33 percentage points in the last four years, and in more remote areas, 1 in 3 people now use their mobile phone to go online compared with 1 in 20 just four years ago. It's clear that, in regional and remote areas, people are making very heavy use of mobile networks, and particularly Telstra's 3G and 4G network increasingly, for broadband access. While it's obviously terrific to have the means of getting online, it's an expensive way to get online when you compare it to fixed-line services, which are readily available in the built-up areas. My point is that the nature of the digital divide issues has changed, but the importance of access to communications being as widespread as possible has not.

Let me turn, therefore, to some key priorities that the Abbott government is pursuing to maximise access to communications networks. I want to talk first about affordability of broadband services over the NBN. Secondly, physical access to fixed broadband services. Thirdly, access to mobile, voice and data services.

When it comes to the NBN, a key concern which the coalition highlighted when in opposition was that the model that the then-government was pursuing meant very heavy capital costs, which in turn would feed through to higher prices for end users. When we came to office, we directed the NBN to carry out a comprehensive strategic review. This confirmed our fears on this point – it found that, if the previous government had proceeded with its plan for the NBN, the end result would have been monthly internet bills rising by up to 80%, or \$43 a month. Given the evidence that affordability is the biggest barrier to broadband access in the home, this would have been bad news for access by lower-income household. According to the Australian Bureau of Statistics, the bottom fifth of income earners are almost seven times more likely to have not accessed the internet than those in the top fifth. Hence, a key priority for the Abbott government has been a roll-out plan which is less profligate in its use of capital. The so-called multi-technology mix of fibre to the node, fibre to the premises and cable, which NBN Co is now pursuing, will save around \$30 billion in capital costs, and in turn, that will mean materially lower prices to end users than would have been the case under the previous government's plan.

Affordability is a particularly important issue in regional and remote Australia, where broadband competition is not comparable to major cities, and where internet access can be prohibitively expensive and a significant burden on lower-income households. Median household weekly income in major cities in 2011 was \$1,322. While income in regional and remote areas was over \$300 less. It's not surprising that the take-up rate of broadband in these same areas is also lower. Whilst 76% of households in capital cities had broadband access, the figure was nearly 10% lower in the regions. Turning from affordability to physical availability, for fixed-line broadband, under the previous government, there was quite a disconnect between what was promised and what was delivered. As at the 2013 election, there were just under 60,000 premises that could receive an NBN service. That's to say, the fibre past the premises or the premise was capable of receiving service from a fixed wireless or a satellite service. The previous government had at that point spent around \$6 billion, around 15% of the proposed total budget for the NBN, yet the network reached under 3% of premises. For these reasons, a clear focus for the Abbott government has been improving the rate at which the network is being rolled out, and a year after the election, the network now passes around 520,000 premises, or 520,000 premises can access the service if they choose from fixed-line, from fibre, from wireless or from satellite – that is roughly double the number a year ago. We also have a clear focus on improving availability to those outside the fixed-line footprint. Again, linked to the importance of addressing the digital divide issues. In May this year, NBN Co reported on the outcome of its fixed, wireless and satellite review. That found that an estimated demand for fixed wireless and satellite services outside the major cities was \$600,000 premises by 2021. Around three times as many as originally anticipated. As a result, NBN Co has proposed changing its roll-out plan to double the number of fixed wireless base stations from 1,400 to 2700, extend the reach of the fibre to the node network to serve up to 25,000 premises, which had previously been planned to receive a fixed, wireless or satellite connection. And shift up to 70,000 premises which would have received a satellite service onto other technologies to free up the finite and limited satellite capacity. The third area of priority has been to improve mobile coverage in regional and remote areas. Let me quote here from what ACCAN had to say prior to the 2013 election. "In the drive towards a National Broadband Network, mobile coverage has fallen by the wayside. Many people in rural and remote Australia can't even get a signal. ACCAN is calling for a new, targeted and strategic approach by government to address the market failure of mobile communications in the bush." Certainly that sentiment – that the focus on NBN has left many rural users wondering about what's happening in terms of mobile – is a sentiment I've picked up quite commonly in the consultations I've been doing in rural and regional towns. So to address these concerns, the Abbott government is providing specific funding support to extend mobile coverage and competition in regional and remote Australia. The Mobile Black Spot Program will improve coverage along major transport routes, in small communities, and in locations prone to experiencing natural disasters, as well as addressing unique mobile coverage problems. This \$100 million investment is expected to attract additional funding from industry, as well as state and, in some cases, local government, as well as leveraging the NBN fixed wireless roll-out. As well as improving coverage, the program also aims to stimulate competition in the regional mobile market. This is important because competition is a key element in delivering the best possible services and options to end users. The program guidelines, for example, are designed to facilitate the co-location of carriers and equipment on a tower as a means of facilitating increased competition. In addition, there is scope to use NBN Co's fixed wireless towers in many parts of the country. And the government has been strongly encouraging NBN Co to look at that option. We're well advanced with the program, and we expect to be commencing a competitive selection process within a few weeks.

Consistent with our stated time frame of commencing the competitive selection process in the second half of 2014, and of being in a position to announce the base stations which have been funded at some point in the first half of 2015. Let me conclude with the observation that the rapid rate of change has been the great constant in the communications sector, in the nearly two decades in which I've been privileged to work in this sector, along, as I've mentioned, with many people in this room. But the importance of striving for the widest possible access to communications services has not changed over that period, even though the technologies we are talking about certainly have. As I've argued today, the Abbott government has a clear focus on making access to communications networks available to as many people as possible. I know this is also an important priority for ACCAN, so thank you for your work and your advocacy in this area, and I look forward to continuing to work with you on these issues.

(APPLAUSE)

Thank you very much for that. I know our members have been asking a lot of questions about the mobile expansion program, so pleased to get that update. I'd also like to mention that we've moved the Digital Business Kit launch to this afternoon, when we'll have a bit more time, so that'll be after lunch, and when Peter Strong joins us from the Council of Small Business of Australia, from COSBOA. I'd like now to introduce you to Gerd Leonhard, one of the world's leading futurists in the area of media communications. I heard him speak last year at World Telecom in Bangkok. I'm really pleased he's able to join us here today. I hope you enjoy his presentation.