

Day 1, 2015 Conference – Michelle Rowland

Teresa Corbin: We've just had these videos looping over and over lunch from Justice Connect, who got a grant from ACCAN. They do a lot of work with asylum seekers. Of course, 1 in 4 Australians is born overseas, and 43% of us have at least one parent born overseas, so many of us are now reaping the benefits of having easier contact with relatives by having better communication services. Of course, we're also having to manage the cost. There's an affordability issue there, and some specific issues when it also comes to people navigating the telco market if you're still learning English. This can be a recipe for disasters, as we probably all can think. It really does affect how affordability of services are going to be at the end of the month. So our next speaker, Michelle Rowland, is the Federal Member for Greenway, an electorate in Western Sydney, where 41.5% of the residents are born overseas. 40% speak a language other than English at home, so it's quite timely that we should have these videos just before she's presenting. She's the Shadow Assistant Minister for Communications, but she's also the shadow Amir for citizenship and multiculturalism. Before entering politics, she had a keen interest in communications policy - although I'm sure you still do! Some of you would have seen her present research papers previously on universal service conferences while she was working at Gilbert and Tobin as a senior lawyer. Please welcome Michelle.

Michelle Rowland: Thank you very much, Teresa. I want to begin by acknowledging the traditional owners of the land and pay respect to the elders past and present. I'm grateful for the opportunity to share my thoughts on some policy approaches and, as I look at the depth and breadth of presenters over these two days, I'm disappointed that I could not have set aside these two days completely in order to benefit from their wisdom. Having spent the past 18 months or so meeting with people in various parts of Australia, as well as my shared experience of broadband accessibility appointments as a resident in one of the fastest-growing regions of Australia, my role in formulating alternative policy has reached a critical juncture.

This opportunity to articulate some principles and direction is most timely. I firstly want to acknowledge the fact that affordability gaps exist, with a particular focus on broadband. As a starting point, as we examine issues of affordability and accessibility, it's clear that the two are inexorably linked. But the interaction of one to the other can be quite distinguished when concentrating on different cohorts of consumers, as I know some of the presenters have, or will, give over the next two days. For example, those leading remotely, as well as regional. Postcode, housing status, disability, youth - accessibility has many faces and experiences, none of which can, nor should, be negated as a lifestyle choice. Just as there are many minds in attendance at this conference from which to draw, and the Labor Opposition's current policy formulation process is well under way, you may well recognise some of your own advocacy in these remarks.

Just to give you some background, there are many experiences of my time as a competition regulation lawyer which have caused me to pause and reflect on the challenge of affordability in a dynamic sector. I remember in the early 2000s being told that we would soon look at our phones more than we would hold them to our ears, and I was incapable of comprehending how profound that prophecy would be. Devising a regulatory framework for the Palestinian national authority, explaining what we take for granted in terms of the right competition and behaviour rules that should lead to consumer choice and benefits. But at the time, not really knowing whether or not they would work in practice in that unique environment. As part of a project of options for universal access in remote areas of China, comparing the approaches in other jurisdictions.

My first real appreciation of the role played by mobile, spending weeks in private and public consultations with operators in Malaysia assessing the access list of declared services at a time when

the government of Malaysia announced its decision for a high-speed broadband network to be rolled out. When in Cambodia, undertaking an output-based aid project for fixed wireless access, we identified specific villages where a marginal investment could facilitate a positive business case for expanded roll-out. The lead agency became perplexed when, a short time later, the incumbent operator commenced roll-outs in almost precisely the same areas we had identified - it was difficult to explain that this was actually a good outcome. In late 2009, just months before I was elected to parliament, I presented a conference paper on the importance of universal service in an NBN world. I recently searched for that network insight paper. I noticed similar themes and titles have been discussed by many at this conference, reinforcing not only its importance, but its complexity. It was on this last occasion that I advocated a view borne out of frustration - that if the electorate was going to understand and, in turn, support policies for, the transformational power of broadband and why this investment was critical, then government should develop pilot programs in schools as a start, in postcodes at both high disadvantage and low broadband availability. I compared the accessibility of some outer regional parts of Australia to outer western metropolitan Sydney, arguing that we were on the verge of having just as big a digital divide in our emerging suburbs as between metro and country areas. Sounds familiar...

I raised these preliminary comments before they provide a framework for the principles and challenges of communications affordability in an NBN environment, which I've been examining and would like to share with you today. While the usual disclaimers apply that these are my thoughts as Labor develops its policies in this area, I sincerely welcome to your input. I want to turn to some of the principles and challenges of affordability. I categorise into to three areas. One - choice. It will continue to drive competition and price. What is the best way to facilitate choice? Two - if disruption is now permanent, how valid is any policy response? Three - universal service, universal infrastructure, universal obligation, universal fund - they are terms of art that do have one thing in common - an equity or fairness principle. My conclusion presents a theme in from many submissions to the telecommunications review. While the transition - there is an need for reform. While there's an ongoing role for oversight reflecting on the diligent and insightful process that has brought us this far, I would like to point to the shift tenure as the turning point which, paraphrasing what Paul Keating might have said, brought the whole show together.

I'll make some brief remarks on these three aspects before turning to potential policy directions. Firstly, choice. Choice, or the lack of it, has implications right throughout the layers of infrastructure and service delivery. It is a point well made by ACCAN in its submission to the review, and prevalent throughout many others I've read. Then, of course, aside from choice of provider, there are issues of technology choice and choice of infrastructure at a wholesale level. As argued by the submission by Swinburne University of Technology, for example, there are fundamental challenges to the choice presented by the current universal service regime. "Much of the existing research indicates that Indigenous people living in remote Australia prefer mobile telephony and pre-paid mobile broadband. However, Australia's universal obligation provides subsidies to the USO provider Telstra for STS and payphones only. Similarly, ACCAN's submission highlights one of the potential downsides of mobile-specific subsidy schemes. In addressing mobile coverage, it's important to also address competition. While increasing coverage will benefit consumers, limiting the potential providers available will result in minute markets."

For me, the lack of choice in broadband provision is an issue close to my heart and home. This is a resident of Acacia Gardens, in my electorate, established 20 years ago. Not old, but not new, by north-west Sydney growth sector comparisons. In this article, from almost exactly a year ago, Mr Allsopp epitomises the choice and affordability conundrum facing metropolitan residents. "25 gigabytes doesn't last long in Peter Allsopp's household. He is one of many Acacia Gardens residents frustrated by National Broadband Network delays. Glenwood, Schofields and Marayong are other areas waiting. Malcolm Turnbull promised everyone would have access to the NBN by the end of

2016. The timing has disappeared from the map on the NBN website. Because they live in a black spot, the only technology option available is wi-fi. It takes a fortnight for them to reach the 25 gigabyte monthly limit for which they're on a contract. They're charged excessive amounts if they go over the limit.

'My oldest boy is in high school, with another child starting next year. We don't even have a tablet, because we don't have the facilities to use it. We don't live 400km out in the bush. We live in the middle of Sydney. It disappoints me the minister can't answer me a simple question as to when my family can join the rest of Sydney in the 21st century.'" Even the recent announcement of new roll-out areas, most likely to be FTTN in some neighbouring suburbs next year, Acacia Gardens was not included. This is a real-world consequence of a lack of choice. As I recently noted in parliament, "Let's have a look at some areas which do not have proper internet access in my area. Overall fixed broadband availability in suburbs like Glenwood, Acacia Gardens and Stanhope Gardens." Fibre to the premises is not available."

HFC availability - not available. Fibre to the node availability - not available. Overall fixed broadband quality - E - the worst category possible. Yet these are parts of the suburbs which have been taken off this map by this government. I'm not surprised, therefore, that my constituents, time and again, raise this with me as the single biggest issue. I was also interested to note a report in the Sun Herald of 15 March this year, entitled Broadband Customers Feel Trapped and Ripped Off. This article noted that half of Australia's broadband customers feel they are paying too much for their service, but a third are reluctant to investigate alternatives. The Canstar Blue survey found an average \$70 a month spend for home broadband connections and, warned against consumers becoming locked into long-term plans that don't necessarily offer value for money.

Turning to disruption - there's only one certainty in politics. The inevitability of change. So must disruption be seen as a constant, and its warnings salient. This is well illustrated, I believe, in David Ramli's piece on July 6 this year - Netflix Popularity Requires NBN Price Rethink. iiNet chief executive David Buckingham says the massive popularity of Netflix will mean current plans will not be sustainable under the NBN unless the company building it slashes prices. The service consumes a huge amount of data because it offers constant streaming to high-definition videos to several devices simultaneously, which could make it unaffordable. The whole industry is trying to deal with Netflix.

'We've got 6-12 months worth of data growth in six weeks. No-one can forecast that. This is an unprecedented shift in the market that no-one anticipated.' He warned that all internet customers would face a financial crunch if they wanted to use Netflix. This is undoubtedly a significant challenge for NBN's pricing structure, and for the multitechnology mix. I note reports overnight that presto says Australia's internet speeds are too slow for 4K content, and lays blame at the MTM. To the third issue of equity or fairness. One of the most fundamental issues of fairness comprised by this government's broadband policy agenda is of fairness, is that of universal wholesale pricing, which I'll discuss in detail shortly. I did, however, want to make a brief point about postcode risk still being alive. On August 19, the Australian Financial Review ran a piece entitled Top 100 Postcodes at Risk of Mortgage Default. I was not particularly surprised to see postcode 276999 - The ponds - on a list, which had featured in previous studies. My own - 2768 - was at number 57. I made the point, there's a correlation between cost of living and broadband accessibility. It's a live issue for residents in these suburbs. It's why I can report to you that it's the biggest unsolicited issue I'm called upon to for and advocate for these residents.

Turning these into policy directions and the potential opportunities for addressing the challenges I've noted. Again, many submissions to the regional review have articulated some useful suggestions. The first I want to point out. New models for extending accessibility and affordability.

Several submissions to the review are particularly instructive in terms of options that respond to need and deliver affordability. To sample a few. "The needs of this sector" - that is, mobility and agriculture" "are niche, and best addressed by a new solution. Wider coverage in a specific area could be cost-effectively achieved by the deployment of a number of smaller cells configured to give maximum coverage, instead of losing old solutions for the task - more black spot programs - the government could and should use an RFI process to invite carriers and/or equipment providers to propose a jointly funded project to develop and deliver a different product for mobile expansion, the Digicom submission.

I was interested to note in the Telstra submission, it will be installed 250 small cells to deliver high-speed 4G data centres in small country towns where suitable infrastructure is available. Even more interesting are the potential developments for voice over LTE, in addition to data services. At this point, I think it's important to pick up on one of the takeaways from the ACCAN conference earlier this year and USO reform. The prospects of USO reform had become murkier by the universal service management agency. Firstly, it's instructive to look at the background of TUSMA when discussing affordability issues and communications. The explanatory memoranda to the TUSMA sets out the following rationale for an independent agency and articulated for change. The regulatory arrangements were designed for a market where there was a vertically arranged operator. The roll-out of the NBN will result in a fundamental change to the structure of Australian telecommunications, as Telstra's near-ubiquitous national copper fixed-line network will be decommissioned as Telstra rolls out the fibre network nationally.

The NBN will be operated on a wholesale only and equivalent basis. In an environment where all retail services provided are available to the NBN, to have high-speed quality voice and broadband speeds nationally, it's appropriate that other telecommunications are reformed to facilitate the supply of other public policy telecommunications outcomes. A regime that enables competitive supply arrangements will be of benefit to consumers and industry, as it promotes more innovative, effective and efficient service delivery arrangements. The Opposition at the time supported the intention of the bill, but expressed reservations about aspects of it. As we know, the government has now rolled the functions of TUSMA into the Department of Communications as part of its deregulatory agenda. The question therefore becomes, as I see it, have the TUSMA arrangements made reforms impossible, and are the two mutually exclusive? I think not. And the fact that the Parliamentary Secretary went on to discuss matters such as technology choice to me indicates the same.

Probably where we differ is that he gave an indication of interest in a dialogue about whether there is a case for reform of the USO. I believe the case is being made as we speak, and is evidenced in the submissions to the most recent review. That dialogue should therefore be focused on the options - some of which may well be outside or partially USO-related, but are still relevant to matters of accessibility and affordability. I also note Telstra's statement in its own submission that if government chose to investigate potentially different options, then subject to certain caveats, it is open to working with government and industry on alternatives. Take a sample of the ongoing thought pieces in the revue and beyond, which demonstrate the attention of policymakers on such potential alternatives, including the broadband-enabled universal healthcare model described by Mark Gregory, NetCare, which includes a free low-rate connection to access all government services. Reg Coutts' universal service fund, with NBN as the universal infrastructure provider and, the standard communications service provider, the obligation on the NBN being to deliver a voice and broadband capability. And the potent advocacy by the Victorian Farmers Federation to redirect some USO funds to other projects for access, such as mobile black spots and satellite.

Vodafone's submission probably deals with this issue on mobile as a driver of access and choice in the most depth. A case, of course, that it's made for some time, including at the ACCAN forum

earlier this year. Some of their compelling statistics include a comparison of the recent mobile black spot funding program - initially \$80 million plus \$20 million, with an additional \$30 million in this year's budget, versus an additional \$253 million for copper wire on fixed-line home phones in regional Australia. And \$44 million on payphones. These funding comparisons are contrast would 31 million active mobile subscriptions in Australia, versus 9 million fixed line services. There is something highly attractive to governments in the reform proposals set out in the Reg Coutts paper, which essentially argued that more can be done with the same, and more differently. Whether it be developing coverage extensions for large properties, providing mobile coverage or third-party access to NBN fixed-wireless towers - again, also contained in the Victorian Farmers Federation submission - remote residents may have a greater capacity to innovate to suit their needs. It should be noted that the fixed wireless component central to Labor's NBN plan has been widely recognised as infrastructure of excellent quality, and a fine example of future-proofing. I do think there has been a high expectation under this current government that more emphasis would have been given to developments in this fixed wireless area.

For example, in answer to a question from Cathy McGowan, on June 3 last year, Minister Turnbull replied, "There are a number of areas - it is not the majority of the 2,700 towers that will be established for the NBN - where there is fixed-wireless coverage under the NBN Co plant where there is mobile coverage of poor quality. There, the NBN Co is looking at a tower access product that will reduce the cost of establishing new services in these areas via the mobile network operators. We are looking at every way we can support this, but this is not a silver bullet. The honourable member should understand that the fixed wireless footprint is obviously focused on areas where there are premises to be serviced and that the black spots tend to occur in areas of a similar, thinner population." It's also worth noting that the former Labor government did actually flag this potential in its own response to the Sinclair Review. "The NBN fixed wireless network provides an opportunity for carriers to expand their mobile phone coverage in certain locations across regional Australia by co-locating equipment in new towers built to support the network. The government agrees that NBN Co and mobile carriers should work together to take advantage of the NBN fixed wireless towers to improve mobile coverage. The government will seek advice from the NBN Co board, and the Australian Mobile Telecommunications Association, on progress in this area. The government will review the impact to the NBN fixed wireless towers on improving mobile coverage before considering the desirability of any future action." It is, I think, worth asking what progress has been made on this front. Perhaps there has been that I'm not aware of. Perhaps it could be better facilitated to focus on the needs serviced above.

What is clear to me in my engagements with communities over the past 18 months is threefold. More government funding to assist infrastructure built in regional areas is welcomed. A budget to Budget proposition is not ideal. This is also a reason why uniform wholesale price was a basis of Labor's NBN. A longer-term proposition that allows community to plan for their future and work towards some of those bespoke innovative solutions is preferable. Raised expectations can result in deep disappointment. Thousands of sites were identified through the mobile black spots process. Of course there will be those that missed out. You'll be well aware that the political landscape is, at the moment, being fought out through the prism of a by-election on the other side of the country. Reportedly, one of the last acts of the late Dawn Randal was to publicly berate the minister and his Parliamentary Secretary at the black spots media announcement for the lack of towers announced for his electorate of canning. I don't know the veracity of this, but from my understanding of Mr Randall's nature and his fierce advocacy for his local constituents, I wouldn't put it past him. His last speech in parliament also happened to be about the NBN.

At a time of fierce fiscal demands at all levels, not to mention talk of taxation changes, it is prudent to question whether funding commitments can be replicated in future rounds. I want to turn to capitalising on what's working. One of the great success stories having a positive impact on

broadband affordability is the uptake of wi-fi hot spots. Given my time constraints, I won't go into great detail of this, but studies by ACMA have provided a useful summary of developments in this area, and the growth of wi-fi hot spots. Of course there is room for improvement and Australia is placed in the middle of comparable countries such as the US and UK. Again, there is innovative thinking in many of the submissions to the review, and a follow-up on the point noted above by Digicom on innovative models, this time in terms of servicing remote communities, particularly Indigenous communities, reads, "A localised communications solution that utilises wi-fi capable mobile phones running voice over IP would provide a solution that provides local communications within the community without use of the satellite link, and at the same time provide addressable devices for calls from outside the community as well as use in towns and cities."

I want to turn to one of the last points that is debunking NBN unaffordability and new affordability challenges. One cannot examine the issues of affordability in the NBN environment without debunking some of the government's claims on this issue. We all know of the claims of exorbitant price rises and unaffordability that we heard from Minister Turnbull when in Opposition and in the early days of this parliamentary term. In question time on March 3 last year, the minister responded to a question on broadband affordability by saying, "\$32 billion additional investment is what we would see if we proceeded with Labor's NBN program." According to the strategic review, that would increase broadband prices by 50% to 80% per month. The people on the frontbenches don't care about the battlers they came to represent. Really, a lecture from Malcolm Turnbull on battlers...

These claims of 50% to 80% price increases of the NBN were trotted out consistently, there being one problem - that's that the figures are wrong, borne out of a document we hear less and less about - the strategic review. On top of that, I would argue the Coalition is actually making the NBN fundamentally unfair, and we see this through the myriad of changes they have made to the project. The truth is, the NBN, under Labor, was more affordable than anything that had gone on before, with 29.99-a-month entry fees without additional line rental. In addition, this government has introduced a new range of NBN taxes and charges that will fall on young families and vulnerable Australians. And under the Coalition, the quality of your broadband will be determined by your location - Australians on certain access technology, such as copper, will pay the same as those using world-class fibre. Those using copper, including small businesses, will also be slugged tens of thousands of dollars if they want to upgrade to reliable, superfast fibre to the premises. I don't just raise these issues to correct any record. The fact is, one of the great affordability tenants of the NBN has effectively been plundered under this government's approach over the last two years, leaving open a serious question as to how it can be remedied - namely, uniform wholesale pricing.

In conclusion, I genuinely believe that there are policy options, current and alternative, that can have a direct and positive impact on communications affordability in an NBN environment. After the 2013 election, I sat down with one of my former bosses from my law years and asked where he thought the big policy challenges were for Labor in opposition, apart from the bleeding obvious. He noted there was much talk in the space about transitioning to an NBN world, but not a lot of deep structural reform. He saw a big risk in focusing what he viewed as tinkering around the edges with regulatory repeal. The biggest risk would be the expectations and obligations under the standard telephone service.

Of course he's right - there are some significant decisions to be made about reform and responding to need. The extent to which that is piecemeal or responsive to future recommendations arising from the Regional Telecommunications Review is a real question for policymakers. Otherwise, we are going to have a government that continues to blame its predecessors, and I'm just going to be getting up in parliament lamenting lost opportunities. In an age where big data assumes connectivity, where big data is being utilised as part of the national map to assist good, evidence-based policymaking, I believe we need to not only listen to consumers and deliver what they need in

terms of basic accessibility matters, but also to deliver mechanisms for forward-planning uncertainty. Some of this will involve righting and policy wrongs, but it will also require new thinking in areas we are left to tread. We have to aim higher than policies which catch up the have-notes than the haves - governments have to give a reason to believe in them.

Around a year ago, I was approached by representatives of Barcoo and Diamantina shires in Queensland hoping for a fibre-optic link. I made representations to the minister, and didn't think a great deal about it. When I saw the Prime Minister and leader of the Nationals make a visit to May this year, I thought, "Good on them. I didn't think they'd get there. They've proven me wrong." The headline was, "Optic Fibre Win for Far West Queensland." There was a handshake deal for locals and state governments of \$2 million and \$5.5 million with \$7 million in funding. Bruce Scott was quoted in the article as "an eyewitness to the handshake" and was nearly as jubilant as the mayors on the day. As reported last week, that's where the jubilation ended. "Word of the handshake agreement spread fast throughout Birdsville and beyond. Within a month, Telstra had written to the shire councils promising mobile and internet data speeds equivalent to those in metro Australia. Telstra provided a deep detailed time line for the construction of installation, with the project due to be completed in July next year." The Prime Minister wrote a letter saying it had been stopped. "I suggest that it might be best to reassess the need for this in about 12 months' time." There are more than the consequences of broken handshakes at stake here in a long-term yet agile policy response to access and affordability. I hope I can continue to engage with yourselves and with ACCAN as thought leaders in this area as we formulate our policies going forward. Thank you.

Teresa Corbin: We've only got time for one quick question. Has anybody got a burning question that they want to ask? No? Good, OK. We might move on to our panel, then. So thank you very much, Michelle, and I'm sure everyone will join their hands...

(APPLAUSE)