

**TELECOMMUNICATIONS LEGISLATION AMENDMENT
(COMMUNICATIONS FUND) BILL 2008
Second Reading**

[Mr ROBERT](#) (Fadden) (7.02 p.m.)—I rise to speak against the government's [Telecommunications Legislation Amendment \(Communications Fund\) Bill 2008](#), an appalling piece of legislation, on which it went to the polls pre election. In summary, this bill will allow the government to spend not only the interest but the principal of the \$2 billion Communications Fund that was designed to future-proof the unique communication requirements of remote, rural and regional Australia. Furthermore, this bill allows the interest and principal to be spent on any communications project, not necessarily in rural and remote Australia, that Prime Minister Rudd or communications minister Senator Conroy consider politically expedient. The bill allows the Rudd government to buy shares or other interests in companies, make unconditional grants to telcos or even directly purchase assets and equipment connected to a broadband network. Any revenue the government may earn from its share purchase, unconditional grants or asset purchase will not necessarily go back to regional and remote Australia but will simply go into consolidated revenue. In summary, the bill allows for the rape of regional, rural and remote communities by taking away the future-proofing Communications Fund, leaving them vulnerable to being left behind on the wrong side of the digital divide.

By way of background: the Regional Telecommunications Independent Review Committee was established by the Telecommunications (Consumer Protection and Service Standards) Act 1999. It was established to review the adequacy of telecommunications services in regional, rural and remote parts of Australia and to report to the responsible minister. The passing of the Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill in 2005 created the \$2 billion Communications Fund. This added to a \$1.1 billion plan for direct capital investment under a Connect Australia initiative as the future-proofing package to support the full-scale sale of Telstra.

On 26 September 2005, the coalition government allocated funding to the fund with moneys invested in a short-term deposit with the Reserve Bank, while a low-risk investment framework and management by the Australian Office of Financial Management was agreed. This package aimed to ensure the ongoing adequacy of telecommunications services in regional, rural and remote parts of Australia. The income stream from interest earned on the \$2 billion fund investments—estimated to be up to \$400 million every three years—was quarantined to be used to finance the government's response to independent reviews of regional communications services. The fund was also to be used to fund infrastructure for regional communities, such as additional mobile towers, broadband provision and even backhaul fibre capabilities.

In September 2007, the coalition government reinforced the Communications Fund as a perpetual fund by the passage of the Telecommunications Legislation Amendment (Protecting Services for Rural and Regional Australia into the Future) Bill 2007, which required the fund to maintain a minimum principal of \$2 billion. The Telecommunications Legislation Amendment (Communications Fund) Bill 2008—this insidious piece of legislation brought to the House—seeks to repeal this safeguard.

After paying off \$96 billion of Labor's debt, after inheriting a \$10 billion deficit in the budget, after saving over \$8 billion in interest by getting rid of this debt, we were able to save for the future. The previous Treasurer, the member for

Higgins—one of the greatest treasurers this nation has ever seen, as I think we would all agree—allowed the nation to save and indeed allowed an investment of \$2 billion for the interest to be used to safeguard telecommunications services and to build on those services for the bush.

This piece of legislation will amend part 9C of the Telecommunications Act 1999 to enable this money—this hard-earned money that was put aside after paying back Labor's exorbitant debt—to be used for purposes relating to the creation or development of a broadband telecommunications network, if required. The final decision on the use of the fund will be made, apparently, in the context of the government's overall fiscal strategy. Why doesn't cabinet simply come out and say, 'We have no idea what we're going to invest in. We have no idea what to spend this money on. We understand that industry does not want the government's money, that industry is prepared to go it alone and fund the investment itself, but we still want to take this money away just in case our overall fiscal strategy requires money to be spent somewhere in the digital divide.'

Where I come from, out in industry, that type of comment or that type of position gets people sacked; clearly, in this House, it gets them into cabinet. At the very time that metropolitan areas are benefiting from competition between telecommunication providers and the rollout of new services and technologies, the Rudd Labor government are trying to rip away from the bush the remedy to the digital divide and to spend taxpayer money on a vague city-centric plan that Minister Conroy cannot even describe. It would be one thing if the government had a plan for how they would spend the money and knew the type of network they were trying to design and what the intended outcomes were. But at present there is not even a hint of that. There is a vague seven-expert panel being put together to review and provide comment back to the minister.

Rural, regional and remote communities welcomed the former coalition government's commitment to ensuring that they had access to modern telecommunication services, with targeted and strategic assistance that was available not just as a one-off initiative but in perpetuity. But now all of that is out the window. All of the certainty, all of the future-proofing and all of the understanding that their needs would be met in the future are gone. So much for the Rudd government governing for all Australia. Now the Labor government wants to raid not only the interest from the fund but the fund itself. It is one thing to pull the cookie from the jar and eat it behind the back. It is another thing to pull all the cookies out and then pick the jar up and toss it out the window—the very fund itself, taking not only the interest but the principal, taking away the very support that those currently most disadvantaged rely upon to ensure that they can be full participants in an information society. The former coalition government put forward a clear plan to ensure that fast broadband, wireless and other ancillary services were available for the people of rural and regional Australia. That plan did not require Rudd's hand caught in the cookie jar. It did not require a raid on the communications plan. It did not require the fund to be turned upside down and every last penny pulled out.

Last September, this parliament passed legislation introduced by the former government to ensure the principal of the fund did not fall below \$2 billion. It was designed to protect the fund from the very mercenary pirates that this government is made up of. It was designed to prevent the fund from blatant unadulterated misuse. The Rudd government's proposed amendments will remove this safeguard to allow the hands of both the Prime Minister and Senator Conroy to squirm around in the cookie jar. It is ironic that Senator Conroy

endorsed the current work of the review team established by the former coalition government and headed by Dr Bill Glasson at the very same time that the Rudd government decided to raid the dedicated resources needed to implement the committee's findings.

But this bill allows the expenditure of not only the interest but the principal as well. It takes away the funding that was designed to future-proof the unique communication requirements of rural and remote Australia. Clearly, the Rudd government does not understand the unique requirements of this part of Australia—no doubt, though, putting on his akubra and going out once in a while to look at parched earth, he tries to tell the Australian people that he does. Of greater concern is that the interest and principal can be spent on any communication project, not necessarily in rural and remote Australia—any communication project at all that the Prime Minister and communications minister Senator Conroy consider politically expedient. Ominously, the finance minister is quoted by AAP on 14 February as saying:

The final decision on use of the fund will be made in the context of the Government's overall fiscal strategy.

Listening to the Treasurer every day in question time has convinced me, beyond any sense of reasonable doubt, that he has no fiscal strategy and he has no understanding of the economy. His view simply is to blame a previous government that was very clear that there were economic warnings coming through internationally. Yet the Treasurer has no plan; he has no fiscal strategy. If he were to have a telecommunications strategy, why wouldn't the government enunciate it? The Labor government cannot seem to think of telecommunications as being more than just broadband. It seems to be completely and utterly broadband-centric and beholden to it. Indeed, for the minister's title to include 'broadband' suggests that Labor is completely myopic on the issue.

The bill seeks to allow the fund itself to be accessed and applied in a broader range of financial instruments, including the acquisition of shares, debentures and assets, and for the development of a broadband telecommunications network. Well, what is this network that is being envisaged? The minister indicated that tenders were apparently to be closed in six months, yet they will be lucky to have the report from their seven-member expert panel within the year. And every day that this farcical phantom network continues to be a mere shadow of anything possibly realistic is another day where the people of Fadden, the people of my electorate, do not have access to broadband.

Telstra has made it perfectly clear that they will not add any more broadband ports into any exchanges in Fadden because it is old telecommunications equipment. They are waiting for the government's new direction so they can invest in that rather than invest in what they see as outdated technology. At the current rate, new subscribers in Fadden—businesses, individuals, families, schools—will not be able to get access to broadband for at least 18 months and, looking at the government's performance in this, it could be many, many years.

I refer the House's attention to the *Australian* from last week where Mark Day wrote:

The problem for Stephen Conroy, the federal Broadband, Communications and the Digital Economy Minister, is that he has moved from the easy part—pouring scorn on anything his predecessor said or did—into the hot seat. Now he has to make decisions. And that is precisely what he's not doing.

... ..

Conroy's biggest game is fulfilling his pre-election pledge to provide Australia with a modern broadband network that will deliver a minimum speed of 12mps to a minimum 98 per cent of the population.

He has proposed contributing \$4.7 billion of taxpayer funds to this aim, but since the election we are none the wiser about how this will work. ...

Conroy bragged that his grand fibre-to-the-node (or will it be fibre-to-the-home?) network would be under way within a year. A quarter of the way to that target, all we've had is a lot of questions and the appointment of an expert body to look at the issues.

... ..

Broadband is the issue Conroy has nailed to the mast, but there are plenty of others. Former minister Helen Coonan built her 2006 media reforms around a 'digital dividend' for the public and nominated new TV services—six or a dozen channels on Licence A to provide new services to the home and up to 30 channels on Licence B for services to handheld mobiles—as the ultimate benefit of her proposals.

Her nominated timetable—spectrum auctions by August last year—got away from her, then the election intervened. Conroy said Labor would endorse the proposals, but so far nothing has happened. There have been mutterings about Conroy blaming the delays on the Australian Communications and Media Authority processes, but ACMA insiders insist the reverse is true; they're just waiting for decisions from Canberra.

... ..

If Conroy is using his settling-in time to think through these big issues and act accordingly, I would say it is time well spent. But I don't think that's happening. We're just seeing more dithering and time wasting.

I could not concur with Mark Day, the journalist, more. Conroy is not across his brief. The government is not across its timetable. There is no clear plan forward for Australia on providing broadband and ancillary services to provide the high-speed network the nation needs.

Furthermore, funds being raped from rural and remote Australia can be used to buy shares or interest in any other companies. The ambiguity makes it clear: the government does not know what it wants; it just knows it wants something. My 2½-year-old knows he wants 'something'. This is only the beginning. Clearly this is the first move to raid rural Australia's future-proofing Communications Fund for other purposes. It is also a sign of things to come from Labor—raiding funds to pay for their ill-principled half-baked policies dreamt up on the bus campaigning from town to town. The question is: why doesn't the government know what it wants? Why doesn't it know what it wants to spend the money on? Why does it want to raid money to spend on some nebulous telecommunications network that the telcos do not want government money for anyway?

The Rudd Labor government have made their first moves to raid rural Australia's future-proofing Communications Fund for any communication purpose with the introduction of this insipid piece of legislation. Labor's proposal aims to make the fund fair game for any broadband related expenditure that Prime Minister Rudd or Senator Conroy consider expedient. This fund can be used for any plan they dream up on their next bus trip from town to town. It also aims to open the door for Labor to spend not only the interest but the principal as well, ensuring that any dividends from this misguided adventure go back to consolidated revenue, not back to rural and remote communities. Labor have let rural and remote Australia down. They have left them in the lurch. A significant fund available to future-proof our rural and remote communities, to ensure that they enjoyed the same prosperity and dividend from the digital economy, has

been taken away. The Communications Fund provided a vital safeguard to some of the most disadvantaged consumers—those in rural and remote Australia, some of them tens, hundreds and thousands of kilometres apart, who do not have a voice with which to stand up and say 'This is wrong.' Spending the principal of the fund on assets undermines future opportunities to assist with the affordability of services for these most disadvantaged of consumers.

This bill is a farce. It is a joke dreamt up by a former opposition, desperate to try and get some broad appeal on a fanciful idea for a network. Senator Conroy needs to come clean with the Australian people and explain exactly what network is being dreamt up, in what time frame it will be delivered, how much it will cost and what it will deliver to the Australian people—because, at present, all we have is a taking away of the digital future that rural and remote Australia needs so desperately.

Debate (on motion by **Ms Annette Ellis**) adjourned.