



*Knowledge Influence Support*

CHAMBER OF COMMERCE AND INDUSTRY  
WESTERN AUSTRALIA

29 March 2010

Stephen Palethorpe  
Committee Secretary  
Senate Select Committee on the National Broadband Network  
Department of the Senate  
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Australia

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Dear Mr Palethorpe

**SUBMISSION – SENATE SELECT COMMITTEE ON THE NBN INQUIRY  
MARCH 2010**

The Chamber of Commerce and Industry of WA (CCI) makes this submission to the Senate Select Committee on the National Broadband Network (NBN) March 2010 inquiry. As the leading business association in Western Australia with membership of over 5,500 organisations in all sectors, CCI recognises the importance of high speed broadband infrastructure to support the continued economic and productive growth of the State.

Western Australia has a positive long term economic outlook. However, this does not come without challenges which include the need for all forms of infrastructure, labour shortages, and unnecessary regulatory constraints, among others. To ensure businesses in Western Australia can take full advantage of the opportunities now present in the economy it is necessary for governments to consider the provision of high speed broadband and the competitive settings which govern the telecommunications sector.

This submission focuses on the provision of high speed broadband, the formation of NBN Co. and the competitive settings of the NBN.

**High speed broadband**

The provision of high speed broadband infrastructure to businesses in WA, beyond speeds that are currently available, will support new technology applications that can improve the State's productive and economic growth over the next decade and beyond.

The cost to upgrade nationally significant telecommunications infrastructure and the nature of Western Australia's thin regional markets means that it is relevant for the Australian Government to financially contribute to the provision of certain telecommunications infrastructure in Australia. This is consistent with government's commitment to other utilities.

However, policy decisions should uphold principles of free enterprise, competitive markets and the appropriate allocation of public resources.

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## **National Broadband Network**

The Australian Government's announcement to build, operate and maintain the National Broadband Network Company (NBN) contradicts a number of principles of free enterprise and competitive markets. Given the value of this initiative, \$43 billion, it is prudent that the Federal Government publicly release the implementation study to allow the public to examine the merit of the proposal.

### No cost benefit analysis

CCI is concerned that the Government's \$43 billion proposal has not been subjected to a rigorous cost benefit analysis. The network's coverage throughout Australia continues to be unclear and may duplicate existing high speed broadband infrastructure. It is also unclear how much of the \$43 billion will be spent on corporate administration.

### Governance model

The NBN Co. will result in a Government owned monopoly of nationally significant infrastructure. The ramifications of this decision need to be transparent. Key concerns relate to breaches in competitive neutrality, the potential for government inefficiency and market distortions created from the governance model, as seen prior to the privatisation of Telstra. The Government's intention to sell the NBN Co. after it's established is supported. This reflects the need for the NBN Co. to be commercially viable and to ensure that privatisation does not distort the market.

### Population centric model

The proposed population centric model used to determine coverage does not reflect the needs of WA's growing regions that are driving the nation's economic growth. It is unclear where and when new services will be provided in Western Australia. Greater investment in backhaul infrastructure into regional communities may need to be considered to reach economically significant regions in WA. The population centric model should be adjusted to ensure that areas with high economic growth and no access to competitive services are prioritised during the NBN roll out.

### Wholesale only

CCI maintains that it is essential to ensure NBN Co. does not operate in the retail market where it could provide preferential treatment to its own retail services to the detriment of competition. Therefore, the CCI strongly supports the decision to ensure the NBN is a wholesale only company.

### Telecommunications platform

Investment decisions concerning which telecommunications platform will be the best for high speed broadband infrastructure will always be made without full knowledge about the potential of all technologies. Although a technology neutral policy is recommended, whereby the market decides the best platform, realistically this would be difficult to implement. Therefore, the Government's decision to implement a fibre to the premise solution supported by additional wireless solutions is an educated risk about the future demand for high speed broadband.

**Competitive settings**

Ultimately, the provision of high speed broadband in WA, beyond what is currently available, will rely on the effectiveness and efficiency of the NBN and the regulatory regimes' ability to promote competition. CCI maintains that the continued promotion of competition ought to be governments' primary objective for the telecommunications sector. It remains essential to address the shortcomings of the regulatory regime and evaluate how these changes may impact public and private investment in high speed broadband.

If you have any questions in relation to these matters, please contact Ms Sharon Dignard, Senior Adviser Business Policy, on (08) 9365 7531 or via email at

Yours sincerely



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