



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**  
**MATTERS OF PUBLIC IMPORTANCE**

**Broadband**

**SPEECH**

**Tuesday, 12 June 2007**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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**Questioner**  
**Speaker** Ciobo, Steven, MP

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**Mr CIOBO** (Moncrieff) (4.19 pm)—I feel a little as though I am the dark rain cloud that is going to rain on the ALP parade or, perhaps, the Labor Party picnic day, because we have heard from the opposition about their big, bold plan to roll out a national broadband fibre-to-the-node network across Australia. It almost harks back to the glorious days of the seventies and the eighties during the Cold War period, when they would have stood shoulder to shoulder with their communist and socialist friends from the Eastern bloc countries, with their great plans for nation building. That is what we have heard from the ALP. But I have to say that in this day and age it is perhaps a little understandable that they get a bit excited about being able to go back to the days when the Labor Party could stand up in front of the Australian people and say, ‘Comrades, we have a plan to build our nation.’

As I said, I feel a bit like that dark rain cloud that is slowly coming across to rain on their parade. And the reason why their parade should be rained upon is that it is absolutely reeking of financial irresponsibility. Let us get to the central issue of the Labor Party proposal of fibre to the node for Australia. The central issue is this: the Australian Labor Party say they are going to invest \$4.7 billion of Australian taxpayers’ money to build a fibre-to-the-node network across Australia, and they are going to make up the \$4.7 billion by smashing and grabbing \$2.7 billion from the Future Fund, money that we have quarantined and set aside to pay off debt for superannuation liabilities owed to public servants, owed to the Defence Force—owed to hardworking Australians who have toiled and have a right to know that their retirement will be funded. That is why we have set up the Future Fund. We have put some \$150 billion in there, and the Labor Party now say they are going to smash it and grab from it to pay for this proposal. That is how they are going to pay for approximately half their plan. The other \$2 billion is coming out of consolidated revenue, out of an expending program. The concern is that the \$4.7 billion that the Australian Labor Party say they are going to waste Australian taxpayers’ money on is happily going to be paid for by either Telstra or by the G9. It begs the question: why would you use Australian taxpayers’ money to build something when you have the private sector willing to expend the money to build it, knowing that they are going to get a commercial return? It beggars belief.

Only about 20 minutes ago, the member for Hotham conceded that Telstra or the G9, irrespective of which is successful, would be providing a commercial opportunity. The opportunity would go along these lines: they would build fibre-to-the-node networks in the capital cities and, most probably, in my city on the Gold Coast as well as other regional centres, and I would hazard a guess that would include, for example, Wollongong and Newcastle, larger urban regional centres. They are prepared to build these networks at no cost to Australian taxpayers with a commercial return for those providers. The concept is really quite simple and it is a concept which this coalition government is putting forward. The proposal is: great, let the private sector go ahead and build the commercial networks where it is commercial for them to do so, without using Australian taxpayers’ money; using their own money to develop a commercial return on that money. Then, where it is uncommercial, we will use Australian taxpayers’ money to make it a commercial case to continue investment. That is the proposal of this coalition government. We do not spend money where it is commercial to develop a return but we do expend money to make sure that those areas where it is uncommercial are serviced in exactly the same way as metropolitan markets. That is the proposal on this side of the House. It is logical, it is financially responsible and it makes sense.

It stands in stark contrast to the rubbish that is the proposal of the Australian Labor Party, a proposal that would see the expenditure of \$4.7 billion for no reason other than to be able to hark back to the great Soviet days. That seems to be the only rationale that the Australian Labor Party can come up with: the opportunity to have command and control of the Australian economy and say, ‘Comrades, look at what we have done and isn’t it great!’ The only ones that are excited about the Australian Labor Party proposal are the Australian Labor Party. There has been a flurry of emails between members of the Australian Labor Party and some of their contacts in the Soviet Union and in China saying: ‘Look at the great things we are building in Australia. Fly over and we will show you.’ No doubt that is why they are all excited over there. But the fact is that the private sector does not share that excitement. We all know in the private sector and on this side of the House that it is a ridiculous and financially irresponsible plan that does not deserve the light of day.

So what are people saying about the Labor Party plan? We know that the Independent member for New England, Tony Windsor, agrees with the member for Hotham—and I really have to question why on earth that would be. I guess he has very limited knowledge, as does the member for Hotham, on this issue, so I suspect that that is the reason why they would be agreed there. Let us have a look at what the private sector says about the Labor Party plan. ABN Amro—pretty well respected in the financial markets and one of the country's leading financial houses—declared that Labor's proposal would take industry 'back 20 years to government provision, gold plating and restricted rollout' and that it failed to 'resolve access regulation issues but entrenches them and adds new inefficiencies'. That was the ABN Amro report from 21 March this year. That is what ABN Amro said about the Labor Party proposal. I have no doubt that the Labor Party members were saying in response to that quote, 'Well, of course it does.' The notion of government provision, gold plating, restricted rollout—these are all the things the Labor Party stands for. No wonder you are all scratching your heads and saying, 'Of course it does.' You fail to see the problem. But I think that most other people see the problem with this.

Importantly as well, let us not lose sight of the fact that the Labor Party proposal is predicated upon an \$8 billion rollout cost. Knowing the Australian Labor Party's form when it comes to major projects like this, we would really have to question whether that \$8 billion cost that the Labor Party has put forward is likely to be the cost at the end of the day. We know that PIPE Networks, a network infrastructure specialist, released what it termed a 'conservative estimate' of the cost of Labor's proposal. Their conservative estimate was that it would cost approximately \$15 billion to \$16 billion—not \$8 billion as the Australian Labor Party says, but double that. That is how much an independent provider says the Labor Party proposal will cost on a conservative estimate—double the Labor Party proposal. So you can already see the Australian Labor Party—they will be running around saying: 'We need to raid the Future Fund again. We need to go and get more Australian taxpayers' money to put into our marvellous Soviet network. If we do not do that, we have got a chance that it will not roll out.' That is a major concern. It would not be \$8 billion as the Labor Party proposes, but \$16 billion on a conservative estimate, not by this government but by PIPE Networks, a specialist provider in the area. That is what they had to say about the Australian Labor Party proposal.

A telco analyst Market Clarity also slammed Labor's costings as 'insufficient' and said that their cost estimates lacked the details required to build 'any sort of realistic network cost model'. So we get these back-of-the-envelope calculations from the Australian Labor Party that it is going to cost \$8 billion. We have already got a major infrastructure supplier saying that it will cost more than double that and we have Market Clarity questioning the cost rationale and the cost formula that the Australian Labor Party are using. That is what Market Clarity is saying in the marketplace. ABN Amro criticises it as a ridiculous proposal and one that would take industry back 20 years. So what is very clear is that not only have you got Telstra willing to invest the money, not only is the G9 willing to invest the money; you have got ABN Amro saying, 'Please, don't do it,' and you have got PIPE Networks saying that it would cost at least \$16 billion—not \$8 billion—and you have got Market Clarity questioning the cost basis for determining the \$8 billion. All of this adds up in a very straightforward way to show that the Australian Labor Party broadband dream is nothing but that: an illusory dream that does not deserve the light of day.