

12 May 2009

The Manager
Backhaul Blackspots Branch
Department of Broadband, Communications and the Digital Economy
GPO Box 2154
CANBERRA ACT 2601
Email: backhaulblackspots@dbcde.gov.au

Dear Sir/ Madam

BACKHAUL BLACKSPOTS INITIATIVE STAKEHOLDERS CONSULTATION PAPER

The Chamber of Commerce and Industry of WA (CCI) is pleased to make this submission to the Department of Broadband, Communications and the Digital Economy concerning the Backhaul Blackspots Initiative.

About CCI

CCI is the leading business association in Western Australia, and is the second largest organisation of its kind in Australia. It has a membership of approximately 5,000 organisations in all sectors, including information and communication technology, resource, agriculture, hospitality, retail, transport, building and construction, community services and finance, among others.

Most members are private businesses, but CCI also has representation in the not-for-profit and government sectors. Approximately 80 per cent of members are small businesses, and members are located in all regions of the State.

Comments

CCI recognises the importance of equivalent and open access to backhaul infrastructure for the Western Australian business community as it impacts all industries' use of telecommunications including telephone, internet and mobile services. CCI believes that competitive access to this infrastructure is a prerequisite for Western Australia to maximise productivity growth and further contribute to the national economy over the next 20 years and beyond.

National Broadband Network

CCI prefaces these comments on the initiative by reiterating our position on the National Broadband Network. CCI supports the Australian Government's investment in vital infrastructure including backhaul telecommunications which is consistent with governments' commitment to other utilities and infrastructure.

However, CCI is concerned that the \$43 billion proposal to roll out, own and manage the National Broadband Network Company is un-costed and urges the Australian Government to immediately provide a full cost benefit analysis of this proposal.

CCI understands it is the Government's intention to use the backhaul blackspots initiative to provide immediate economic stimulus for the national economy and will be the first step towards establishing the National Broadband Network. CCI is concerned about the lack of information about how the initiative will be integrated and supported by the National Broadband Network's anticipated services and regulation.

CCI is also concerned that investment in multiple disparate projects is unlikely to provide an effective national solution that will result in competitive access to backhaul infrastructure in the long term. CCI believes any subsidised duplicated infrastructure to address perceived backhaul blackspots should lead to reduced costs for consumers.

Priority Locations

Stakeholders' views are sought on the priority locations that are lacking an alternative backhaul supply and the reasons for their priority.

CCI is concerned that the backhaul blackspots initiative will have limited coverage in Western Australia based on the population centric model proposed for the National Broadband Network. CCI believes this model fails to recognise the value of backhaul services to regions with low population densities and nationally significant industries.

The WA economy has recorded a remarkable expansion in recent years, growing on average by 4.7 per cent since the beginning of the decade. This economic expansion has largely been attributed to business investment in key regional industries such as mining and resources in regions such as the Pilbara, Goldfields and Esperance, Peel and the South West. WA has firmly positioned itself as a driving force behind the national economy, accounting for 13 per cent of GDP (or \$146 billion) in 2007-08.

WA's future growth will depend largely on the \$170 billion of projects in the pipeline proceeding to the construction phase. Locations of significance for the State's economic growth and this initiative include:

- the Browse Basin oil and gas fields north of Broome - including the new James Price Point LNG Hub;
- the iron ore belt in the Pilbara - including the key centres of Port Hedland and Karratha;
- the oil and gas fields north of Karratha – including the onshore facilities;
- the Mid West - including the city of Geraldton, the Oakajee Port and Rail Project and the Square Kilometre Array radio telescope; and
- the South West - with its growing population and agricultural industries.

Given the importance of telecommunications as a utility to support modern business and regional communities, CCI maintains that it is critical to ensure equivalent and open access to backhaul infrastructure is available throughout WA, to facilitate the State's continued economic growth. The corridor from James Price Point to Bunbury should be a priority for the Government, then further extensions to the Ord River in WA's North East, Albany in the South and the Goldfields in the South East.

CCI contends that Western Australia should receive a significant proportion of funding from the backhaul blackspots initiative due to WA's large land mass and high concentration of nationally significant regional industries.

CCI's Ms Sharon Dignard, Senior Adviser Industry Policy would be pleased to provide further detail on this submission. Ms Dignard can be contacted on (08) 9365 7531 or email: Sharon.Dignard@cciwa.com.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Trevor Lovelle', written in a cursive style.

Trevor Lovelle
Executive Director, Industry Policy