

**Thursday, 30 October 2008**

**LEADWEST WESTERN REGION TELECOMMUNICATIONS FORUM, TAYLORS LAKES**

It is a pleasure to be with you for the LeadWest Western Region Telecommunications Forum.

In its relatively short life, LeadWest is already providing leadership in supporting sustainable growth and development in the western suburbs of Melbourne.

LeadWest's agenda for active partnership within the Western Region is a model for groups working for the common benefit of businesses, governments and the wider community.

As LeadWest has correctly identified, Information and Communications Technology infrastructure is a source of many opportunities for growth and development both in Melbourne's west and throughout Australia.

The digital economy that this infrastructure enables opens up entirely new markets for existing businesses, as well as new, more efficient ways for businesses to serve their existing customers.

It creates new ways for citizens to organise and have their say and new ways for government to respond and to deliver public services.

Some schools in the Western Region are already experimenting with currently available digital technologies to change the way they deliver services.

In August I visited Mowbray College in Melton to launch the Connecting Victorian Rural Independent Schools project, VICTOR.

This project provides broadband communication links to more than 90 schools across Victoria, and is helping demonstrate the potential of digital connectivity in the classroom.

The project is improving student learning by giving instant access to the most up-to-date information.

High-quality audio and real-time video allows students to interact across multiple sites - sharing information and learning experiences.

The video-conferencing technology made available through this project offers the potential for virtual excursions and allows specialist teachers to reach multiple classrooms at once.

These digital technologies offer students opportunities that could otherwise be inaccessible, due to cost or distance.

Another Australian Government project benefiting residents in the Western Region is Scope Connect.

This project uses fixed and mobile broadband technology to deliver more efficient services to people with disabilities, by increasing the connectivity, and therefore the reach, of Scope's disability therapists throughout Victoria.

This allows for better patient monitoring, which means that patients can spend more time at home rather than in hospital with clear benefits for patient quality of life.

Put simply, this project represents a lower cost way to deliver higher quality services for patients - a win-win situation made possible by digital infrastructure.

VICTOR and Scope Connect are both excellent examples of the innovative use of broadband for the delivery of government services.

Broadband can also revolutionise the way that more traditional public infrastructure is utilised.

A great example of this is the 'Smart Transport and Roads' project at National ICT Australia (NICTA).

The 'STaR' project (as it is known) uses advanced technology to provide an integrated set of tools to better manage and direct traffic flows.

Improved traffic management leads to more efficient utilisation of roads, more reliable travel times and shorter commutes.

Importantly in the current environment, the improved use of telecommunications could also result in energy and travel costs savings.

In fact, a late 2007 report by Climate Risk estimated that these savings could be worth up to \$6.6 billion dollars annually.<sup>1</sup>

Broadband internet also means that local businesses can effectively operate in a global market without the need for travel or relocation.

As an example, I noted recently the story of the Melbourne company, Eyetribe, selling sunglasses for kids.

For two years Eyetribe has been steadily building its business locally and now, thanks to its internet presence, has secured a major license arrangement with a Dubai luxury hotel.

By employing the internet, a local business today can become a global trader tomorrow.

Recent Australia Communications and Media Authority statistics indicate that Australia is fast becoming a nation of online shoppers.

The figures showed that just over half of all internet users at March this year had recently bought a product online - up eight per cent from 2006.

Online trading presents great opportunities for local communities and micro-businesses, creating jobs and reducing pressure on operators to physically relocate to find sales.

To do this however, businesses need affordable, reliable, high-speed broadband.

Without this, businesses of all sizes will be left behind as global competitors seize the emerging digital opportunities.

Take the manufacturing sector as an example.

It has the opportunity to drive entirely new efficiencies, with digital technologies providing oversight of products from conception to disposal.

Bernard Charles, President and CEO of one of France's major manufacturers recently said:

"In the future, all manufactured goods in the world will be digitally defined, engineered, simulated, produced and managed throughout their lifecycle."

Simply from a transportation perspective, digital tracking technology is already assisting manufacturers by allowing absolute oversight of the distribution chain.

Lifecycle management also has implications for governments, which will use digital technologies to improve the way public assets are planned, constructed and maintained.

Imagine a road network with connected sensor technology, that alerts council works departments of surface and foundation conditions in real-time.

Instead of needing to fully upgrade roads, the data will assist engineers to understand when and what repairs should be made at any given time.

As Larry Smarr, one of the founders of the internet, pointed out in a recent talk in Canberra - these technologies will reshape the way we think about infrastructure management - and result in savings for everyone.

As demonstrated by LeadWest, Australian local Governments and businesses are not blind to the opportunities presented by digital connectivity.

This was also clearly demonstrated a week ago when the Australian Industry Group released its latest CEO survey results.

More than 85 per cent of CEOs reported internet access as highly important to their business.

More than 93 per cent said the internet has a positive impact on productivity.

70 per cent of CEOs see a strategic advantage in broadband internet.

This includes companies from sectors as diverse as:

- business services
- publishing
- personal services
- basic metals

- finance, insurance and property, and
- commercial construction.

According to the survey, around one third of key business activity is already being conducted over the internet, including for financial activity and data transfer.

However, businesses indicated a strong requirement for improved access to reliable and affordable broadband to further drive productivity and other benefits.

The results of this survey indicated a strong desire by industry to link with government to drive this agenda.

They tell us that Australian businesses are ready and willing to embrace digital technologies powered by high-speed broadband.

They recognise broadband as a vital driver for innovation and productivity, two key factors that will underpin our future national economy prosperity.

These are just some of the practical examples of how digital technologies are generating social and economic benefits, and linking sectors across the economy.

The benefits of broadband and the digital economy for regions like Melbourne's west should be obvious to everyone here.

However, those of you in this room will also be well aware of the challenges that Melbourne's west faces in trying to realise these opportunities.

Infrastructure investment in Australia's roads, ports, railways, and broadband, has been sorely lacking throughout the nation over the past decade.

For 11 years the Howard-Costello Government failed to act on Australia's infrastructure needs.

The OECD ranks Australia 20th out of 25 countries when it comes to investment in public infrastructure as a proportion of national income.

The situation in the Western Region is no different.

To address this problem, the Rudd government has embarked on a long term project to fix and modernise Australia's infrastructure.

To achieve this, the Government is reforming the way Australia plans, finances and builds infrastructure.

We've created Infrastructure Australia, to prioritise the nation's future infrastructure needs, and to coordinate nationally consistent guidelines for public private partnerships.

We've backed this institutional framework with financial support in the form of an accelerated investment of \$20 billion from the Building Australia Fund.

In my own portfolio, we've committed to the biggest government investment in broadband infrastructure the nation has ever seen - the National Broadband Network.

As the examples I have mentioned show, broadband is a crucial enabling technology that will touch every sector of our economy.

The Rudd Government understands this and is committed to delivering world class broadband to the nation.

The National Broadband Network process is currently underway and proposals are due on November 26.

The Rudd Government has committed to provide up to \$4.7 billion dollars and to consider regulatory changes to facilitate the network roll-out.

In particular, the Request for Proposals includes the following objectives:

- 12 megabits per second to 98 per cent of Australian homes and businesses, and
- uniform and affordable national retail prices, based on fibre-to-the-premises or fibre-to-the-node architecture.

The RFP also indicates an expectation that the NBN will facilitate competition:

- through open access arrangements
- equivalence of access charges, and
- allowing retail service providers to differentiate their product offerings.

The Rudd Government understands that barriers to broadband access exist in many places, including on the city fringes.

This is often the result of legacy infrastructure issues such as pair gain and also carrier business priorities.

We want to ensure that all Australians benefit from fast, affordable broadband - regardless of where they live.

We want to ensure we deliver improved opportunities for young Australians, for educators, for businesses, and for the Australian community in general.

However, we know that we cannot solve these problems on our own.

We know that we need to work with state and local government and the private sector to effectively tackle many of these challenges.

That's why, on 18 November, the Rudd Government will host the first Australian Council of Local Government meeting, at Parliament House in Canberra.

The one-day meeting with all Australian mayors and shire presidents will address issues of national and local significance including:

- building national and local infrastructure to boost Australia's economic capacity and improve the quality of life in our communities
- tackling immediate challenges facing major cities and growth corridors, such as urban congestion, urban planning and design, and
- moving towards constitutional recognition for local government.

The Australian Council of Local Government's meeting demonstrates the Rudd government's commitment to forging a new and stronger partnership with local government.

On digital economy issues specifically, we are engaging directly with all levels of Government through the Online Communications Council.

At a meeting earlier this year, state, territory and local Governments established a clear consensus on the need for a framework around the development and utilisation of broadband.

Members noted broadband as a key enabler for the digital economy - crucial to the delivery of social services and as a generator of productivity and economic efficiencies.

There are significant potential benefits in working together to develop broadband in Australia and I look forward to driving progress at the next OCC meeting in November.

Of course, as the OCC notes, these challenges are about more than just infrastructure - they are about developing ways for citizens, communities and business to utilise it.

That's why the Rudd Government has also been consulting throughout the year with the private sector, in a series of workshops, culminating in a Digital Economy Forum in September.

The workshops and the forum canvassed future developments and aspirations for Australia's digital economy over the next five years.

They helped uncover some of the issues impeding digital uptake - issues such as capability, confidence, and content.

Importantly, the forum produced a consensus on the need to develop a road map for the future of the digital economy in Australia.

In response, I announced the Government's intention to develop a Digital Economy Future Directions Paper.

The paper (which will be published in early 2009) will outline the benefits and opportunities that the digital economy offers for Australians.

It will also describe the respective roles of government and industry in ensuring that Australia realises the full benefits on offer.

This document will chart our digital economy future.

I welcome the interest of all parties in this process and encourage the involvement of those here today.

Clearly, LeadWest is already taking a leading role exploring and articulating the concerns and demands of the communities it serves.

This interaction is a vitally important component in the process to establish Australia's digital economy.

The digital economy offers significant opportunities for regions such as Melbourne's west and I congratulate LeadWest for today's event.

The Rudd Government is committed to laying the foundations of the digital economy and ensuring those opportunities result in tangible benefits for all Australians.

Thank you.

#### **Endnotes**

1. A Climate Risk Report, *Towards a high-bandwidth, low-carbon future: Telecommunications-based opportunities to reduce greenhouse gas emissions*, October 2007, Executive Summary, page vi.