

Joint media release

**PRIME MINISTER
TREASURER
MINISTER FOR FINANCE
MINISTER FOR BROADBAND**

New National Broadband Network

The Rudd Government today announced the establishment of a new company to build and operate a new super fast National Broadband Network.

This new super fast National Broadband Network, built in partnership with private sector, will be the single largest nation building infrastructure project in Australian history.

This new National Broadband Network will:

- Connect 90 percent of all Australian homes, schools and workplaces with broadband services with speeds up to 100 megabits per second 100 times faster than those currently used by many households and businesses
- Connect all other premises in Australia with next generation wireless and satellite technologies that will deliver broadband speeds of 12 megabits per second
- Directly support up to 25,000 local jobs every year, on average, over the 8 year life of the project.

Under the Rudd Government's new national broadband network every house, school and business in Australia will get access to affordable fast broadband.

OWNERSHIP AND FINANCING

The Rudd Government's National Broadband Network will be built and operated by a new company specifically established by the Australian Government to carry out this project.

The Government will be the majority shareholder of this company, but significant private sector investment in the company is anticipated.

The Government will make an initial investment in this company but intends to sell down its interest in the company within 5 years after the network is built and fully operational, consistent with market conditions, and national and identity security considerations.

This company jointly owned by the Government and the private sector will invest up to \$43 billion over 8 years to build the national broadband network.

The Government's investment in the company will be funded through the Building Australia Fund and the issuance of Aussie Infrastructure Bonds (AIBs), which will provide an opportunity for households and institutions to invest in the national broadband network.

The new investment is also the biggest reform in telecommunications in two decades because it delivers separation between the infrastructure provider and retail service providers. This means better and fairer infrastructure access for service providers, greater retail competition, and better services for families and businesses.

This announcement follows the Government's decision to terminate the NBN Request for Proposals (RFP) process on the basis of advice from the independent Panel of Experts that none of the

national proposals offered value for money. The Panel noted the rapid deterioration of the global economy had a significant impact on the process.

This historic nation-building investment will help transform the Australian economy and create the jobs and businesses of the 21st century.

SPECIFICATIONS

The new superfast network will:

- connect homes, schools and workplaces with optical fibre (fibre to the premises or 'FTTP'), providing broadband services to Australians in urban and regional towns with speeds of 100 megabits per second - 100 times faster than those currently used by most people extending to towns with a population of around 1,000 or more people
- use next generation wireless and satellite technologies that will be able to deliver 12 megabits per second or more to people living in more remote parts of rural Australia
- provide fibre optic transmission links connecting cities, major regional centres and rural towns
- be Australia's first national wholesale-only, open access broadband network
- be built and operated on a commercial basis by a company established at arm's length from Government and involve private sector investment
- be expected to be rolled-out, simultaneously, in metropolitan, regional, and rural areas.

Every person and business in Australia, no-matter where they are located, will have access to affordable, fast broadband at their fingertips.

High speed broadband is increasingly essential to the way Australians communicate, and do business. It will help drive Australia's productivity, improve education and health service delivery and connect our big cities and regional centres.

The Government will invest in this major nation-building infrastructure to stimulate jobs in the short-term and pay a dividend to the Australian people through enhanced productivity and innovation in the long-term.

This is a major nation-building project that will support 25,000 jobs every year, on average, over the life of the project. At its peak, it will support 37,000 jobs. Given the productivity gains associated with this investment, the full benefits will continue to flow for decades beyond the completion of the project.

The Government's announcement today has been informed by expert advice. The Panel of Experts has encouraged the Government to invest in optical fibre technology, supplemented by next-generation wireless and satellite technologies. The Australian Competition and Consumer Commission has also endorsed the use of FTTP as a superior technology to Fibre to the Node.

The preliminary estimate is that the enhanced NBN network will cost up to \$43 billion, which has been developed taking into account advice from specialist technical advisers.

The Government's objective is to achieve 90 per cent coverage of the FTTP network, and remaining coverage to be delivered through wireless and satellite technologies, within this funding envelope. Initial advice to the Government is that this objective is achievable, but this estimate will be subject to an implementation study.

The Government will seek private investment in the company to draw on private sector capacity and expertise. However, ownership restrictions will be established to protect the Government's objective of a wholesale open-access network.

PLAN OF ACTION

To turn its vision into action the Government will immediately:

- Commence an implementation study to determine the operating arrangements, detailed network design, ways to attract private sector investment for roll-out early 2010, and ways to provide procurement opportunities for local businesses
- Fast-track negotiations with the Tasmanian Government, as recommended by the Panel of Experts, to build upon its NBN proposal to begin the rollout of a FTTP network and next generation wireless services in Tasmania as early as July with an immediate start on a nationwide investment.
- Implement measures to address 'black spots' through the timely rollout of fibre optic transmission links connecting cities, major regional centres and rural towns - delivering improvements to telecommunication services in the short term.
- Progress legislative changes that will govern the national broadband network company and facilitate the rollout of fibre networks, including requiring greenfields developments to use FTTP technology from 1 July 2010.
- Make an initial investment in the network of \$4.7 billion.
- Commence a consultative process on necessary changes to the existing telecommunications regulatory regime.

The initiative announced today is a historic nation-building investment focused on Australia's long-term national interest. It will fundamentally transform the competitive dynamics of the telecommunications sector, underpin future productivity growth and our international competitiveness.

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