

20 January 2006

Ms Rhonda Jolly
Regional Broadband and Technical Support
Department of Communications, Information Technology and the Arts
GPO Box 2154
CANBERRA ACT 2601

Dear Ms Jolly

Broadband Connect and Clever Networks Discussion Paper

Thank you for the opportunity to comment on the design of the *Broadband Connect and Clever Networks* Discussion Paper.

Telecommunications is an important issue for local government as it recognises the role telecommunications infrastructure plays in ensuring continued economic growth within Australia, more specifically in regional Australia. It is vitally important that both state and local governments are consulted at this early stage and that their recommendations are considered thoroughly.

The *Broadband Connect and Clever Networks* discussion paper outlines the proposed policy and design principles of the program and seeks comments on these policy and design principles. In its response to the discussion paper, ALGA has focussed on the threshold issues and those questions that are directly relevant to local government. As such, we have identified a number of recommendations that we hope will be considered by the Department.

Yours sincerely

Ian Chalmers
Chief Executive

ALGA Response to the Broadband Connect and Clever Networks Discussion Paper

Version 1.0

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1. Introduction

The Australian Local Government Association (ALGA) welcomes the Broadband Connect and Clever Networks programs which commit \$991 million to improving telecommunications in regional Australia. The 2005-06 State of the Regions Report focused on the role of broadband as an enabler of economic growth at the regional level. The report stated that 'Communications infrastructure is a key driver of economic growth because it enables the intensification of the networked economy'. ALGA considers that obtaining effective broadband access is essential for local government and its communities.¹

Local government supports the Australian Government's policy of encouraging an open and competitive telecommunications market and notes that many of the Australian Government's programs to date have been developed to support regional and rural Australia and remote areas where market forces do not guarantee services. Further, local government on some occasions has addressed market failures by meeting the telecommunications needs of its community itself.

In 2005 ALGA identified an ICT capacity divide affecting smaller regional, rural and remote councils and identified that affordable broadband access was essential infrastructure required by **all** councils in order to effectively deliver services online. The need for broadband access is not limited solely to council offices as councils are increasingly seeking to improve service delivery by linking all council premises and council staff with broadband connections. Council supported public libraries and museums also need affordable broadband access.

The Broadband Connect and Clever Networks *discussion paper* outlines the proposed policy and design principles of both programs and seeks comments on these policy and design principles. In its response to the discussion paper, ALGA has focussed on the threshold issues and those questions that are directly relevant to local government.

The *discussion paper* states that while the Broadband Connect and Clever Networks programs are part of the *Connect Australia* package they will be managed as separate programs. ALGA understands the necessity for this type of program design but the basis of its response is to make explicit the links between the two programs.

Before responding to the *discussion paper* ALGA would like to briefly review previous Department of Communications, Information Technology and the Arts (DCITA) telecommunications programs that provided significant funding for regional, rural and remote Australia as the outcomes of these programs provides significant lessons as to how the Broadband Connect and Clever Networks programs can be most effectively implemented.

¹ National Economics, State of the Regions Report 2005-06, p.1

1.1 Successes of the Networking the Nation Local Government Fund

The Local Government Association of the Northern Territory has completed the NT Connect project which was funded through the Networking the Nation Local Government Fund. This project took a 'whole of territory' approach to delivering 'reliable and appropriate IT infrastructure and business systems for Community Councils.'² This approach included providing and maintaining the telecommunications infrastructure required by the councils. The long-term success of this project will depend on territory and Australian Government agencies using the ICT infrastructure established by LGANT to deliver services to these remote communities. If separate ICT networks are established by territory agencies and Australian Government agencies then the sustainability of LGANT's network will require continual subsidies. Only a 'whole of government' approach which involves all levels of government using the same ICT network to provide services and support can provide sustainable ICT solutions to remote communities.

1.2 Concerns with the HiBIS Program

ALGA has a number of concerns with the HiBIS program and suggests that addressing these concerns in the Broadband Connect program is essential. The concerns include:

- The lack of a strategic framework for HiBIS with no funds reserved for encouraging the deployment of critical fibre infrastructure which provides 'open' networks and gateways between existing government networks
- The failure to differentiate the needs of remote Australia from the rest of regional and rural Australia where there is a sufficient market size. Sustainable telecommunication solutions in remote Australia can only be delivered at the 'whole of region' level unlike those larger regional and rural centres that are big enough to support an incentive based program that encourages competition
- The narrow definition of an 'eligible customer' that only allowed Indigenous Community Councils to apply for HiBIS at the exclusion of **all** non-indigenous councils³

1.3 Concerns with the National Communication Fund (NCF)

The NCF allocated \$52.2 million to assist in the rollout of infrastructure and applications to enable the development of high-speed telecommunications network to deliver *education and health services in regional Australia (our emphasis)*.⁴

ALGA has identified two problems with this program which should be considered in the design of the Clever Networks program

- Projects funded under NCF were either health or education projects – this approach does not reflect the need to take a 'whole of region' approach to the provision of telecommunications in remote areas and encourages the duplication of

² http://www.lgant.nt.gov.au/lgant/home/member_services/it_services/projects/nt_connect

³

http://www.dcita.gov.au/data/assets/word_doc/23251/HiBIS_Guidelines_CURRENT_AMENDED_VERSION.doc, p.6

⁴ http://www.dcita.gov.au/ict/national_communications_fund

telecommunications infrastructure thus compounding the problems of sustainability⁵

- The exclusion of the local government sector under the NCF ignored the key role of local government in the provision of health services in regional Australia and the opportunities that existed to establish open access network aggregation points in regional centres that could have included local government, public libraries and museums, schools and local health centres.

1.4 Concerns with the Coordinated Communications Infrastructure Fund (CCIF)

While ALGA welcomed the encouragement to CCIF applicants to form collaborative partnerships (including with local government) ALGA was concerned that the 'the primary focus of the CCIF is to improve the delivery of broadband health, education and government services in regional communities.'⁶ ALGA suggests that this focus continued the misunderstanding demonstrated in the NCF that *sustainable* networks could be established in rural and remote Australia without including all key service providers including local government, public libraries, private schools and not-for-profit organisations.

1.5 Concerns with the Demand Aggregation Broker (DAB) Program

ALGA welcomed the \$8.4 million government funding to establish a network of Demand Aggregation Brokers program that aims 'to coordinate demand at a regional level so there is a viable business case for rolling out infrastructure to areas that would not otherwise receive broadband services.'⁷ ALGA is fully supportive of the DBA program and welcomes the appointment of a National Broadband Adviser – local government. However, ALGA suggests that the effectiveness of the DBA's is significantly reduced by the lack of easily accessible information about existing networks, infrastructure and programs at the national, sector, and regional levels. Only a small number of experts have a comprehensive understanding of existing broadband infrastructure and programs in Australia thus compounding the problem of knowledge management. The effectiveness of the DAB program would be improved if essential information about broadband infrastructure and programs was available.

⁵ Any networks established in remote areas will face on-going problems in covering operating expenses – whole of region rather than sector based approaches offer the only long-term solution to raising sufficient revenue to cover the operating costs of a broadband network.

⁶ http://www.dcita.gov.au/ie/broadband/programs/ccif/program_overview

⁷ <http://www.dcita.gov.au/ie/broadband/programs/DABP>

2. General Recommendations that apply to both Broadband Connect and Clever Networks

The review of previous DCITA telecommunications programs discussed above has highlighted significant problems that ALGA has identified and which should be addressed in the Broadband Connect and Clever Networks programs. The following recommendations apply to both the Broadband Connect and Clever Network programs.

2.1 Develop a National Broadband Framework

The \$878 million funding allocated under the Broadband Connect program is 88.60% of the total funding allocated to the Broadband Connect and Clever Networks programs. ALGA is concerned that unless a mechanism is established which enables effective integration between the Broadband Connect and Clever Networks programs, the telecommunication problems facing local government and their communities in regional Australia will not be adequately addressed.

ALGA suggests that a significant amount of the Broadband Connect program be allocated for strategic projects undertaken within a strategic framework (developed by June 2007). The National Broadband Strategy Implementation Group (NBSIG) was successful in helping develop a high level national vision for the use of broadband in Australia. While individual state and territory governments and the health and education sectors have been able to develop comprehensive 'whole of government' or 'whole of sector' approaches to the implementation of broadband services it has not been possible to develop a detailed national framework for the implementation and effective use of broadband services in regional Australia. This inability to develop a national framework has been mainly due to the lack of resources of state, territory and local governments.

The lessons learnt from Australian Government programs discussed above is that without a national framework for guiding strategic investments, the funding distributed by the Broadband Connect and Clever Networks programs will not address essential infrastructure questions such as affordable backhaul, sufficient broadband speed and quality of service to enable the delivery of ASP services, and the sustainability of services in remote Australia.

The Demand Aggregation Broker program has been effective in encouraging cooperation and finding opportunities for aggregation. However, the lack of a national framework and adequate information has made it difficult for the brokers to fully develop opportunities for cooperation and aggregation. The information required to develop a national framework to guide telecommunication investments at the national level, regional and sector level (emergency management, local government, public libraries and cultural institutions, private schools and not-for-profit community organisations) is either not available or held by DCITA and their state and territory government equivalents.

ALGA suggests that a National Broadband Secretariat (NBS) be established to coordinate the development of a national strategic framework to guide the strategic element of Broadband Connect and the Clever Networks program (see below). The NBS would be established as a sub-committee of NBSIG and would consist of staff from DCITA, state and territory agencies responsible for telecommunications, local government and sector representatives who would be seconded to work full-time on completing the required research and developing a draft national strategic framework.

Key areas of research for the NBS would include:

- Undertake a comprehensive assessment of the broadband requirements and opportunities for collaboration for all government and not-for-profit organisations involved in the delivery of services in regional Australia
- Undertake a comprehensive assessment of demand for and availability of affordable fibre backhaul in regional areas
- Undertake a comprehensive assessment of existing broadband networks owned by government agencies and government authorities and identify opportunities to extend these networks by providing access to other government agencies or sectors
- Examine application service provider models which can be delivered in regional Australia and identify the necessary IT and broadband infrastructure required to support the provision of ASP solutions to regional Australia
- Examine regulatory impediments to the delivery of integrated shop-front services by local government and not-for-profit organisations in regional Australia
- Define areas in remote Australia which during the life of the Broadband Connect program would not be able to afford the operating costs of a broadband service unless undertaken at the whole of region level

Recommendation 1: That DCITA allocate funding from the Broadband Connect program to the development of a strategic framework which would be coordinated by the National Broadband Secretariat

Recommendation 2: That DCITA allocate 20% or \$175.6 million of the Broadband Connect program to establish a Broadband Connect Strategic Fund (BCSF) that would be used to implement strategic national broadband projects identified during 2006-07 for implementation during 2007-2010

2.2 Use a two-phase approach to the grant application process

The NTN and CCIF programs encouraged grant applicants to liaise with the relevant state or territory government and sector representatives before lodging grant applications. Applicants who lodged applications without the support of government and sector representatives were unlikely to be funded. ALGA suggests that this approach needs to be formalised and that all grant applicants for funding from the Broadband Connect Strategic Fund (see 2.1) and from Clever Networks from July 2007 onwards be required to go through a two-step process. The first step would require applicants to lodge a preliminary proposal which would be reviewed by the NBS before submission to NBSIG for evaluation. A NBS case officer would be appointed to work with grant applicants for all preliminary proposals that were endorsed by the NBSIG. The NBS case officer would be seconded from the relevant government jurisdiction and would be work with the applicants to ensure that a final application was fully informed of other relevant projects and that all stakeholders had been effectively consulted. The business case for all applications would be completed using an agreed national methodology to enable comparability of costings and a realistic understanding of the sustainability of the project once funding ceases.

Recommendation 3: ALGA recommends the establishment of a two-phase grant process for all applications for National Strategic Broadband Funds (NSBF) or the Clever Networks program.

Recommendation 4: ALGA recommends that a NBS case officer be appointed for all preliminary proposals endorsed by the NBSIG.

2.2 Sustainable solutions in remote Australian require a 'whole of government' approach

The LGANT NT Connect project discussed in 1.5 above has highlighted the necessity for taking a whole of government approach to the delivery of ICT based government services to remote Australia. It is essential that an effective framework be established for managing the IT and telecommunications infrastructure required to deliver government services to remote Australia. Without a framework for taking a 'whole of government' approach to the deployment of necessary ICT infrastructure to support government service delivery individual Australian Government and state and territory government agencies will deploy their own ICT infrastructure resulting in multiple ICT infrastructure solutions being deployed to the same remote communities. This will ensure that all these networks will require continual funding for both capital and operational expenses.

Recommendation 5: ALGA recommends that a priority for the NBS should be to coordinate the deployment of ICT networks to remote Australian communities.

2.3 Ensuring that sustainability is an essential requirement for all applications to the NSBF or Clever Networks program

Previous DCITA funded programs like Networking the Nation and CCIF have required all applicants to outline how the proposal will be sustainable after the funding provided from DCITA has ceased. However, due to the highly innovative nature of many of these projects it was very difficult for the applicants and the Department to realistically evaluate the sustainability of these projects. Further, the lack of business expertise of some of the applicants and differences in methodologies and approaches used in developing business cases has also limited their ability to evaluate the sustainability of project.

Recommendation 6: ALGA recommends developing two categories of projects:

1. Innovative projects which are undertaken as a 'proof of concept' projects and do not have to demonstrate a strong business case for sustainability after program funding ceases
2. Extension or integration projects which are based upon tested technologies and/or approaches and which should only be funded if a sound business case for sustainability has been established

Recommendation 7: ALGA recommends a NBS case officer work with all phase two grant applicants (see 2.1 above) to assist them in developing a business case using an approved business case methodology.

3. Specific Recommendations that apply to the Broadband Connect Program

The Broadband Connect program aims to 'support equitable access to broadband services for residential, small business and not-for-profit consumers across regional, rural and remote Australia'⁸ In a recent response to DCITA's *Metropolitan Broadband Connect (MBC) Draft Program Guidelines and MBC Request for Information* ALGA argued that the definition of eligible customer for the MBC program was too restrictive and that 'ALGA advocates that the MBC program guidelines should be modified to include councils, and council libraries with less than 20 full time equivalent staff in its definition of 'Eligible Customer.'

On 26 September 2005 the President of ALGA, Councillor Paul Bell wrote to the Senator the Honourable Helen Coonan, Minister for Communications, Information Technology and the Arts requesting that local councils in regional, rural and remote areas be eligible to apply under the Higher Bandwidth Incentive Scheme (HiBIS).

The basis for suggesting that smaller councils should be able to apply for either Broadband Connect or MBC subsidies is the limited financial resources and capacity of smaller councils to pay for essential broadband services and the importance of broadband access in enabling councils to improve service delivery. The tables below show the large number of urban and regional, rural and remote councils that represent small numbers of people and in consequence have a very limited capacity to pay for essential broadband communications.

Table 1: Urban Councils organised by number of people in each council

State	Definition	NSW	Vic.	Qld	WA	SA	Tas.	NT	Total
Urban Capital City	Capital City	1	1	1	1	1	1	1	7
Urban Development Small	Up to 30,000 people	3	1	0	12	2	0	0	18
Urban Development Medium	30,001-70,000	15	2	1	3	7	0	0	28
Urban Development Large	70,001-120,000	6	9	1	2	5	0	0	23
Urban Development Very Large	>120,000	8	10	1	1	0	0	0	20
Urban Regional Small	Up to 30,000	12	12	21	7	7	5	4	68
Urban Regional Medium	30,001-70,000	21	8	3	3	0	3	0	38
Urban Regional Large	70,001-120,000	2	3	3	0	0	0	0	8

⁸ Discussion Paper, p.7.

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State	Definition	NSW	Vic.	Qld	WA	SA	Tas.	NT	Total
Urban Regional Very Large	>120,000	3	1	6	0	0	0	0	10
Urban Fringe Small	Up to 30,000	0	1	23	1	1	1	1	28
Urban Fringe Medium	30,001-70,000	3	3	4	3	2	0	0	15
Urban Fringe Large	70,001-120,000	1	3	1	5	0	0	0	10
Urban Fringe Very Large	>120,000	7	3	0	1	1	0	0	12

There are approximately 114 urban councils in 2003 having a population of less than 30,000 people.⁹

Table 2: Rural and remote councils with less than 20,000 people

RURAL COUNCILS	NSW	VIC	QLD	WA	SA	TAS	NT	Total
Significant Growth								
Rural Significant Growth (RSG)	0	1	4	8	0	0	0	13
<i>Sub-total</i>	<i>0</i>	<i>1</i>	<i>4</i>	<i>8</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>13</i>
Rural Agricultural								
Rural Agricultural Small (RAS)	5	0	7	52	10	2	0	76
Rural Agricultural Medium (RAM)	38	0	26	18	11	3	0	96
Rural Agriculture Large (RAL)	27	8	14	2	10	9	0	70
Rural Agricultural Very Large (RAV)	18	12	14	2	11	5	1	63
<i>Sub-total</i>	<i>88</i>	<i>20</i>	<i>61</i>	<i>74</i>	<i>42</i>	<i>19</i>	<i>1</i>	<i>305</i>
Rural Remote								
Rural Remote Extra Small (RTX)	3	0	4	6	4	0	28	45
Rural Remote Small (RTS)	0	0	8	2	0	0	21	31
Rural Remote Medium (RTM)	1	0	9	7	1	0	9	27
Rural Remote Large (RTL)	1	0	4	6	1	0	0	12
<i>Sub-total</i>	<i>5</i>	<i>0</i>	<i>25</i>	<i>21</i>	<i>6</i>	<i>0</i>	<i>58</i>	<i>115</i>
Total	93	21	90	103	48	19	59	433

Significant Growth- An LGA with population less than 20,000

Rural Significant Growth (RSG) - Average annual population growth more than 3 per cent, population more than 5,000 and not remote

Agricultural - An LGA with population less than 20,000 and Population density less than 30 persons per sq km

RAS - Small - population up to 2,000

RAM - Medium - population between 2,001-5,000

RAL - Large - population between 5,001-10,000

RAV - Very Large - population between 10,001 and 20,000

⁹ 2003-2004 Report on the Operation of the Local Government (Financial Assistance) Act 1995
APPENDIX F - AUSTRALIAN CLASSIFICATION OF LOCAL GOVERNMENTS

http://www.dotars.gov.au/localgovt/publications/national_report/03_04/appendix-f.aspx

Remote - Less than 90 per cent of LGA population is urban

RTX - Extra Small - population up to 400

RTS - Small - population between 401 - 1,000

RTM - Medium - population between 1,001 - 3,000

RTL - Large - population between 3,001 - 20,000

There are approximately 433 councils that at June 2002 have a population of less than 20,000 people in their local government area (figures based on 2002/03 DOTARS report).¹⁰

The current HiBIS scheme provides two categories of Incentive Payments:

- Standard - \$1540 including GST
- High Cost - \$3300 including GST

Unpublished research conducted by the Municipal Association of Victoria has identified that rural councils in Victoria have between 4 and 40 council supported sites (offices, depots, libraries etc). It is not possible to make an accurate extrapolation as to the total number of councils supported premises in regional Australia due to the diversity between councils in each state and territory. An indicative cost of extending the HiBIS eligible customer definition to include **all** rural councils supported premises would be:

- 3000 councils supported premises at the standard HiBIS rate - \$4,620,000
- 1000 councils supported premises at the High Cost HiBIS rate - \$3,300,000

Note – this assumes that all rural councils would be eligible for the HiBIS subsidy due to the lack of metropolitan comparable broadband services and this clearly is not correct. However, if Broadband Connect were to introduce a two-tier or even three-tier subsidy scheme (see Recommendation 10 below) the **maximum** cost of such a subsidy would not be more than \$10 million and is likely to be significantly less.

The 2005-06 State of the Regions Report focused on the role of broadband as an enabler of economic growth at the regional level. The report stated that 'Communications infrastructure is a key driver of economic growth because it enables the intensification of the networked economy'¹¹ ALGA considers that obtaining effective and affordable broadband access is essential for local government and its communities.

Recommendation 8: ALGA recommends that the definition of 'eligible customer' in the Broadband Connect program guidelines be extended to include rural councils, public libraries, and public museums.

Recommendation 9: ALGA recommends that eligible councils, public libraries and museums and other not-for-profit organisations be allowed to aggregate the subsidies they are entitled too and negotiate a 'whole of region' solution with a Broadband Connect eligible telecommunications wholesaler.

¹⁰ Using the DOTARS classifications of councils -

http://www.dotars.gov.au/localgovt/publications/national_report/02_03/pdf/appF.pdf

¹¹ National Economics, State of the Regions Report 2005-06, p.1

Recommendation 10: ALGA recommends a three tier subsidy:

- The first tier would provide funding for sufficient bandwidth and quality of service to enable smaller regional centres to become open access network aggregation points for other eligible customers
- The second tier would provide sufficient bandwidth and quality of service to enable local councils, public libraries to use ASP solutions
- The third tier would provide individual eligible customers with metropolitan equivalent broadband services

4. Specific Recommendations that apply to the Clever Networks Program

The *discussion paper* states that the intent of the Clever Networks is 'focus on the delivery of government services such as, but not limited to, health, education and emergency services'¹² ALGA suggests that the focus for the program as outlined above is too narrow.

In 2005 ALGA developed a Better Rural Services strategy paper that recommended taking an integrated, strategic approach to addressing the ICT capacity divide faced by smaller regional, rural and remote councils. Additional research undertaken since September 2005 has highlighted the necessity for including both public libraries and museums which are supported by councils in any programs that aim to improve broadband access in regional Australia.

4.1 Investigate and implement options for integration and extension of existing broadband networks to include local government, public libraries and museums

The Australian Government through a number of DCITA programs has made a very substantial investment in improving broadband communications in regional Australia and this investment has been complemented by significant investment by the states and territory governments. ALGA considers that a significant percentage of funding that is available under the Clever Networks program should be reserved for projects that enable integration of existing broadband networks in regional Australia.

For example public libraries in some states are members of state based library networks. Additional funding could ensure that all public libraries in Australia are members of a library network which then could be linked via a gateway to AARNet and a national local government network.

State and territory governments have rolled out broadband networks in regional Australia for use by major government agencies. With additional funding it would be possible to extend these networks to smaller towns with a government front-office (any level of government) and establish appropriate network gateways to ensure confidentiality and privacy of information.

Recommendation 11: ALGA recommends that a substantial amount of the Clever Networks program be reserved to extend existing government networks to include all councils, public libraries and museums in Regional Australia

4.2 Investigate and implement options for establishing gateways between existing local government and library networks and other government networks

The LGANT NT Connect project has demonstrated the value of establishing a whole of territory approach to providing effective ICT solutions to community councils. The value of this network would be substantially increased if gateways and access arrangements were added which would enable Australian and territory governments to deliver and manage services over the NT Connect network.

The Local Government Association of Queensland (LGAQ) has implemented a secure network for all councils in Queensland. The value of this network has been greatly

¹² Discussion Paper, p.16

increased by signing a Memorandum of Understanding with the Queensland government which allows for access and data sharing between the LGAQ network and the Queensland State Government network.

Public library networks have been established in some state and territories and significant costs saving could be achieved in telecommunications costs if these networks could be combined nationally and gateways established with AARNet.

Recommendation 12: ALGA recommends that significant funding be reserved to establish gateways from existing local government, and library and museum networks to other government networks

4.3 Minimal capacity of smaller regional, rural and remote councils to contribute financially to establish broadband networks

One of the policy objectives of the Clever Networks program is to 'leverage multiple sources of investment including from service providers and all levels of government to provide the greatest possible benefit.'¹³

Local government on some occasions has addressed market failures by meeting the telecommunications needs of its community itself.

Despite this, it is important that all spheres of government recognise that telecommunications is the responsibility of the Australian Government and that whilst other spheres of government may choose to participate in addressing market failures to ensure that its community does not miss out, it is unacceptable to insist that local governments contribute to joint funding programs.

Local government has a very limited capacity to contribute to new responsibilities and there is considerable evidence that local government is facing a financial crisis. Three major reports – the Commonwealth Grants Commission review of the Local Government (Financial Assistance) Act 1995, the Fair Share report, and the Rising to the Challenge Report¹⁴ – have provided extensive evidence that many local governments, especially those in rural and remote Australia, are in significant financial trouble and part of this is as a result of other spheres of government cost or responsibility shifting on to local government.

The 2002-03 House of Representatives Inquiry into Local Government and Cost Shifting identified cost shifting to local government of between \$500 million and \$1.1 billion each year¹⁵ Over the last 40 years there has been a significant shift in local government expenditure and by 2003-04, \$8.5 billion or 46% of total local government expenditure was on human services such as health, social security and welfare, housing and community amenities and recreation and culture activities.¹⁶ The exclusion of local government from the HiBIS program has meant that small regional, rural and remote councils have had to pay a substantially higher amount for telecommunications affecting their capacity to deliver other services.

¹³ *Discussion Paper*, p.18

¹⁴ A Report produced by the Financial Sustainability Review Board in South Australia (August 2005)

¹⁵ <http://www.aph.gov.au/house/committee/efpa/localgovt/report.htm>

¹⁶ <http://www.alga.asn.au/policy/finance/finfax/2.expenditure.php>

Whilst we would never advocate that councils not be eligible or participate it is unreasonable for the Australian Government to expect councils to participate.

In essence, it is unlikely that councils will want to contribute financially to joint projects however; individual councils will make their own decision as to whether they participate in the program.

Recommendation 13: ALGA recommends that smaller regional, rural and remote councils not be required to make a financial contribution in any Clever Network grant applications above that of their current telecommunications expenditure. Any contribution by councils should be restricted to in-kind contributions only.

Response to relevant Broadband Connect and Clever Networks questions in discussion paper

<i>Question</i>	<i>Response</i>	<i>Relevant Recommendation/s</i>
<p>Q1 How can the design and delivery of Broadband Connect be optimised to achieve long term sustainable quality broadband solutions for regional, rural and remote Australians?</p>	<p>Based on a review of previous DCITA programs it is clear that a lack of a nationally agreed framework has resulted in projects which have not always delivered sustainable solutions.</p> <p>The exclusion of councils from the list of 'eligible customers' for HiBIS has affected service delivery and reduced incentives for councils to be innovators and supporters of broadband in their regions.</p>	<p>1,2,3.</p> <p>8.</p>
<p>Q8 Should a system of prioritised funding for services connected in areas of greatest need (beyond what has been provided under the HiBIS two-tiered incentive structure) is introduced?</p>	<p>The lack of a nationally agreed framework and adequate research has only allowed strategic priorities to be established at state or territory level and within the health and education sectors. No strategic priorities have been established for national broadband networks or for other sectors. Without a national strategic framework to guide prioritised funding it will not be possible to develop an effective, coordinated system of prioritised funding that is complemented by state and territory broadband investments.</p>	<p>1,2,5.</p>
<p>Q9 What can be done further to overcome barriers to capital investment in sustainable technologies in less commercially viable regional areas?</p>	<p>See replies to Q1, and Q9.</p>	<p>See above.</p>
<p>Q10 How can the high cost of some technologies be reconciled with increasing customer expectations for higher speeds and usage allowances especially in more</p>	<p>The business case to justify the high cost of bandwidth to remote Australia has never been researched or developed at a 'whole of government' level. Without adequate research it is not possible to estimate the savings and benefits of providing adequate bandwidth</p>	<p>1,2,5,11,12.</p>

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Question	Response	Relevant Recommendation/s
remote areas?	to remote communities. The LGANT project has demonstrated that a whole of local government approach to providing effective ICT solutions is possible. If a national framework existed which was based on a business case developed for all government agencies who deliver services to remote communities the high cost of some technologies could be measured against the benefit they return to these communities and the government agencies that support them.	
Q24 Should the current HiBIS threshold model for speed and usage is maintained at existing levels under Broadband Connect?	The current threshold model is far too limited for small businesses, not-for-profit organisations, councils, public libraries, museums and private schools and public access Internet providers. Organisations need both a higher quality of bandwidth and a higher quality of service if they are to make effective use of broadband.	10.
Q26 Should two separate minimum speeds with two subsidy levels are introduced?	Different users have different requirements for broadband and ALGA recommends that three subsidy levels be introduced to more accurately reflect these different requirements.	10.
Q27 Do threshold requirements need to be expanded to accommodate other issues such as latency?	Different users also have different quality of service requirements and any organisation that would like to use video conferencing or ASP style solutions is going to need improved higher level threshold requirements than for an individual.	10.
Q28 Should the Broadband Connect Stage 1 price caps is retained under Stage 2?	See Q24, 26, 27 above.	
Q29 Should a greater range of price caps be introduced than the two currently available?	See Q24, 26, 27 above.	

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Question	Response	Relevant Recommendation/s
Clever Network Questions		
Q1 Considering the current DAB program structure - involving State, community and sectoral brokers - is the current arrangement the best model for catalysing broadband developments in regional, rural and remote Australia or how should it evolve?	The DAB program has been both innovative and successful. However, the successes of the DAB program have limited by the lack of integration between HiBIS and CCIF. The DAB program could be far more successful if there is funding available through both Broadband Connect and Clever Networks. The lack of a national framework in sectors other than health and education has restricted the ability of state brokers and the national broadband adviser – local government to identify opportunities for cooperation which involve extending existing networks.	1,2,3,4,5,7,11,12.
Q2 What role can/should brokers play in promoting or facilitating the effective use of broadband applications in order to enable communities and businesses to capture the transformational benefits of broadband?	The role of DAB from July 2006 onwards will depend on decisions made by DCITA regarding both Broadband Connect and Clever Networks. The approaches recommended in this paper would see an essential role for national, state, sector DAB's who would work directly with community DAB's on relevant projects.	1,2,5,9,11,12.
Q3 What other resources or programs should the brokers be aware of in this role?	The most significant problem for DAB's is the lack of information at the national level about state and sector based initiatives. This is a knowledge management problem which requires significant resources and time to address.	1.
Q4 Should the broker role includes an increased focus on 'effective use' outcomes and, if so, how can this best be achieved?	The DAB program can only become outcome focused when there is an effective national and sector based understanding of what existing networks and infrastructure exist and some agreement as to how these networks can be extended and integrated. Without an agreed national strategy and goals it is not possible to establish realistic outcome measures for DAB's.	1,2,3,4,5,6,7,8,9,11,12.
Q5 Should uptake and effective use of broadband by specific groups be targeted	See Q4 above.	

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Question	Response	Relevant Recommendation/s
and, if so, which ones?		
Q6 How might the brokers play a role in facilitating/supporting community-wide connectivity and community-wide (cross-sectoral) networks?	See Q4 above.	
Q7 Should future demand aggregation activities be focussed in areas that have yet to receive terrestrial broadband services under HiBIS to support the delivery of the new Broadband Connect program?	See Q4 above.	
Q8 Are health, education, emergency services and local government the appropriate services for Clever Networks to target?	The priority for previous DCITA telecommunications funding have been the Health and Education sectors. Local Government has identified that the ability to integrate service delivery across levels of government offers the most benefit to local government and their communities. Taking a service deliver approach would enable the identification of necessary infrastructure, applications, training and other support requirements.	1,2,5,11,12.
Q9 Should there be priorities within this group?	See Q8 above.	
Q10 What other sectors, if any, should also be considered?	Remote Australians have the most to benefit from more effective service delivery and broadband access and the delivery of services to remote Australia should receive the highest priority.	5.
Q11 Should there be a focus on particular applications/sectors which will require and drive network or industry capabilities?	Integrated service delivery across three levels of government will require and drive network and industry capabilities. A clear focus on the requirements to deliver seamless e-government in Australia will identify network, applications and sectors where the greatest benefits can be obtained from coordinated investment.	1,2,9,11,12.

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Question	Response	Relevant Recommendation/s
Q12 What strategies could be incorporated into the program design to ensure that investment under Clever Networks provides the greatest holistic community benefit?	Establish a national secretariat to research and develop a national strategic framework in 2006-07 to guide program design from 2007-10.	1,2,3,4,5.
Q13 Is there an ideal balance between infrastructure and applications streams and, if so, how can it be identified?	It is not possible to identify an ideal balance between infrastructure and application streams without substantial research and the development of a national strategic framework.	1,2,3,4,5,7.
Q14 What is the best balance between competitively determined and strategic investment funding?	\$878 million or 88.60% of the total funds available to both Broadband Connect and Clever Networks has been allocated to Broadband Connect. ALGA recommends that all expenditure under Clever Networks be based on a national strategic framework and comparable businesses cases.	1,2,3,4,5,6,7,9,10,11, 12.
Q15 Would potential proposals be improved if the guidelines permit proposals which encompass both infrastructure and applications aspects?	Yes. Some of the most effective investments possible under Clever Networks will be integration and gateway projects which make more effective use of existing infrastructure.	1,2,9,11,12.
Q16 What key strategic investments in broadband infrastructure have the potential to provide the best outcomes?	The lack of a national framework to guide strategic investment makes it impossible to identify the best outcomes for investment decisions. Clever Networks investment must complement and build on existing infrastructure investment by state governments and by the Commonwealth. Without a national framework to guide investment decisions the most important investment would be in identifying existing government networks that could be extended or integrated.	1,2,5,6,9,11,12.
Q17 Are there complementary sources of	The 2002-03 House of Representatives Inquiry into Local	13.

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Question	Response	Relevant Recommendation/s
funding/contributions which should be considered in developing the guidelines for the Clever Networks program?	<p>Government and Cost Shifting identified cost shifting to local government of between \$500 million and \$1.1 billion each year¹⁷ Over the last 40 years there has been a significant shift in local government expenditure and by 2003-04, \$8.5 billion or 46% of total local government expenditure was on human services such as health, social security and welfare, housing and community amenities and recreation and culture activities.¹⁸</p> <p>It is important that Clever Networks does not require councils to make a financial contribution in any Clever Network grant applications above that of their current telecommunications expenditure. Any contribution by councils should be restricted to in-kind contributions only.</p>	
Q18 Should there be specified minimum broadband specifications (eg. bandwidth, latency etc) for Clever Networks and, if so, what should they be and how should they be determined?	See Q24, 26, 27 in Broadband Connect above.	
Q19 What steps / mechanisms can or should be incorporated, if any, into Clever Networks to enable regional, rural and remote communities progressively to transition to high / higher bandwidth networks?	Without developing a national approach to the deployment and integration of broadband networks it is not possible to develop effective mechanisms to enable communities to transition to higher bandwidth networks. This is only likely to occur in education and health where previous funding programs have established a sector level approach to broadband networks.	1,2,3,9,10,11.
Q20 New technologies are showing	A national strategic framework which provided whole of	1,2,3,6.

¹⁷ <http://www.aph.gov.au/house/committee/efpa/localgovt/report.htm>

¹⁸ <http://www.alga.asn.au/policy/finance/finfax/2.expenditure.php>

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Question	Response	Relevant Recommendation/s
<p>considerable promise in providing broadband access to users well outside the current DSL limitations. What strategies should be adopted to encourage and support deployment of these new technologies, and to ensure newly emerged technologies are not precluded during the lifecycle of the program?</p>	<p>government and sector level priorities would help guide investment decisions. Without a national approach it is not possible to develop effective strategies to encourage the adoption of new technologies. 'Proof of concept' projects should be funded under Clever Networks based on different funding criteria to extension or integration projects.</p>	
<p>Q21 What supporting information should be required in Clever Networks proposals in order for their sustainability beyond the life of the program to be evaluated effectively, and what factors should be considered in determining sustainability?</p>	<p>A significant problem with the CCIF applications was the difficult in distinguishing between types of projects (innovative and extension or integration projects) and comparing businesses cases for projects. Without a national strategic framework to guide investment and without comparable business cases it is difficult to make any realistic judgements about sustainability of networks.</p>	<p>1,3,4,5.</p>
<p>Q22 For any new infrastructure created or made available, should there be specified minimum infrastructure access arrangements for parties other than infrastructure owners, such as a wholesale-rate for backhaul?</p>	<p>ALGA considers that any funding provided under Clever Networks is viewed in the same way investment in other core infrastructure such as roads and ports. All government agencies and authorities should be encouraged to extend access to broadband infrastructure to all levels of government and all commercial infrastructure funded or extended through Clever Networks should only proceed on the condition that the infrastructure is open to other wholesalers – especially in regards to backhaul.</p>	<p>1,11,12.</p>
<p>Q23 How realistic is such a requirement, and how tangible are the likely benefits of the approach?</p>	<p>CCIF grant applications normally involved substantial in-kind contributions from an ISP or telecommunication provider. If the guidelines make it clear that providing wholesale access is a requirement for any Clever Networks infrastructure projects then telecommunications companies will participate in grant applications with a clear understanding of the conditions and will then be able to</p>	<p>1,11,12.</p>

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Question	Response	Relevant Recommendation/s
	<p>make a business decision as to whether to participate on these conditions or not.</p> <p>The benefits of this approach are that it will encourage competition and help improve sustainability of new and existing networks by improving connectivity and reducing backhaul charges.</p>	