

It's time to "call the question" on the NBN

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Thank you very much.

Let me say that it's really a pleasure to be here today. Sitting beside me today is another American who I've come to know since I've been in Australia, Lori Levin(*), who is an immigration lawyer here.

I came to know her because I had some immigration problems myself but today she came in all bubbly because she just became an Australian citizen, so congratulations.

[Applause]

Just today. Why don't you stand up so everyone can see you. Yeah, there we go.

[Applause]

We were talking about what the exam was like at lunch and she was talking about some of the questions they were asked. One of them was a question about the national anthem.

As many of you may know, I love Australian movies. and in fact just this weekend I saw *Rats in the Ring*. Is that what it's called? *The Rings and the Rats* or something about -the political movie.

One of my favourite Australian movies is *Kenny* - I can tell some people have seen it.

[Laughter]

Luckily, I was sitting beside an Aussie at the movie because I had to hit him like three or four times because I didn't even know what a 'loo' was when I saw *Kenny*. It was in that movie that I learnt some of Kenny's words for *Advance Australia Fair*. In the movie he said he was 16 years old before he realised that the first stanza to *Advance Australia Fair* was not: "Australians let us all ring Joyce, for she is young and free."

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[Laughter]

So Lori I hope you got that part right.

It is a pleasure to be here today. Actually it's the first time in 37 months, 16 days and 14 hours that I've been here that I've been to the AmCham here in Melbourne. I guess that means the AmCham is cautious about - or reckless maybe - in who they invite. When I started thinking about my talk today, I thought my son who called me up about four months ago.

He was a senior at the University of West Virginia and he said, "Dad, this is my last Spring break." And I thought "Oh my God, he's going to want to go to Puerto Rico or some place and he's calling for money" - because that's usually the reason why he calls.

And then he said, "You know, this is my last Spring break and I'd like to spend it with you."

Well, after I picked myself up off the floor, I said that I would be there for sure.

So I cleared everything out of my calendar. I mean, I haven't felt so high... well, I haven't been that high for a long time.

[Laughter]

Let's just say that I was feeling real good to hear that from my son. I did think of that song, "The Cats in the Cradle", and I was so happy that I had my son call me and ask me to spend Spring break with him. And what did he want to do? He wanted to take a Harley trip.

So I met him in Miami, Florida and we headed off on our Harleys and rode around Florida for 10 days. We went over a thousand miles and we had a fantastic time.

We started in Miami and went to the West Coast to see my mother who lives on the West Coast... my famous mother... the one who wouldn't buy shares.

[Laughter]

She's straightened that out now. She's very happy with T3 actually [laughs].

We then went through the central part of Florida, through several other places and then went back down to Homestead to a NASCAR race.

So, there we were on our motorcycles heading down to the NASCAR racing. It was a beautiful ride. Quay West is at the end of 156 mile archipelago and there's bridges after bridge where you travel over the Caribbean Sea and the Gulf of Mexico.

It's one of the most beautiful sights I've ever seen, one of the best experiences I've ever had. One of the bridges is seven miles long and to be out there on motorcycles is fantastic.

But anyway - we were driving to the Homestead race track for the NASCAR race. I should point out; NASCAR fans are a certain kind of breed. I mean... think of NRL and...

[Laughter]

Excuse me if anyone here is a NRL fan... anyway we were going down the road one day and we pulled up to a stop light.

This car then pulls up beside us and I'm sitting there going 'broom, broom, broom' on the Harley, and my son's beside me going 'broom, broom, broom.' We both had our black Harley shirts, black pants, black hat, and black gloves on... we looked a bit like the All Blacks. And so this car pulls up beside us on the left hand side and there was a woman sitting on the passenger side of the car. They had their air-conditioning on so the windows were up.

But this woman just glared over at me. I looked at her. And she glared back at me. Then she started talking to her husband [sound effects] like that.

Next she looked back over at me and then she wound down her window. She said to me, "Why don't you get a job?" Then she wound that window back up real fast.

[Laughter]

I should have gone over and growled in her window but I was too shocked by what she did.

[Laughter]

Well, today let me talk about fibre to the node. Everybody has heard about fibre to the node and how we need to get broadband to everybody in Australia.

We've been trying to do it for 37 months now and everybody seems to want it except the Government and the regulator. But let me talk about the need for broadband from a different point of view.

There are two phrases that are widely used here in public policy circles. These aren't the circles that the ordinary punter lives in, or that the ordinary person lives in, or even the ordinary lawyer, or the ordinary economist.

It's just kind of something that floats around in Canberra and in the higher reaches of the ACCC and places like that. But there are two phrases that the public policy crowd in this country like that have always floored me. I've never heard them anywhere else before.

One is called 'future proof'. People say 'we're going to future proof this'. Now, let me ask you, what does 'future proof' mean? I don't know about you, but when I think about life I want to be bullet proof, I want to be fire proof, I want to be fool proof, I want to be water proof.

I want to be all those things but I don't want to be 'future proof' because 'future proof' means that all the surprises in life end. To me, there's no such thing as 'future proof' as then we wouldn't have inventions, we wouldn't have revolutions, we wouldn't have bosses.

We wouldn't have politics and we sure wouldn't have marriage if we were 'future proof'. Can you imagine a marriage that's 'future proofed' notwithstanding the commitments and the vows that people make?

From the very beginning, it's been a phrase that really bothered me. First of all, I'd never heard it before arriving in Australia. Second of all, when you sit down and think about it, it's really a strange way to think. I don't think ordinary people think about future proofing.

Ordinary people think about coping. That's the way most of us live every day. So why do policymakers think about 'future proofing'?

But they do think about 'future proofing' and I've come to conclude that they do this for a second reason. It took me about 30 months to come to this second point so you're one of the first to hear this.

There's another phrase here that fits in with 'future proofing'. It's called 'we've got to get it right'. How many times do you hear people say, 'we've got to get it right'?

The new head of NAB says, I think it's NAB, whoever the new one is - they're shifting so fast in that sector.

[Laughter]

The new head of NAB says 'we've got to get it right'. Stephen Conroy says the same thing about FTTN, 'we've got to get it right'. And the number one price fixer... I mean setter in the country, Graeme Samuel, he also says that with FTTN 'we've got to get it right'.

Now what does that mean? Number one, who's 'we'? Nine times out of ten, 'we' is the Government. 'The Government has to get it right'. Most of these things don't really have anything to do with the Government unless they put their nose under the tent and then just walk in - and then say, 'we've got to get it right'. That's the really disturbing part because whoever got anything right ever? Nobody gets things right. That's not what life is all about. Anybody who's married knows you don't get it right. What you do is accommodate. What you do is deal with the realities of everyday life. That's why I'm going home tonight to do the dishes... no, no, this is Tuesday - the laundry.

[Laughter]

The whole point is that there's a big 'we' someplace. Usually it's the Government but it may be the board, or it may be the senior leadership team, or it maybe the CEO. But it's a very top down, authoritarian hierarchical notion about the way we live our life.

Then the second is 'get' it right. Now, just think of all the decision making literature those of you that have been to business school or public policy school or anywhere else. What's the central notion in modern ideas of decision making? It is incrementalism.

We make decisions by incrementally improving things. As Saint Augustine said, we come to know by doing.

You don't just have a big bang and then find the knowledge. No, you come to know by trying this and trying that. Some other decision making theorists call 'disjointed incrementalism' is like a dog chasing a rabbit. The dog knows where he

wants to end up. The dog wants to end up with the rabbit in his mouth - or in his stomach eventually.

He wants to eat the rabbit, but in the process of chasing the rabbit he doesn't know what way he's going to go. He's going to go the way the rabbit goes. And then he's going to get smart and he's going to learn. He's going to learn the rabbit always goes this way, then it goes that way and then it goes this way. But he learns that when the rabbit goes that way, the dog goes this way so he can catch him.

That's what disjointed incrementalism is and that's the way we live our life. We never get it right. The dog never gets it right. He just learns as he goes along.

I mean this seriously because we are being held back in this country in a major way because government has assumed enormous powers in this country. I don't know any other democracy where government has as much power as it has here and where regulators have as much power as they have here.

I mean that seriously. I've lived and worked in the US, in Germany, in Great Britain, in Norway and in Colombia, in South America. I've never lived any place where the government has as much power as it has here.

But the notion of 'get it right' means that we're going to sit back, we're going to think about it, and we're going to make sure we get it right. In the meantime investors are hung out to dry. In the meantime shareholders are hung out to dry. In the meantime technologies pass us by. What is the end game here?

That's why it's time to 'call the question' in my view. It's time to say; let's get down to building, not *talking* about building, not having *enquiries* about building, not having *studies* about building, not having *commitments* to build... I love that one - a *commitment* to build. That's like 'getting ready, to think about, the possibility, of doing something'.

[Laughter]

What we have is analysis paralysis and we have process paralysis and nothing's getting done.

What's happening in the meantime? Pick up a newspaper - every day for the last two weeks we find the same thing. We find that our future prosperity is in question.

It's on the front pages. It's on the business pages. It's on the lifestyle pages. The only pages where you find any kind of upbeat stories in the papers today are on the sports pages. And as I said earlier, if you're an NRL fan you don't even find that.

Nobody can deny that there's a real concern across all parts of the society in every sector about the future prosperity of the country.

What are the problems? They're inflation. There are job losses - in the latest job numbers there are 19,700 fewer people working. Productivity is slowing. As Prime Minister Rudd noted in his March 27 speech - labour productivity growth is grinding close to zero. It started out at 3.3 per cent in 1998; it fell to 2.1 per cent in 2003-04; and it fell further to just 1.1 per cent in 2006-07. Productivity growth in the market sector then fell to zero in the year to December 2007. That's what's happening to productivity growth.

And if you don't have good productivity growth and labour productivity growth, you don't have, number one, a rising standard of living. Number two, you don't have rising productivity. If you don't have rising productivity, you don't have competitiveness and we live in an increasingly global world.

And in addition to that, the way you have competitiveness in the current world is not only by having a work-ready labour force but it's also by having connections to your suppliers, to your customers and having high-speed broadband connections. That's the way more and more business is being done.

In most of the developed countries around the world, somewhere between 30 and 40 per cent of the commerce is being done online, in either business to business commerce or business to consumer electronic commerce. And where are we going to be when we have people running around this country saying there's nothing wrong with what we have.

I mean, the most prominent business reporter in this country, Alan Kohler - if we were going to mention names but I'm not going to do that - but Alan Kohler has said that it makes no sense to fibre up all of the cities immediately - whether Telstra or Terria does it. We also have two of the leading national newspapers in this country saying that broadband is only good for music, movies and porn.

But nobody looks at the economic implications of broadband. Nobody looks at the evidence from all of the countries around the world. The economic implications are huge in terms of more jobs, more growth, more economic development, increased productivity, increased exports; all the things that broadband can do.

What other concerns are being expressed? Things like 'will the China boom continue'? Some say it will, some say it won't, some say it will diminish. But if China's gross GDP growth goes from say 10 per cent to 8 per cent, it's going to be a problem for Australia, it's going to be a problem for everybody who exports to China.

We have slowing consumer demand in this country. We have skyrocketing petrol prices. I was in one of our capital cities just two weeks ago and I had a meeting with the head of the airport on other issues but I asked, 'Do you see these high fuel prices being a problem?' He said, 'I don't think they'll be high forever'. I said, 'What do you think they'll get down to?' He said, 'I think it will just be a matter of weeks until it's down to \$100 a barrel.'

A hundred dollars a barrel? Stop and think about how much we have now been conditioned to accept \$100 a barrel oil is cheap oil when the entire developed world, including Australia, has all the infrastructure based on the notion of cheap oil. And by cheap oil, I mean oil between \$2.50 and \$10 a barrel. All the infrastructure we have today was built when oil was cheap with very, very few exceptions anywhere in the world.

What do you do about societies when you have their entire way of life, their entire way of moving people, goods and information based on cheap oil and cheap power? Those days are over.

We also have a decline in household wealth. Anybody who's picked up their superannuation reports over the past two months knows that your own household

wealth has gone down, your own net worth has gone down. We know that in most of the big cities in this country, the value of housing has gone down even though the price of rents is going up.

What that means is that people don't feel as wealthy as they used to be. Five or six years ago a US economist won the Nobel Prize for showing how people feel about their wealth greatly influences how they consume their wealth, even though they don't cash in on it.

When your net worth is up through your equities, through home ownership as home values were going up, people feel wealthier and so they spent more.

Now, we're going to see the wealth effect operate in the other way. I think there's been a tipping point in the last two weeks. Before the last two weeks a lot of the discussion in the newspapers was that Australia was probably going to dodge the bullet on this. They were saying that we were not really part of the global economy, but we're really part of the Chinese economy. But I don't know how anybody can come to that view.

We are very much integrated with the rest of the world in everything that we do - in the supplies that we buy, in the exports that we sell, in the markets that we sell to. And when the rest of the world sneezes, we're going to get a cold.

Just like if things go wrong in China, the US and Europe are going to have problems. We're all integrated for better or for worse. It seems to me that right now we ought to be thinking about what we can do.

Now, what can we do? When I was a kid my father said 'you accept the things you cannot change, change the things you can, and have the wisdom to know the difference'. It wasn't until I was about 19 years old that I found out he didn't invent that saying.

[Laughter]

I read this article by Reinhold Niebuhr who was a great theologian from Princeton, and he called it the 'Serenity Prayer', but he didn't have a footnote to my dad. Anyway, my dad used to say that.

So, my dad was always telling me to do what you can about something. Don't look at what you can't do, look at what you can do. So, what can we do about all this? We can't do anything about many of the things happening in our economy today due to the global forces affecting us. But there are lots of things that we *can* do something about.

We can do something about reforming taxes in Australia. We can do something about cutting or increasing budget expenditures. That's something you can do something about. You don't plan it, you don't think about it, you don't study it. It's something you can *do*. You can also build new infrastructure - you can build highways, railroads, ports.

Donald McGauchie, who is chairman of our company, has experience with the agricultural sector and with the transportation sector. He argues very persuasively and with very good numbers, that have been run by economists in this country who I

respect, that due to the congestions in the coal ports, we are essentially wiping out a \$5 billion industry in this country every year.

Before I came here I was heavily involved in the coal sector. I wrote a book on coal exports in the Pacific Rim in 1982. One of the places I wrote about was Newcastle. While I'd never been there, I used the data available. In 1982, Newcastle had 25 ships lined up in the channel. When I visited Australia in 1995 for a lecture tour around the nine Australian cities, one of the first things I did was go to Newcastle. I wanted to see this port that I'd done a case study on in the 1982. On that weekend in 1995 there were 35 coal colliers lined up in the channel at Newcastle.

When I moved to Australia in 2005, I went up to Newcastle the second weekend I was here. There were 47 ships lined up in Newcastle. On April 11 last year, and I remember this date as *The Australian* had a picture and I use it sometimes when I use PowerPoint. By the way, I don't usually use slides as I like to operate in a PowerPoint free zone most of the time, but I do have some slides that I use once in a while.

But when I do use slides, I have one with the April 11 date and at that time there were 70 ships lined up in the channel at Newcastle. They were waiting in line to be filled with coal and shipped off to China or India or Japan or wherever they were going as we're the largest exporter of coal in the world. And yet, the demurrage fees for those ships that are lined up are a million dollars a day.

With the exception of that article in *The Australian*, which was really pretty good, how much have you seen written about that? We've got people asleep at the wheel and they're doing damage to the economy. They're undermining jobs, they're undermining exports. These are people who are supposed to be serving the public interest.

So it seems to me at some point we have to find a way to speak up on these things. And it's not something I am prone to do.

[Laughter]

But I do think that if the business interests are concerned about these things that they ought to stand up and speak about them.

Donald McGauchie, because he and I have a common interest in natural resource industries, we started talking about this one day and that's when I started getting more deeply involved in looking at the coal industry which I knew something about before I came here.

I've visited a lot of the coal mines across Australia, and it's not just telecommunications that's an issue here, it's a whole bunch of issues. Because the Government and the regulator - sometimes more regulator, sometimes more government - have to 'get things right', they control things to such an extent. And guess what happens? There's no investment. That's what happens when a government starts controlling everything. Whether it's God or the great chemist in the sky that Garnaut sees, or any of these other things, whatever it may be, when those people have to 'get it right' before anything can happen, what happens is no investment and where you don't have investment you don't have progress.

Let me just say a few words about the national broadband network. We're not allowed to talk about it because of the gag order. I mean I can't talk about the <buzz>, and I can't talk about the <buzz>, and I can't talk about Senator <buzz>, but I can talk generally about the national broadband network. So let me just say a couple of words.

The national broadband network that we envisage is one with national coverage. It would be the world's largest fibre to the node network connecting more than 10 million premises in this country. That's households, government agencies, non-profit organisations, businesses, both big and small. The interesting thing is most big businesses take care of themselves. They don't need a public switch network, but it is the small and mid-sized businesses and government agencies that need broadband. That's where the wealth is created in our society.

This would be the largest national broadband network in the world. This network that we're talking about is the largest public infrastructure project in the history of this country. It will be larger than the Snowy Mountains Scheme by far. And not only that, the Snowy Mountains Scheme was concentrated in one relatively small area - this project is all over the country.

Let me give you another fact - because I don't think people really fully understand these facts. We're going to build a fibre to the node network where we have to put nodes out into neighbourhoods. There are 50,000 nodes that have to be deployed. Now let me tell you what a node is - a node is the size of a refrigerator. They weigh 600 kilograms - or around 1300 pounds - however you think about those things. They are going to be produced in the US and in Europe. Then they're going to be brought here on ships.

They're going to have to be offloaded so they can go to Western Australian, the Northern Territory, Tiwi Island, Tasmania - every place around this country, there will be a node within 800 metres of 98 per cent of the premises in this country - within 800 metres of 98 per cent of the premises in this country. Now can anybody do that? Can anybody do that? I don't think so and yet we have a Government that is pretending that anybody can do that.

The Government finally agreed to put a \$5 million bond - which I think you get back - just to bid but it means you had to be able to raise the \$5 million bond to do a bid. But this will be a multi-billion project. Can you imagine any government who takes a bid on a submarine or an aircraft carrier or an aeroplane or a bridge or a highway, that they would take one-half of one per cent as a bond for it? No.

Nobody has been realistic from the very beginning. They haven't been realistic about what it takes to build the national broadband network. This national broadband network is going to involve thousands of skilled staff. Anybody who reads the papers today knows that the one thing we have a big shortage of is skilled people. But, Telstra can do it. Let me tell you why we can do it. We have about 4000 people that we can shift to the national broadband network project because two years ago we invested \$200 million in a learning academy for our technicians. We can take in people who are less skilled and run them through the learning academy. We've already run 18,000 people through it and have prepared them to back fill our people

who will move to the more highly demanding task of building the national broadband network.

That's the kind of planning and investment we have done to position ourselves to do this. Has anybody else done that? Has Optus done it, or Floptus, or Boptus or any of the others? If they have, show us the money, show us the centre, show us where you're human resources plans are, show the public, show Senator Conroy so that we can all know that you are prepared to build the national broadband network.

It will involve laying over 100,000 kilometres of new fibre during the peaks - the years in the middle if it's a five year program, we'll be laying 90 kilometres of cable every day, every single day. It will be moving as we move - we're going to open up - if we do it we'll open up each exchange as it's wired and as we start moving well into this, we'll be cutting over 32,000 subscribers every week to the new national broadband network which will run up to 50 megabytes for some people. Now who's ever done 32,000 cutovers a week? The most we've ever done has been a couple of thousand a day. The most Telstra's ever done. Is Optus going to do that? I mean, did they do it in Queensland two weeks ago?

Was Optus able to perform when they were given \$1 billion and asked to put together a plan? They couldn't put together a plan in eight months. In 10 months we went from 'let's build the Next G Network' to October 6 in 2006 when we turned it on and, guess what, it worked. Now it's providing Australia with the world's largest, fastest, most advanced wireless broadband network. And people here don't really understand that because the newspapers don't care about it.

The newspapers care about the guy in some valley some place who wanted to get coverage on his 3G but couldn't. So we went out there and found out that he didn't get coverage on CDMA either. What we have today I think is a situation where there's a lot of public misunderstanding or lack of knowledge about what's really involved in building a broadband network.

This is not something that just anybody can do. Some people say, well, we will hire the same construction people you do. Yeah you do. We'll hire the same construction people they will to dig the trenches, but not the same construction people to hook the fibre together. Not the same construction people to link the fibre to the copper. Not the same construction people that do all the technical things that have to be done and we've brought a group of journalists in about six or seven months ago and showed them exactly what has to be done.

We have the whole thing – and remember, these nodes are about the size of a refrigerator. They're about as big as this [*demonstrates*], and about this tall [*demonstrates*], and they're about twice as wide. Six hundred kilograms. And you've got to have about a thousand trucks to deploy those 50,000 nodes around the country. These are the nuts and bolts.

As Ross Perot used to say, 'let's look under the hood and look at the details on this thing'. It's time to look under the hood on the details of the national broadband network. It's time to look under the hood and as the question, what has to be done, who has the capacity to do it, who's willing to invest real money, who has the money ready to go? And in this environment, if you don't have the money ready to go, you're

not going to get it or you're not going to get it at a price that anybody can afford to pay. This is not a liquid environment for financing multi-billion projects.

Let me say that the choice we face is that we can have a 'cheap and cheerful' national broadband network where you don't have end to end visibility. Where they dismantle the only national network in this country, which Graeme Samuel has already started the legal process to make possible. Or are we going to have a carrier grade national broadband network? That's the issue that's involved. I hope that the opinion leaders in this country, and especially business leaders, wake up to what's at stake before the politicians and the regulators start chomping away and tearing up the only national network we have so that Optus and other people involved in various consortiums can have their way in an environment that requires investment not politics.

What we need is investment. Once again, I don't use PowerPoint but let me ask you to visualise a PowerPoint slide. Let me put up this next picture – 'click'. Now, as you can see on the left axis up there is all the industries in the country and across the bottom is how much they've invested. As you can see, there are 12 sectors in the economy and where do we rank? Telecommunications ranks third to last in that. Telecommunications ranks, if you take Telstra out of the mix on investment growth over the last three and a half years, we have negative investment growth in telecommunications.

If you put Telstra in we have positive investment growth but it's down on the list - it's ranked down at number 12. At the top is mining. Number two is electric power. Now, telecommunications ought to at least be number two. It shouldn't be number one, not in this country and not in this environment. But it should at least be number two, but if not it should at least be number three behind mining and electric power. But it isn't. It's down at number 12.

There are lots of facts out there. We don't have to do what he says or she says. When we talk about this, the papers then go to talk to somebody at the Optus and they say, 'Well, we don't agree with that, and we don't agree with that' even though they don't know that facts. We have to remember that there is something out there called *facts* - except for post-modern thinkers. For post-modern thinkers it is about 'what do you think'?

But the fact is there's a reality out there and we can measure it. We ought to be able to report it and talk about it. We're talking about a multi-billion program but I read in the paper this morning that our major competitor for this multi-billion program, Terria, just got incorporated.

And what the net worth of Terria? Terria by the way is headed by Michael Egan, the guy who built the Cross City Tunnel in Sydney. The guy who had to shut off 13 roads and force people not to go on those roads so they could force them through the tunnel. Finally the people rebelled. It's the second rebellion after Eureka in Australia - they rebelled and had to open up 13 roads. And their net worth is \$8. Eight Australian dollars - which are worth only slightly more than American dollars the way things are going. But come on. You know how Donald Horne wrote the book

called *The Lucky Country*? Well, somebody may write a book called *The Serious Country*.

Are we serious in this country about the most pressing infrastructure need that we have? Not just in coal and transportation and ports and railroads, but in telecommunications which is arguably the most important infrastructure for the next 50 years and maybe longer. And yet the company that is being taken most seriously as an alternative to Telstra has a net worth of \$8.

Now, who's going to give a company with a net worth of \$8 a say \$10 billion float? I mean if you know somebody who will do that, hell, I can put together \$10 or \$12. I'd like to get their money. I've got some ideas to run with. It's time to have a little what they call in politics comparative advertising.

These are the guys whose cable went down in Queensland. Now, cables can go down anytime. We have cables cut. The issue isn't that you have a cable cut or an act of God - these things happen all the time. The issue is how fast you respond. The issue is what kind of redundancies do you have? The issue is do you have engineering on your network that gives people backup in case an act of God occurs or somebody with a backhoe cuts through your cable? Also an act of God.

I'm not criticising that they got a cable cut. We get cable cuts. What I am saying is why did the 3G Network that they have go down this week for what, for hours? Hours, and let me tell you something else that's going to happen. We were talking at lunch about the iPhone. Let me tell you what happens on iPhones. iPhones require a lot of bandwidth because instead of just sending text, instead of sending voice, they're now starting to send images and images eat up bandwidth. And bandwidth isn't just an issue for how fast it comes into and out of your device, it's also an issue for the network and what happens when you start getting congested network because you've got 250,000 iPhone users who are uploading and downloading pictures to Facebook or YouTube or to each other in a peer to peer situation?

We've just begun to see that the disasters that are going to happen because people haven't carefully engineered their networks. And are these the people that you want to turn the future of the country over to? Are these the people that you want to see Graeme Samuel dismantle the nation's only nationwide network and give it over to a consortium dominated by foreign owned companies? If this is what people want to do? That's fine but they ought to be aware of what's going on and what the consequences will be because these acts will not be without consequences.

Let me finish up by saying that there's a lot of things at stake here. The most important thing is when we build connections to a lot of people, good things happen in productivity. When you delay, those delays cost jobs, they stunt investment, they increase the long-term costs of the national broadband network, they deny business and government the benefits of national productivity growth, and the delay denies every individual in business and community the benefits of future growth and living standards.

That's what is denied by these endless delays we've had for 37 months. By the delays we've had since the new government has come in where they were supposed to

have a decision by June 2008 and we still don't know when it's going to be. The earliest I think it can probably be is June 2009. A 12 month slip.

So that's what's going on ladies and gentlemen, and I think if you don't care about it, that's fine - I'm sorry I wasted your time. If you do care about it then think about some way to effect it because a lot's at stake.

We're going to be coming out with some authoritative numbers on this that will have been widely vetted in the Australian economic community. But it's fair to say that if you go over all the reports on productivity over the past several years on broadband, a conservative estimate is that you'll add at least \$1 billion a year to GDP. That's several hundred dollars per household. You're going to add during the period of the build - the five to eight year period of the build - about another \$500 per household to benefits from building the NBN.

At a time when job losses are mounting, when inflation's going up, when productivity is going down - when the things that should be going up are going down, and the things that should be going down are going up - that it is time to allow a private company called Telstra, or anybody else to get on with it. Telstra's willing to invest billions in the national broadband network, as it has with the Next Generation Network. And for a government that says it has \$5 billion to put on top of that to make that a national network, well, let's get on with it. Let's do it. Let's call the question. Let's get down to business. Let's quit talking about it. Let's serve the public interest and look to the future.

Thanks very much.

Phil Burgess: Questions, comments?

Question: You seem to have a better relationship with the current government than the previous one.

Phil Burgess: I think the current government has given us the safeguards that we needed to turn on ADSL2+, which is up to 20 megabits, to more than 2.4 additional people. The other government didn't. They sat on it for six months.

Helen Coonan lamely said, right after we turned it on, that we had a letter for them telling them that we could turn on ADSL2+. But I said that she forgot to put a stamp on it, because we never got it.

Number two, this current government has allowed us to shut down the CDMA network - it's a wireless technology of the twentieth century - in favour of turning on a wireless technology of the twenty-first century. They had no skin in the game, no money, but Helen Coonan put in place a process that prevented us from shutting down CDMA, which, by the way, is a wireless network is a huge consumer of energy and a huge generator of greenhouse gasses.

So we had the government forcing us to keep two networks open. We were not going to do that. So this government allowed us to shut down the CDMA network. That was a rational thing to do, a good thing to do, a right thing to do for the consumer.

And this government also did another very important thing that we think is good for the country and certainly good for us, and that is the \$1 billion gift of taxpayers' money, \$1 billion of taxpayers' money - your money and my money. I pay taxes here too. God, do I pay taxes. I just went through the thing with my accountant. And you know, I get to pay for all this stuff like all of you do. And the previous government gave \$1 billion of taxpayers' money to Optus and Elders to build a wireless network that was all within the footprint of our wireless network, the Next G wireless network.

Now, the Next G wireless network was paid for by 1.6 million mum and dad shareholders of Telstra. This was a gift from the taxpayers to a foreign government to come in here and overbuild. It would be like if the government said to Qantas, 'we're not going to let you buy Airbus 380s because we don't think you should be deploying this new technology'. And then they go to Singapore Airlines and say, 'we'd like to give you \$1 billion so you could buy some Airbus 380s'.

And then they'd say, 'Oh, by the way, if you want to come in here and compete with Qantas, that's okay too. In fact, if you want some of their gates out of Sydney and Melbourne Airports, we can arrange that'.

That's essentially what the last government did. And nobody said anything. Nobody. Not one editorial, not one BCA comment, not one comment from CEDA. Nobody cared.

So we just went ahead and tried to get a grassroots movement against that, which I think we succeeded in doing. The result shows that. We got people all around the country to understand that that wasn't in the taxpayers' interest and it wasn't in the national interest. And this government took that billion dollars away from Optus and Elders when they couldn't produce a plan after eight months.

So we think that this new government has made some good decisions along the way. But now the big decision they have to make is on FTTN. I think that it would be hard to say that they're breaking speed records. The fact is that a lot has to be done, but even after the decision's made it's going to take several months to gear up. You're going to have to get the contracts negotiated. All kinds of things are going to have to be done and there's no reason why this should be delayed.

When our estimates come out, we will authoritatively show that somewhere between \$100 million and \$200 million a month is being sacrificed to delay. And in this economic environment, that kind of behaviour has no excuse. We need to get on with the job. We need to dig holes, lay cable, connect people, get moving into the twenty-first century for everybody, not just the people who live in the core cities, but for people who live in the outer suburbs where most of our small businesses are located, and for the inner suburbs, and for regional Australia where there are a lot of other small businesses. Remember small businesses account for over 50 per cent of the jobs in this country, small and mid-sized enterprises. They can't be left out of the next boom in infrastructure.

The last time we had an upgrade in infrastructure was in the '50s. Some say it was 'a black phone for every home' - that's what I think the slogan was. And it's time to understand that that was a long time ago. Things need to be upgraded again. That's what we've proposed to do since August of 2005 and have been turned down three different times and now we're in the fourth time. And it's time for people to get moving – or get off the pot.

Phil Burgess: Any other comments, questions, complaints?

[Laughter]

Thank you very much

[Applause]

Speaker: Phil, thanks for a fabulous and very thought provoking presentation. On behalf of AmCham and Hagemeyer brands we have a wonderful little cross pen here for you to show our appreciation for your presentation today. Thanks again.

[Applause]

ENDS