



# Campaign Transcript

## ASSISTANT TREASURER

**TRANSCRIPT OF ASSISTANT TREASURER, SENATOR NICK SHERRY**

**Radio National ABC PM**

**Interviewer: Mark Colvin**

**Panel member: Senator Helen Coonan**

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**Subjects: National Broadband Network, Overview of Election campaign week**

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MARK COLVIN: In our election panel this week, I asked the Liberals', Helen Coonan and Labor's Nick Sherry to focus mainly on one of the week's central issues, the national broadband network.

I began by asking Nick Sherry if Labor was likely to take a kicking because of the plummeting share price of Telstra.

NICK SHERRY: Well this is a private company. It was privatised by the former government. They make commercial decisions as a private company. The, many of these commercial decisions that have caught up with Telstra were made by the former board appointed by the former government and we all remember those three amigos and what happened to Telstra. So it's a private company and commercial judgements are made by Telstra.

MARK COLVIN: Yes but the Government has had a huge impact on Telstra, just the decision about the NBN has a huge impact on Telstra.

NICK SHERRY: Well the modernisation of the economy, the implementation of a national broadband network is an important part of strengthening the economy and this reflects the former government's total failure to implement a national broadband strategy that actually worked.

So to the extent that has impacted on Telstra is a reflection of continual policy failure over almost 12 years by the former government.

MARK COLVIN: Telstra is now going to have to go for structural separation by hook or by crook if Labor gets back in. What about if the Coalition gets in, Helen Coonan?

HELEN COONAN: Well first of all we think it's an absolute tragedy that 1.4 million shareholders who are just mums and dads who've bought into, or many of whom are mums and dads, bought into Telstra in good faith, bought it as an integrated telco and of course are now facing a very radical restructure by an NBN that unfortunately picks a technology, a fixed line technology that certainly is something that will, one way or another with a new platform, separate Telstra, that's certainly true.

But technology has simply moved on and it just shows the absolute folly of a \$43 billion fiasco.

MARK COLVIN: But does it?

HELEN COONAN: The NBN, when people are moving to wireless. I mean what's really threatening Telstra, quite frankly, is the loss of revenue from its fixed line network because so many people now no longer just want a fixed line connection, either for internet or telephone, and so they want mobility.

If you look around everybody wants mobility, everybody wants a data enriched mobile device.

MARK COLVIN: Surely the core of Telstra's economic problem is that it's lost its monopoly. Now you're not going to sit there and justify giving them back a monopoly, are you?

HELEN COONAN: Well we don't agree with monopolies however they're engendered and that's one of the reasons why we object to this white elephant NBN, which is just going to absolutely burn taxpayers' money and run as inefficiently as any monopoly.

So when it actually comes to Telstra it's as much threatened by the fact that technology has moved on as it is by the various shenanigans with the NBN.

MARK COLVIN: Nick Sherry, we're just swapping one monopoly for another?

NICK SHERRY: Well no, I don't accept that. The high speed broadband network is a critical piece of infrastructure on which there will be competing telecommunications companies delivering service and it's vitally necessary for government to construct a high speed network.

It is vital for our economy. The usage, the need for the growth is exponential. The applications of high speed, hundred megabytes which the Labor Government is delivering, the application in health, education, for business, for farmers is absolutely necessary.

MARK COLVIN: But most people can't even imagine those things at the

moment, can they?

NICK SHERRY: Well we do know over the last decade the growth has been exponential. It's been extraordinarily rapid and it's necessary to keep up with the speeds in other countries. It's a vital part of strengthening what is a strong Australian economy, to compete in the modern world and the applications are growing, as I say, exponentially every day.

MARK COLVIN: Helen Coonan has the Coalition though suffered this week because you've got, you don't have a big vision to offer on broadband. You've got a rather patchwork proposal.

HELEN COONAN: Well I think what we, the starting point here Mark, is that we all agree, we're all in furious agreement about the importance of a fast broadband. The real issue is how to effectively deliver it.

We've got a plan to use and to upgrade existing infrastructure in a way that will be affordable, accessible and available and will effectively do all of the things that Nick is talking about that the NBN will do at a fraction of the cost.

You'll be able to do distance learning; you'll be able to do long distance diagnosis.

MARK COLVIN: But will it? I mean...I know you were the communications minister...

HELEN COONAN: I know about that because I put some in under the Clever Networks program.

MARK COLVIN: ...but a lot of your program looks at using wireless. Now the problem with wireless is that you can start off with a huge amount of broadband but the more people use it, the more that gets split up and the slower the speeds get.

So you may be offering on the face of it very fast broadband but you're not really.

HELEN COONAN: But there are limitations of all technology. For example, with a fixed line technology and the fibre technology, which is what the NBN will do, it's chosen one, in effect, really one fixed line technology. That's not a mobile technology so people aren't going to be able to use it more than a kilometre from an exchange, for example.

So we have to rely on wireless substantially to ensure that all of those black spots can get reached and we would have actually had that delivered by June of 2009 if the Labor Party hadn't, in a fit of panic because they couldn't deliver their first broadband plan that they took to the last election, then thought up this unsustainable and fundamentally flawed white elephant that is the national broadband network.

NICK SHERRY: Helen you had almost 12 years. You're now putting forward your 19th plan. I mean wireless in some areas where I live...

HELEN COONAN: We've got a plan, Nick.

NICK SHERRY: Well you've got a plan but it's your 19th plan.

HELEN COONAN: We've got a plan to do the job. It'll do the job.

NICK SHERRY: And you had almost 12 years. Well, where I live on the north-west coast of Tasmania there are some very deep valleys, wireless won't work.

HELEN COONAN: It will if you put in the right towers and you have them on the right angles. It's technically possible and wireless is improving constantly. For example, Telstra have now said that they will be upgrading a wireless application to over 70 megabits by next year.

So we're going to find that we will have availability of upgraded pathways with wireless technology that will be as good as a fixed line inflexible network that won't really be operational until 2018. Who knows what technological advances there'll be by 2018 and Australia will be stuck with having trenched all over the country and put fibre in the ground in circumstances where it may not be the technology of choice. It is a gigantic risk.

MARK COLVIN: But are you sure you aren't in the position there of somebody in 1860 saying let's not have the railways because eventually we're going to get air travel?

HELEN COONAN: Well I think what you need to do is to realise that technology changes more quickly, I think, than, well it changes exponentially. It changes faster than, you know, any other infrastructure and I mean just imagine the applications that you can do now on a mobile device.

Who would have ever thought 10 years ago that you could do that? And I can remember previously, for example, the Labor Party wanted us to mandate dial-up right across Australia at 256 kilobits. That would have blown about \$6 billion.

Now really you have to have a mix of technologies. Every technology expert knows that you need a mix of technologies to be able to safeguard against the risk...

MARK COLVIN: Nick Sherry.

HELEN COONAN: ... that if you choose one it won't deliver the...

NICK SHERRY: But the fact is, Helen, the vast majority of experts in this area simply...

HELEN COONAN: ... application that are necessary with the advances.

MARK COLVIN: Wait a minute Helen.

NICK SHERRY: Helen the vast majority of experts in this area don't agree, don't agree with your proposal. It's the 19th, you had 12 years. It's akin to slapping a coat of paint on a disintegrating house. I mean you're cobbling together effectively a road network and only allowing a horse and carriage to travel on the road network. That's what you're akin to doing and that's...

HELEN COONAN: Well Nick, may I ask you a question?

NICK SHERRY: That's not be...

HELEN COONAN: May I ask you a question? May I ask you a question? Can you tell the listeners what it will cost a retailer, what it will cost a consumer to connect to the national broadband network?

NICK SHERRY: Well that will be the commercial decision of the providers in a competitive environment. We don't instruct them what to charge.

MARK COLVIN: But surely voters are now, you know, in 10 days, eight days, whatever it is time, going to the polls and they're actually, this is one of the decisions they've got to make and they will probably want to know roughly how much it's going to cost them?

NICK SHERRY: Well it's up to the commercial providers. They set the prices. It's a competitive market. But what is critical is the benefits of high speed broadband for business, farmers, schools, medical...

HELEN COONAN: Well may I ask you another question?

NICK SHERRY: Well just let me finish.

HELEN COONAN: Alright.

NICK SHERRY: Medical. How can you trust a political party and the Liberal Party that had almost 12 years to get this right, Helen? And you were one of the ministers and I'm not attacking you but you were one of the ministers and we've had failed plan after failed plan and now you've cobbled together something that, by comparison to, you know, the decisive plan we've offered through the national broadband network with Stephen Conroy, will modernise, will modernise the Australian economy and keep it competitive.

HELEN COONAN: So Nick why can't you tell us what the take-up rate will be, what the cost of funds will be and what it will cost the poor, hapless consumer to link to this grandiose scheme, if it's ever built because what we know is that we have got...

MARK COLVIN: Well you've asked him a question.

HELEN COONAN: Okay.

NICK SHERRY: Well it's being built in Tasmania. That's where it's being rolled out and secondly these are commercial decisions, Helen. We don't instruct private providers in competition.

HELEN COONAN: Of course you don't. No, no, I know that. But you've got, for example, a subsidised, you've connected to 70 homes, I think, in Tasmania, if I'm correct and that's a subsidised amount and there are no connections on mainland Australia.

So how are people to know when we don't know, you've never had a cost benefit analysis, no-one knows whether this could possibly be commercially justified, what it will actually cost a kid to connect to the national broadband network?

NICK SHERRY: Commercial decision, Helen, as I've said.

MARK COLVIN: I think we've argued this one out and it was, I think, very worthwhile to do so but I just want to finish off by asking you both, starting with you, Nick Sherry, what you think in the last week are going to be the issues that dominate, fairly briefly.

NICK SHERRY: Well I think the economic blunders by Mr Abbott, Hockey and Mr Robb this week, their failure to provide, they're, I think fast approaching \$30 billion in election promises for costings under the Charter of Budget Honesty, I think that will have more and more focus, the economic irresponsibility. The litany of mistakes that were made in terms of financial and costings in the budget this week - I think it will have more and more attention.

MARK COLVIN: Alright. Nick Sherry thank you, and Helen Coonan?

HELEN COONAN: Well I think that's an absolute furphy because we know that there's been a leak by either Mr Swan or someone in his office or out of Treasury that has totally compromised the process that we put in place of the Charter of Budget Honesty that will enable the ruler to be run over everyone's policies. And we also know ...

MARK COLVIN: But for the coming week?

HELEN COONAN: Well for the coming week there'll be Labor's launch and we know there'll be an absolute raft of new policies that won't be costed because the cut-off was today so that just shows how hypocritical it all is.

I think in the end the issue's going to be the fact that we know now from the recent ANAO (Australian National Audit Office) Report that Labor have raided our surplus and hocked the country without getting value for money on infrastructure and long after the threat of recession has passed.

MARK COLVIN: Helen Coonan, the Liberal Senator from New South Wales and Nick Sherry, the Tasmanian Labor Senator who was speaking from our studio in Burnie.

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