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CONNECT AUSTRALIA MONEY COULD BE WASTED ON HiBIS

A report released by the Bracks Government shows the Federal Government's Higher Bandwidth Incentive Scheme (HiBIS) is significantly flawed, the Minister for Information and Communication Technology, Marsha Thomson, said today.

"The Bracks Government commissioned ACIL Tasman to analyse the potential impact on Victoria of the Federal Government's HiBIS scheme. While the report indicates some positive aspects, it is somewhat alarming that the report indicates areas of real need may be missing out," Ms Thomson said.

"Given recent evidence indicating Telstra's under investment in telecommunications infrastructure in recent years, it is legitimate to be concerned that taxpayer's money is being used – under HiBIS – to fund infrastructure that should have already been provided."

The ACIL Tasman report reveals that HiBIS may have had a negative effect on future infrastructure investment and competition because:

- half of the new subscribers under HiBIS were in areas where there was enough demand to justify broadband services without subsidy;
- large numbers of metropolitan households cannot access metropolitan equivalent services but are excluded from the HiBIS program; and
- it may not be sustainable for some of the services to be continued once the subsidy is finished.

"In light of these problems, I am particularly concerned that money for proposed programs, such as HiBIS, under *Connect Australia* could be wasted if they are not designed properly," Ms Thomson said.

"We have already seen more than 60 percent of the HiBIS subsidy going to Telstra, suggesting that retrospective payments favour Telstra and put smaller competitors at a disadvantage.

"With \$1 billion dollars at stake, the Howard Government must address the flaws in these programs to ensure that this money is not wasted and the programs deliver improvements to regional and metropolitan fringe areas that do not have adequate broadband access.

"I sincerely hope that the states are provided with a real opportunity to have input to the design of the programs as committed to by Senator Helen Coonan at the recent Online Council.

"I believe the ACIL Tasman report commissioned by the Victorian Government will be invaluable in informing the Commonwealth Government of the smart way forward.

"If Australia is to keep pace with developments in next generation broadband technology, such as Fibre-to-the-Home, upgrades to higher grade DSL, and innovative wireless platforms, then it is critical to get these programs right."

“The Bracks Government’s suggestions to target next generation technology, tailoring programs to suit metro, regional and rural areas as well as facilitating greater competition are the smart ways forward.”

The full report is available on the Broadband Access Office at www.mmv.vic.gov.au/broadband/