

Chapter VIII

Analysis of the Influence of Australia's Government Policy on Broadband Internet Access

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ABSTRACT

Like many other governments in the world, the Australian government has taken a multi-faceted approach to promoting broadband Internet access. This chapter provides an in-depth analysis of the impact of policy issues on broadband Internet access in Australia. The primary goal of this chapter is to develop a holistic understanding of Australia's national approaches pertaining to broadband Internet access. This research has clearly indicated that the state of broadband Internet access is closely related to the government's policy and regulatory framework. The government has been basing its actions on market forces as a principal driver for broadband Internet connectivity. However, market forces only play their roles in improving broadband Internet access in the major cities and have little effect in regional and rural Australia. The research has indicated that the regulatory competition regime, by and large, has failed to address concerns of market dominance and market power in the telecommunications sector as is evidenced by a relatively lower price-performance ratio of broadband services in Australia.

INTRODUCTION

Australia is a wealthy country with a highly educated population and high dial-up Internet penetration. It might be expected that Australia would be among the leaders in broadband Internet access. However, in the past few years, it has been overwhelmingly reported that Australia is lagging behind in terms of broadband access penetration.

The International Telecommunication Union (ITU) data indicates that as of January 2005 Aus-

tralia was ranked outside of the top 20 economies worldwide in broadband uptake per 100 inhabitants (ITU, 2005). The Organization for Economic Cooperation and Development (OECD) statistics show that Australia has slipped from 13 in 2000 to 21 in 2004 on the list of OECD countries' use of broadband (Working Party on Telecommunications and Information Services Policy, 2001; OECD, 2005). In December 2001, Australia was ranked 16th in the OECD, with broadband penetration of 0.8 per 100 inhabitants, compared to Korea at 17.2, Canada at

8.8, and the OECD average at 2.9 (OECD, 2005). By December 2004, the OECD ranked Australia 21st out of 30 countries in broadband uptake per 100 inhabitants. Australian broadband subscribers per 100 inhabitants were 7.7, compared to Korea at 24.9, Canada at 17.8, and the OECD average of 10.3 (OECD, 2005).

Australian government data indicate that around 28% of home Internet users were connected to broadband in May 2004; this compares with the leading economies (e.g., Hong Kong 84% and U.S. 48%) (DCITA, 2004b).

Although the reasons for Australia's slow broadband growth and uptake are complex, broadband Internet access is determined by a combination of the widely available telecommunication infrastructure and the accessibility and affordability of Internet services, which are closely related to government policies. As the OECD suggests:

If countries wish to take advantage of the enabling capabilities of networks such as the Internet, to implement information infrastructure initiatives, they need to urgently address the extent to which the underlying communication policies influence current growth rates." (OECD, 1996)

Other literature suggests that the underlying reason for Internet access can be traced back to the regulatory regime in each country, because government policies governing the telecommunications service market and promoting information infrastructure have a significant impact on the affordability and availability of broadband access.

Governments around the world have moved from developing policy frameworks that encourage the growth of e-commerce to involvement in broadband deployment. The consensus reached by 175 countries taking part in the World Summit on the Information Society (2003) in Geneva confirms that broadband connectivity is a central enabling agent in building the information society, and information and communication infrastructure is an essential foundation for an inclusive information society. More recently, the 2004 Global Symposium for Regulators (GSR) encouraged political support at the highest government levels for the promotion

of low-cost broadband connectivity, and stressed that regulatory policy must be developed to promote universal access (GSR, 2004).

In common with other national governments, the Australian government recognizes that timely access to affordable high-speed networks is critical to long-term economic development. Many national approaches to promoting Internet development have been taken since the early-1990s. How have those strategic and regulatory developments impacted on broadband access? To answer this question, this chapter examines:

- National strategies aimed at supporting broadband deployment
- The Internet market and the regulatory context within which the market operates
- Some main initiatives and funding programs that have been put in place by government to promote broadband Internet access

This chapter also analyzes the impact of various policy issues on Internet broadband access. As the OECD (Working Party on Telecommunications and Information Services Policy, 2000) suggested, the main policy areas examined are:

- Policy support for infrastructure competition
- Policy support for unbundling local loop (ULL)
- Policy support for Internet interconnection,
- Policy support for the development of broadband/high-speed access options
- Policy support for equitable and affordable access

The goal of this chapter is to develop a holistic understanding of Australia's national approaches pertaining to broadband Internet access. The objectives deriving from the goal are to:

- Explore national approaches to promoting broadband Internet access
- Examine the key policy issues surrounding broadband Internet access
- Understand the impact of policy issues on broadband Internet access

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