The Parliament of the Commonwealth of Australia

Review of the Rollout of the National Broadband Network

Fourth Report

Joint Committee on the National Broadband Network

February 2013
Canberra

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Chair's Foreword

This is the fourth review report of the Joint Committee of the National Broadband Network and has proved to be the most difficult of all four. Even though we have successfully come inside the Terms of Reference reporting date by 24 hours, it has been several months of disagreement between committee members on some very basic points in this report that have seen the report delivered later than planned.

This is disappointing. The tradition of committee membership in Australian political culture is that adversarial politics is left at the door. It is a concern to many that this culture is showing signs of changing on this Committee, where sensitivities of our oversight work as compared to political party election platforms has made the work of the committee much more difficult than it need be. In my view, this is an early warning sign that the topic of higher speed broadband technology is likely to feature strongly in political debate throughout 2013, an election year.

I want to pay a very special tribute to the staff of the Secretariat of the JCNBN. At times, they were unfairly caught in the middle of party politics. They managed this with great skill and dexterity, and the fact a report of any kind has been able to be produced, is a direct credit to these individuals. Through this period, we lost Peter Stephens to a different role in the Parliament. I particularly thank Peter for his work, and his subtle skills in managing a highly charged political committee reflects very well on his knowledge of the APS and Parliamentary culture and practice.

This year, there is one more report due in July/August, as a fifth and final report of the NBN oversight committee. Between now and then, public hearings involving the NBN Co CEO and the Department will be held. Personally, I am concerned about setting the Secretariat up to fail in trying to get a committee report produced several months before an election. Therefore, I do flag we may not be able to reach agreement and may not produce a fifth report at all.

I am not confident that the focus of the committee is on oversight of an existing build under the existing Shareholder Ministers arrangements. Instead, I think the

committee has become somewhat stuck on a policy dispute between different build options, and will only deepen divisions on this in the pre-election period.

If we can manage to produce a 5th report, there is a danger it won't mean much from an oversight perspective. Despite the opportunities to report and provide oversight on a number of important aspects of the current roll-out, there is every chance the next report will be nothing more than a compendium of political statements and election promises. If this is all we can produce, I could write it now, and it makes the entire committee process worthless and a waste of time for all involved.

I therefore hope I am wrong, and in a way challenge the committee members to revel in proving me wrong, in a hope that the work of an important committee of 16 MP's and Senators, with 68 participating MP's and Senators, does actually has some worth in advancing policy for Australia over the coming six month period. Somewhat naively, I live in hope!

Enjoy this fourth report, and the additional comments. It has, for many, been many hours of hard work.

Robert Oakeshott MP
Chair

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Committee Membership

Chair Mr Robert Oakeshott MP

Deputy Chair Mr Rob Mitchell MP (from 14.3.2012)

Members

Mr Paul Fletcher MP

Mr Luke Hartsuyker MP

Mr Ed Husic MP

Hon Sussan Ley MP

Ms Amanda Rishworth MP (from 21.11. 2011 until 14.8.2012)

Ms Michelle Rowland MP (until 21.11.2011 then from 14.8.2012)

Mr Mike Symon MP

Hon Malcolm Turnbull MP

Senator Simon Birmingham

Senator Carol Brown (until 21.6.2012)

Senator Doug Cameron

Senator Mary Jo Fisher (until 10.8.2012)

Senator Alex Gallacher (from 16.3.2012)

Senator Scott Ludlam

Senator the Hon Ian Macdonald

Senator Dean Smith (from 10.9.2012)

Senator the Hon Lin Thorp (from 21.6. 2012)

Participating Members

Senator the Hon Eric Abetz

Senator Chris Back

Senator Cory Bernardi

Senator Catryna Bilyk (from 24.3.2011)

Senator Mark Bishop (from 24.3.2011)

Senator the Hon Ronald Boswell

Senator the Hon David Johnston

Senator Barnaby Joyce

Senator Helen Kroger

Senator Gavin Marshall (from 24.3.2011)

Senator the Hon Brett Mason

Senator Anne McEwan (from 24.3.2011)

Senator Sue Boyce

Senator the Hon George Brandis SC

Senator Carol Brown (from 21.6.2012)

Senator David Bushby

Senator Michaelia Cash

Senator the Hon Richard Colbeck

Senator Mathias Cormann

Senator Trish Crossin (from 24.3.2011)

Mrs Yvette D'Ath MP (from 19.3.2012 to 4.2.2013))

Senator Alan Eggleston

Senator the Hon John Faulkner (from 24.3.2011)

Senator Concetta Fierravanti-Wells

Senator Mitch Fifield

Senator Mark Furner (from 24.3.2011)

Senator the Hon Bill Heffernan

Senator Gary Humphries

Senator Claire Moore (from 24.3.2011)

Senator Fiona Nash

Mr Paul Neville MP (from 10.5.2011)

Senator Stephen Parry

Senator Marise Payne

Senator Helen Polley (from 24.3.2011)

Senator Louise Pratt (from 24.3.2011)

Senator the Hon Michael Ronaldson

Senator Scott Ryan

Senator Anne Ruston (from 12.9.2012)

Hon Bruce Scott MP (from 26.5.2011)

Senator the Hon Nigel Scullion

Senator Arthur Sinodinos AO (from 12.9.2012)

Senator the Hon Ursula Stephens (from 16.3.2012)

Senator Glenn Sterle (from 24.3.2011)

Senator John Williams

Senator Nick Xenophon

Committee Secretariat

Committee Secretary	Mr Peter Banson (from 13.2.2013) Mr Peter Stephens (until 6.2.2013)
Inquiry Secretaries	Ms Stephanie Mikac Dr Bill Pender Dr Kate Sullivan

Terms of Reference

The resolution of appointment establishing the Joint Committee on the National Broadband Network was passed by the House of Representatives on 1 March 2011 and by the Senate on 3 March 2011 and provides:

(1) That a Joint Committee on the National Broadband Network be appointed to inquire into and report on the rollout of the National Broadband Network (NBN);

(2) That every six months, commencing 31 August 2011, until the NBN is complete and operational, the committee provide progress reports to both Houses of Parliament and to shareholder Ministers on:

(a) The rollout of the NBN, including in relation to the Government's objective for NBN Co Limited (NBN Co) to:

(i) connect 93 per cent of Australian homes, schools and businesses with fibre-to-the premises technology providing broadband speeds of up to 100 megabits per second, with a minimum fibre coverage obligation of 90 per cent of Australian premises; and

(ii) service all remaining premises by a combination of next-generation fixed wireless and satellite technologies providing peak speeds of at least 12 megabits per second;

(b) The achievement of take-up targets (including premises passed and covered and services activated) as set out in NBN Co's Corporate Plan released on 20 December 2010 as revised from time to time;

(c) Network rollout performance including service levels and faults;

(d) The effectiveness of NBN Co in meeting its obligations as set out in its Stakeholder Charter;

(e) NBN Co's strategy for engaging with consumers and handling complaints;

(f) NBN Co's risk management processes; and

(g) Any other matter pertaining to the NBN rollout that the committee considers relevant.

List of abbreviations

ABG	Australian Broadband Guarantee
ACCAN	Australian Communications Consumer Action Network
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
AEW	Automatically Eligible Workgroup
AQF	Australian Qualifications Framework
AS	Australian Standard
BRT	Business Readiness Testing
CDP	Contract Development Process
CEO	Chief Executive Officer
CEPU	Communications, Electrical and Plumbing Union
CFH	Crown Fibre Holdings
Cth	Commonwealth
CVC	Connectivity Virtual Circuit
DBCDE	Department of Broadband, Communications and the Digital Economy
FAN	Fibre Access Node
FTTP	Fibre-to-the-Premise
FY	Financial Year

HFC	Hybrid fibre coaxial
ICT	Information Communication Technology
ISS	Interim Satellite Service
JCNBN	Joint Committee on the National Broadband Network
KPI	Key Performance Indicator
LFC	Local Fibre Company
LTSS	Long Term Satellite Service
Mbps	Megabits per second
MDU	Multi-Dwelling Unit
NAC	National Advisory Committee
NBN	National Broadband Network
NBN Co	NBN Co Limited
NTD	Network Termination Device
NZCEP	New Zealand Committee Exchange Program
NZ	New Zealand
Optus	SingTel Optus Pty Ltd
PERSA	Personal Emergency Response Services Association
PCD	Premise Connection Device
PoI	Point of Interconnect
PPP	Public-Private Partnership
RBI	Rural Broadband Initiative
RFD	Retraining Funding Deed
RoA	Resolution of Appointment
RPL	Recognition of prior learning

RSP	Retail Service Provider
SAS	Satellite Access Service
SAU	Special Access Undertaking
SDU	Single Dwelling Unit
SFAA	Standard Form of Access Agreement
SSU	Structural Separation Undertaking
TPC	Telecommunications Protection Code
UFB	Ultra Fast Broadband
UNI-D	User Network Interface Data
UNI-V	User Network Interface Voice
US	United States of America
VSAT	Very small aperture terminal
VoIP	Voice over Internet Protocol
WAS	Wireless Access Service
WBA	Wholesale Broadband Agreement
WSA	Wireless Serving Area
WuW	Work Under Way

Recommendations

2 Performance Reporting

Recommendation 1

The committee recommends that the key performance indicator information presented in the Shareholder Ministers' six-monthly National Broadband Network (NBN) performance report list and detail: (1) established Business Plan targets and (2) actual results which track the progress of the NBN rollout over each six month period as well as yearly, to enable the comparison of actual physical NBN rollout results with published NBN Co Corporate Plan targets.

Recommendation 2

The committee recommends that the Shareholder Ministers' six monthly performance report on the progress of the National Broadband Network rollout include audited financial statements with accompanying explanatory notes, and where it is not possible to provide these in the first instance, that they be forwarded to the Joint Committee on the National Broadband Network when prepared, as an addendum to the Performance Report.

Recommendation 3

The committee recommends that subsequent Shareholder Ministers' six monthly performance report on the progress of the National Broadband Network rollout be provided to the committee no less than one month before the scheduled biannual hearing with the Joint Committee on the National Broadband Network.

4 Regional and Remote Issues

Recommendation 4

The committee recommends that the Government support the NBN Co to continue to:

- explore the synergies between fixed and mobile telecommunications networks with a view to using the National Broadband Network to improve mobile telecommunications; and
- facilitate private providers use of NBN Co infrastructure to provide and improve mobile telephone services and coverage across Australia, particularly in regional and remote areas.

5 Additional Issues

Recommendation 5

The committee recommends that the Department of Broadband, Communications and the Digital Economy (DBCDE) and NBN Co continue to work with the Personal Emergency Response Services Association, the Communications Alliance and retail service providers to implement a range of initiatives to address concerns with the operation of medical alarms for aged and at-risk persons under the National Broadband Network rollout. This process should be in consultation with the Australian Communications and Media Authority, with the DBCDE to report back to the committee on specific progress in this area.

6 Private Equity Engagement and Workforce Issues

Recommendation 6

The committee recommends that the Government:

- seek to gauge investor interest in the National Broadband Network; and
- investigate the optimum capital structure for the NBN Co.

Recommendation 7

The committee recommends that, in providing an annual statement to the committee on the progress of the Telstra Retraining Funding Deed (RFD), the Department of Broadband, Communications and the Digital Economy (DBCDE) include in this information an update on:

- ongoing company retention rates for employees in the Automatically Eligible Workgroup, retrained under the RFD;

- the current numbers and roles of employees in the other eligible workgroup under the RFD and an overview of the current reasons for eligibility or exclusion in terms of this group.

Recommendation 8

The committee recommends that, in providing an annual statement to the committee outlining the major areas of emerging National Broadband Network (NBN) workforce demand and training need, the Department of Broadband, Communications and the Digital Economy include in this information a more detailed report on:

- the workforce development strategy supporting the NBN rollout, including current workforce modelling and outcomes from work with training organisations and industry skills boards, to identify skills gaps in this area and develop training programs;

- how the development and implementation of this overall workforce strategy is being coordinated.