
The Parliament of the Commonwealth of Australia

Review of the Rollout of the National
Broadband Network
Second Report

Joint Committee on the National Broadband Network

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Canberra

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Chair's Foreword

This Second Report of the 57-member strong oversight committee of the National Broadband Network (NBN) is the first report that examines detailed performance measures provided by the NBN Co and Government, and allows for a direct comparison of the foundation documents of the NBN Co Corporate Plan 2011-2013 with the Shareholder Ministers' letter to NBN Co dated 17 December 2010.

While there are several differences between these foundation documents and the recently provided performance update, it is evident that 2012 will see NBN Co transition from a company working through the frustrating and tangled regulatory stages, and the testing of first release sites, to provide the NBN rollout a broader engagement with retail providers and communities.

Compared to the NBN Co Corporate Plan, a lower than expected capital expenditure (capex) and higher than expected operating expenditure (opex) result, will be watched closely by the committee. This could be an early warning that it is costing more to do less, when compared to the expected results in the NBN Co Corporate Plan, even though the committee has at this stage accepted the argument from NBN Co that other reasons are behind this. The committee will watch this capex/opex combination closely, as value for money to taxpayers is the critical key performance indicator in turning this good concept into an even better reality for all.

Compared to the NBN Co Corporate Plan, timeframe slippage has also occurred, largely due to the number of unresolved issues between the Australian Competition and Consumer Commission (ACCC) and various stakeholders. The competition and consumer "rules of the game" remain unresolved at the time of writing. Certainty for markets, investors and consumers demands greater attention from Government to resolve outstanding regulatory matters, so there are no further schedule slippages.

It is understood by most that Australian telecommunications is currently not a level playing field. It is also understood this historic imbalance means decisions are being made on the front-end of this infrastructure project to eventually achieve a more competitive environment and better consumer result for the future, even if

decisions may look anti-competitive in the short term. It is also understood and acknowledged that this is initially challenging-challenging for regulators like the ACCC, challenging for some existing business models like those wanting to both wholesale and retail in Greenfield sites, and challenging for those looking for investment opportunities in the new markets that are coming with the NBN rollout. Even with this all being understood, however, it should also be understood by the relevant stakeholders involved in these regulatory decisions that challenging does not equate to delay, and should not be an excuse for delay.

If these matters can be addressed quickly and thoroughly, 2012 has great potential to be the Year of the NBN. The move from test sites to broader rollout will engage more people, and will see more retail engagement, and more innovative strategies and products introduced into Australia as a consequence. Regional and rural Australia will now, finally, have the opportunity through the next steps of interim satellite, wireless and FTTP to be better engaged in the Australian economy and services. And to add to this, the committee has made recommendations for better low socioeconomic engagement, and better remote indigenous engagement, so that these opportunities actually turn into real, ongoing and sustainable change for the better in regional, rural and remote information communication technology. I would hope key decision-makers consider these recommendations in detail and in good faith.

The committee will continue its work in the next six months on several key areas, including workforce related matters, and private sector engagement. Both are touched on in this report, however, the committee believes even more work needs to be done in detail on both. Personally, the options for privatisation of the NBN's national wholesale platform remain unclear. If the current model is a public sector "build-own-operate" project, then questions still remain as to where, when and how a "transfer" to the private sector is going to occur, if it is going to occur at all. The reason this is important to consider earlier than currently legislated, is because a sale, if tightly contracted, could occur in several sections, and considerations therefore need to begin on what terms and conditions on behalf of consumers such a model could take place.

Of course, if the majority parliamentary view is not to sell it, and indeed to keep it as a public asset returning an annual dividend to the taxpayer, then this change in the final policy position also needs to be made explicit for legislative reasons, and a debate about this deserves to occur soon. This public debate about the sale of the NBN, and the new process that is established as a consequence of such a debate, could be brought forward for the next NBN Co Corporate Plan. For this reason, work on exactly what the final product that is being built-whether a private or public one, whether sold in parts, as a whole or not at all-will be undertaken by the oversight committee throughout 2012.

Once again, the committee thanks all those who have taken the time to give evidence over the past six months. This all helps with the committee's independent considerations. Likewise, on behalf of the committee, I thank the secretariat for their ongoing diligence. This a large committee overseeing one of Australia's largest ever infrastructure projects, and the secretariat is showing great skill in managing it all. Well done and thanks once again.

Robert Oakeshott MP
Chair



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Committee Membership

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Deputy Chair Mrs Yvette D'Ath MP

Members	Mr Paul Fletcher MP	Senator Simon Birmingham
	Mr Luke Hartsuyker MP	Senator Carol Brown
	Mr Ed Husic MP	Senator Doug Cameron
	Hon Sussan Ley MP	Senator Mary Jo Fisher
	Ms Amanda Rishworth MP (from 21.11.2011)	Senator Scott Ludlam
	Ms Michelle Rowland MP (until 21.11.2011)	Senator the Hon Ian Macdonald
	Mr Mike Symon MP	Senator the Hon Ursula Stephens
	Hon Malcolm Turnbull MP	

Participating Members

Senator the Hon Eric Abetz	Senator Steve Hutchins (from 24.3.2011 until 30.6.2011)
Senator Judith Adams	Senator the Hon David Johnston
Senator Chris Back	Senator Barnaby Joyce
Senator Guy Barnett (until 30.6.2011)	Senator Helen Kroger
Senator Cory Bernardi	Senator Gavin Marshall (from 24.3.2011)
Senator Catryna Bilyk (from 24.3.2011)	Senator the Hon Brett Mason
Senator Mark Bishop (from 24.3.2011)	Senator Anne McEwan (from 24.3.2011)
Senator the Hon Ronald Boswell	Senator Julian McGauran (until 30.6.2011)

Senator Sue Boyce	Senator the Hon Nick Minchin (until 30.6.2011)
Senator the Hon George Brandis SC	Senator Claire Moore (from 24.3.2011)
Senator David Bushby	Senator Fiona Nash
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Senator the Hon Helen Coonan (until 22.8.2011)	Senator Stephen Parry
Senator Mathias Cormann	Senator Marise Payne
Senator Trish Crossin (from 24.3.2011)	Senator Helen Polley (from 24.3.2011)
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Senator the Hon John Faulkner (from 24.3.2011)	Senator the Hon Michael Ronaldson
Senator the Hon Alan Ferguson (until 30.6.2011)	Senator Scott Ryan
Senator Concetta Fierravanti-Wells	Hon Bruce Scott MP (from 26.5.2011)
Senator Mitch Fifield	Senator the Hon Nigel Scullion
Senator Michael Forshaw (from 24.3.2011 until 30.6.2011)	Senator Glenn Sterle (from 24.3.2011)
Senator Mark Furner (from 24.3.2011)	Senator the Hon Judith Troeth (until 30.6.2011)
Senator the Hon Bill Heffernan	Senator Russell Trood (until 30.6.2011)
Senator Gary Humphries	Senator John Williams
Senator Annette Hurley (from 24.3.2011 until 30.6.2011)	Senator Dana Wortley (from 24.3.2011 until 30.6.2011)
	Senator Nick Xenophon

Committee Secretariat

Committee Secretary	Mr Peter Stephens
Inquiry Secretary	Ms Stephanie Mikac
Senior Research Officer	Mr Patrick Regan
Research Officer	Ms Lauren Wilson
Administrative Assistant	Miss Kane Moir



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

ABS	Australian Bureau of Statistics
ACCAN	Australian Communications Consumer Action Network
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
ADSL	Asymmetric Digital Subscriber Line
APCG	Asia Pacific Consulting Group
AustPost	Australia Post
AVC	Access Virtual Circuit
BHC Council	Broken Hill City Council
BOT	Build-Operate-Transfer
CCS Act	<i>Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Act 2011 (Cth)</i>
CD Shire	Central Darling Shire
CEO	Chief Executive Officer
CP	Conditions Precedent
CVC	Connectivity Virtual Circuit
DBCDE	Department of Broadband, Communications and the Digital Economy

EPOS	Electronic Point of Sale
FAN	Fibre Access Node
FHA	Financial Heads of Agreement
FRA	Fixed Radio Access
FTTN	Fibre-to-the-Node
FTTP	Fibre-to-the-Premise
FWLDHB	Far West Local District Health Board
GB	Gigabyte
GBE	Government Business Enterprise
HFC	Hybrid Fibre Coaxial
ICT	Information Communication Technology
IID	Implementation and Interpretation Deed
IPND	Integrated Public Number Database
ISS	Interim Satellite Service
IT	Information Technology
JCNBN	Joint Committee on the National Broadband Network
KPI	Key Performance Indicator
LPO	Licensed Post Office
LTSS	Long Term Satellite Service
Mbps	Megabits per second
NBN	National Broadband Network
NBN Co	NBN Co Limited
NT	Northern Territory
NSW	New South Wales

PC	Productivity Commission
PIM	Public Information on Migration
POAAL	Post Office Agents Association Limited
POI	Point of Interconnect
PSTN	Public Switched Telephone Network
RFD	Retraining Funding Deed
RDAFW	Regional Development Australia Far West
RFDS	Royal Flying Doctor Service
RoA	Resolution of Appointment
RSP	Retail Service Provider
SAU	Special Access Undertaking
SFAA	Standard Form of Access Agreement
SoE	Statement of Expectations
SOTA	School of the Air
SSU	Structural Separation Undertaking
TLA Act	<i>Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Act 2010 (Cth)</i>
TLA Bill	Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill
TUSMA	Telecommunication Universal Service Management Authority
TUSMA Bill	Telecommunications Universal Service Management Agency Bill 2011
UDRH	University of Sydney Department of Rural Health
UNESCO	United Nations Educational, Scientific and Cultural Organisation

Universal Service Reform Bill	Telecommunications Legislation Amendment (Universal Service Reform) Bill 2011
USO	Universal Service Obligations
USP	Universal Service Provider
VoIP	Voice over Internet Protocol
WBA	Wholesale Broadband Agreement



Recommendations

2 Review of National Broadband Network Rollout Progress

Recommendation 1

The committee recommends that where possible tables and graphs be used in the Government's Six Monthly National Broadband Rollout Performance Report to enable information to be compared across years.

Recommendation 2

The committee recommends that the Department of Broadband, Communications and the Digital Economy review its existing clearance processes for providing answers to questions on notice with the aim of providing answers to questions taken on notice where possible on the notified due date or within a reasonable timeframe thereafter.

4 Access to Broadband Services in Regional and Remote Areas

Recommendation 3

The committee recommends that, as a matter of urgency, the NBN Co formalise and publicise its policy for the provision of costing extensions to its planned National Broadband Network fibre footprint, especially for regional and remote Australia.

Recommendation 4

The committee recommends that NBN Co:

- finalise and publicise its plans for community consultation with regional and remote Australia;
- in its report to the committee include:
 - ⇒ details of the progress of its consultation plans;
 - ⇒ issues raised; and
 - ⇒ numbers of participants.

Recommendation 5

The committee recommends that the Department of Broadband, Communications and the Digital Economy and the NBN Co:

- undertake a study of methods to improve access for low income households and other disadvantaged groups to the National Broadband Network and report its findings to the committee;
- in conducting the study, include examination of community proposals for measures which would support a basic broadband account and a broadband low income measure scheme.

