

# Chapter One

## Referral of the inquiry

1.1 On 25 June 2008, the Senate established the Select Committee on the National Broadband Network (the committee) to inquire into and report by 30 March 2009 on:

- (a) the government's proposal to partner with the private sector to upgrade parts of the existing network to fibre to provide minimum broadband speeds of 12 megabits per second to 98 per cent of Australians on an open access basis; and
- (b) the implications of the proposed National Broadband Network (NBN) for consumers in terms of:
  - (i) service availability, choice and costs;
  - (ii) competition in telecommunications and broadband services, and
  - (iii) likely consequences for national productivity, investment, economic growth, cost of living and social capital;

and other related matters.

1.2 The full terms of reference established at that date for this inquiry were extensive and can be found at appendix 1.

## Conduct of the inquiry

1.3 The committee advertised the inquiry in *The Australian* and invited written submissions by 12 September 2008; details of the inquiry were placed on the committee's website.

1.4 The terms of reference required the committee to provide a report by 30 March 2009. However, given the broad scope of the terms of reference, the extension of the original closing date for the Request for Proposals (RFP), and the controversial exclusion of the incumbent Telstra from the RFP process, the Senate granted the committee an extension of time to report by the week commencing 22 June 2009.

1.5 Prior to the closing date for the RFP on 26 November 2008, the committee held seven public hearings: one each in Melbourne, Sydney, Perth and Brisbane, and three in Canberra. An Interim Report was tabled in the Senate on 2 December 2008, providing the contextual background leading to the referral of the inquiry, in addition to commentary on the evidence taken and submissions received to the time of reporting.

1.6 In March 2009 another two public hearings were held, one in Sydney and one in Canberra, with witnesses providing their updated commentary on the options before the industry and the government, particularly in the context of the exclusion of Telstra from the RFP process in December 2008.

1.7 In a joint media release on 7 April 2009, the Rudd Government announced 'the establishment of a new company to build and operate a new super fast National Broadband Network.'<sup>1</sup> The announcement signalled the termination of the NBN Request for Proposal process, which had commenced twelve months earlier, almost to the day. The government cited that the decision to abandon the much criticised RFP process was made:

...on the basis of advice from the independent Panel of Experts that none of the proposals offered value for money. The panel noted the rapid deterioration of the global economy had a significant impact on the [RFP] process.<sup>2</sup>

1.8 Up until 7 April 2009, the committee received a total of 38 written submissions, including a number of supplementary submissions following the RFP closing date and the subsequent exclusion of Telstra from the process. At the time of reporting, a further three submissions had been received.

### **Purpose of report**

1.9 Following the announcement made by the Rudd Government on 7 April 2009, a number of key terms of reference for this inquiry required modification. Consequently this second interim report marks the change in broadband policy direction by the government, providing evidence that reinforces the need for a revision of the current terms of reference that will mirror those changes, and providing a way forward to ensure this new broadband network proposal is subject to the full scrutiny of the Senate inquiry process.

1.10 Chapter 2 of this interim report will consolidate key findings made by the committee up to the date of the Rudd Government's announcement, focusing on the considerations of the committee documented in the first interim report and suggesting where there may have been consideration of the committee concerns within the new NBN proposal. This chapter will also summarise evidence received to date while also detailing events within the telecommunications industry since early December 2008. The now defunct RFP process will be examined, outlining the government's RFP requirements and timelines, the industry criticism of the process and events that lead to the announcement on 7 April 2009.

1.11 Chapter 3 will outline the Rudd Government's announcement, including the revised specifications of the NBN, the company established to roll-out, operate and maintain the NBN, and the responses to the announcement. Chapter 3 also will outline emerging issues and concerns that require further examination, concluding with a recommendation that the current terms of reference be varied to reflect the changes to the government's policy directions and enable this committee to provide its final report to Senate on the NBN.

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1 [www.minister.dbcde.gov.au/media/media\\_releases/2009/022](http://www.minister.dbcde.gov.au/media/media_releases/2009/022), accessed 14 April 2009.

2 [www.minister.dbcde.gov.au/media/media\\_releases/2009/022](http://www.minister.dbcde.gov.au/media/media_releases/2009/022), accessed 14 April 2009.

**Acknowledgements**

1.12 The committee would like to express its appreciation for the cooperation of all organisations and individuals who continue to make their time available to assist the inquiry, whether by personal appearance at a public hearing or by providing the committee with a written submission. Particular thanks are extended to Mr Jonathan Chowns, from the Parliamentary Library, who provided the committee and secretariat with a wealth of contextual information throughout the inquiry process. The committee would also like to record its appreciation to the officers of the secretariat who assisted with the conduct of the inquiry and the drafting of this second interim report.

**Note on references**

1.13 References to the committee Hansard are to the proof Hansard – page numbers may vary between the proof and the official Hansard.

