



THE HON MALCOLM TURNBULL MP
Minister for Communications

SENATOR THE HON MATHIAS CORMANN
Minister for Finance

The Hon Kate Lundy
Chair
Senate Select Committee on the
National Broadband Network
Parliament House
CANBERRA ACT 2600

13 AUG 2014

Dear Ms Lundy

We present to you the government's response to the Interim Report of the Senate Select Committee on the National Broadband Network.

Kind regards

Malcolm Turnbull
Minister for Communications

Mathias Cormann
Minister for Finance





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Australian Government

**Australian Government response to the
Senate Select Committee on the
National Broadband Network**

Interim Report

July 2014

AUSTRALIAN GOVERNMENT RESPONSE

The Australian Government has considered the Committee's interim report and provides the following response to the recommendations.

Recommendation 1

NBN Co should submit a revised Strategic Review that provides transparent assumptions and corrects deficiencies and distortions. The revised Strategic Review should provide details of only two scenarios:

- An optimised FTTP rollout that adopts the technology changes and other management initiatives outlined in Scenario 2, together with a plan to address identified industry capacity constraints; and
- A revised Multi-Technology Mix that is based on actual costs for FTTN and HFC derived from discussions with Telstra, Optus and vendors. This scenario should also include all costs to undertake the flagged upgrades to 100 Mbps by 2023, 250 Mbps by 2028 and 1000 Mbps by 2030.

The revised scenarios should include consideration of broadband quality beyond just download speeds, and the demand for attributes like upload speeds and reliability in the residential and small business market.

Prior to submission, the Strategic Review should be scrutinised and verified by an independent advisor engaged by the Department of Communications and the Department of Finance.

The Government does not support this recommendation.

The Strategic Review was prepared to evaluate the position of NBN Co and to inform decisions on a revised Statement of Expectations. The Strategic Review, together with other reviews (i.e. the Fixed Wireless and Satellite Review and the Broadband Availability and Quality Project) will be inputs to NBN Co's 2014-17 Corporate Plan which will be finalised later in 2014.

A more detailed view on the issues arising in respect of this recommendation is provided in the document, Response to the Senate Select Committee on the NBN¹ and the Coalition Senators' Dissenting Report.

¹ Available at www.malcolmt Turnbull.com.au/media/response-to-the-senate-select-committee-on-the-nbn

Recommendation 2

NBN Co should continue and accelerate the roll out of the FTTP network while further analysis is undertaken.

NBN Co should be allowed to proceed free from political interference.

The Government notes this recommendation.

NBN Co is continuing the rollout of fibre-to-the-premises (FTTP) while work on the transition to the multi-technology mix model proceeds. The transition needs to be undertaken in a responsible manner, consistent with the Government's 8 April 2014 Statement of Expectations that it avoid service disruption for consumers; minimise uncertainty and disruption for construction partners; and achieve rollout objectives as cost-effectively and seamlessly as possible.

A more detailed view on the issues arising in respect of this recommendation is provided in the document, Response to the Senate Select Committee on the NBN and the Coalition Senators' Dissenting Report.

Recommendation 3

Governance processes between NBN Co and the Minister should be investigated to determine how a document with the deficiencies evident in the Strategic Review was produced and signed off by the NBN Co Board and the Minister.

The Government does not support this recommendation.

A more detailed view on the issues arising in respect of this recommendation is provided in the document, Response to the Senate Select Committee on the NBN and the Coalition Senators' Dissenting Report. Note that KordaMentha is currently conducting an audit of governance measures at the NBN Co, in order to improve current arrangements.

Recommendation 4

The Committee recommends that the Senate amend the Committee's Terms of Reference to enable ongoing and robust Parliamentary oversight of the National Broadband Network.

The Government does not support this recommendation.

The importance of proper Parliamentary scrutiny of the rollout and implementation of the NBN is recognised by the Government.