

Performance Reporting

Background

- 2.1 The Shareholder Ministers' second National Broadband Network (NBN) rollout Performance Report (the Performance Report) was provided to the committee on 10 April 2012. The Performance Report covers the six month period ended on 31 December 2011 and is based on information provided by the NBN Co to the Government as part of its regular obligatory reporting arrangements.
- 2.2 The Performance Report, similarly to the previous Performance Report includes:
- A summary of the key milestones achieved by the NBN Co.
 - Year to date financial reports for the period ended 31 December 2011.
 - 'Measurement against' NBN Co's Key Performance Indicators (KPIs).¹
- 2.3 This chapter outlines the performance related information associated with the physical NBN rollout and NBN Co's public engagement on the NBN rollout. An update on regulatory and pricing matters associated with the NBN rollout including the e-readiness of small business is discussed in Chapter 3 of this report. Remaining issues raised in the Government's Performance Report such as the NBN rollout in regional and remote areas and contracting are discussed further in the remaining chapters of this report.

1 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 3.

Key Features of the Performance Report

Format and Content

2.4 The Government's Second NBN rollout Performance Report contains similar information to the Government's First performance report with the exclusion of the half yearly corporate plan target.

2.5 Unaudited financial statements have again been included in the Performance Report. No explanation as to the unaudited status of the financial reporting has been provided.

2.6 In the cover letter to the Performance Report the Shareholder Ministers have stated that 'some information' on the NBN rollout performance has not been included in the second performance report as the rollout is in its early stages. The Shareholder Ministers advised that the information contained in the performance report:

... will become more detailed as the rollout progresses, as more premises are connected and as NBN Co's operating and business systems come online during this year.²

2.7 The Performance Report reiterates this point with the Shareholder Ministers' statement:

This is the second government report to the Joint Committee on the National Broadband Network and as such reflects initial early reporting while systems and reporting processes are still under development. The data will become more meaningful against actual and forecast measures as the reporting series builds up over time. This report is consistent with a start up company in the early years of a network rollout.³

2.8 Following a previous request to receive statistical NBN rollout information in tabular form with reporting against specific KPIs,⁴ the shareholder Ministers responded in the Performance Report with:

..the Government is supportive of providing the joint committee with quality information to inform its review of the NBN rollout...

2 Shareholder Ministers, 'Cover Letter to Performance Report to 31 December 2011, dated 9 April 2012', *Submission 12*, p. 3.

3 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 3.

4 The KPIs were: 1) number of homes passed by the network, 2) homes connected to the network, and 3) services connected to the network in operation, for reference a) the projections in the business plan and b) actual results.

however, information on the cost per premises passed or activated and take up rates broken down into levels of service is not meaningful at this point in time based on NBN Co's business and operating systems still being developed, the delays arising from completion of the Definitive Agreements and the finalisation of the fibre contracts.⁵

2.9 Later in regard to the same request, the Department of Broadband, Communications and the Digital Economy (DBCDE) responded by stating:

Once NBN Co's 2012-2015 Corporate Plan is finalised, the Government will consult NBN Co in regard to this request and follow up with the Joint Committee in the context of future Shareholder Ministers' reports.⁶

Key Performance Indicators

National Broadband Network Rollout Targets

2.10 On 16 April 2012, the NBN Co informed the committee that it would be revising the NBN rollout targets contained in the NBN Co 2011-2013 Corporate Plan. Targets would be revised and published through the release of a new corporate plan to the Government by the end of May 2012.⁷

2.11 The assumptions on which the NBN rollout targets (as contained in the NBN Co 2011-2013 Corporate Plan) were dependent are:

- 'The availability of exchange facilities for the location of the semi-distributed [points of interconnect] (PoI);
- Negotiations yet to finalise on commercially attractive terms the procurement of Greenfields Build-Operate-Transfer (BOT); and
- Securing contracts with suppliers and construction contractors on competitive terms and conditions.'⁸

5 Shareholder Ministers, 'Cover Letter to Performance Report to 31 December 2011, dated 9 April 2012', *Submission 12*, p. 3.

6 Department of Broadband Communications and the Digital Economy (DBCDE), *Submission 3.1*, Answer to Question on Notice no. 16.

7 Mr Mike Quigley, Chief Executive Officer, NBN Co Limited (NBN Co), Transcript of Evidence, Sydney, 16 April 2012; DBCDE, *Submission 3.1*, Answer to Question on Notice No.16.

8 NBN Co, *Corporate Plan 2011-2013*, December 2010, p. 16.

- 2.12 The NBN Co explained that ‘a number of assumptions... made’ in the NBN Co 2011-2013 Corporate Plan had ‘changed for reasons which... [it] simply could not control.’⁹
- 2.13 The NBN Co further stated that the new corporate plan would incorporate the recent changes to the NBN rollout policy and regulatory environment. These changes included factoring into the revised NBN rollout targets: the time taken to complete the Telstra Agreement, the Australian Competition and Consumer Commission (ACCC) advice to change the number of POIs from 14 to 121, and the Government’s change in Greenfields policy.¹⁰
- 2.14 More importantly, the NBN Co commented that as a result of the change in assumptions underpinning the current corporate plan, that current NBN rollout targets were no longer relevant in measuring either the progress of the NBN rollout or the performance of the NBN Co. Further, the NBN Co stated that if the assumptions underpinning the revised NBN rollout targets were to change again, that the corporate plan would have to again be revised. The NBN Co explained:
- We are now in the process of developing a new corporate plan based on current assumptions and we will provide this to government at the end of May. So it is neither reasonable nor valid to compare NBN Co's performance with the deployment forecasts that were included in the December 2010 corporate plan. However, it is perfectly legitimate to measure NBN Co's performance against the announcements we have made in our 12-month and three-year rollout schedules. We are ready to be measured and held accountable for our performance versus what we have committed to in those rollout schedules, but I would also like to be clear that, if there are any future policy changes, the assumptions in the corporate plan we are about to submit may have to change.¹¹
- 2.15 In the context of the unpredictable impact of the change to the Greenfields policy, the DBCDE stated there are no future plans to significantly alter the Government’s Statement of Expectations. Mr Peter Harris, Secretary to the DBCDE stated:
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9 Mr Quigley, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 47.

10 The remaining assumption made in the NBN Co 2011-2013 Corporate Plan is ‘securing contracts with suppliers and construction contractors on competitive terms and conditions.’ Mr Quigley, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 47 and NBN Co, *Corporate Plan 2011-2013*, p. 16.

11 Mr Quigley, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, pp 47-48.

I am not aware of any significant changes planned for the statement of expectations. As Mr Quigley said when he was referring particularly to greenfields, the financial heads of agreement and the greenfields arrangements with Telstra, in the middle of 2010 through to the middle of 2011, varied a number of times. That made it quite difficult for any of the parties including Telstra as much as NBN Co to forecast what the impact on themselves would be. That was driven substantially by the fact that none of the parties had a very good handle on this. There was a lot of claim being made about a residual bow wave – or how many applications had already been lodged over many years prior to this for greenfields. Those numbers varied significantly. Then there were signals from developers that they also had a huge number of applications ready to go and subsequently lodge. As Mr Quigley said, it did not quite pan out in the way we had expected.¹²

- 2.16 The DBCDE also stated it is unlikely that there will be further change to the Greenfields policy, nor any significant change to current policy. This is with the exception of addressing ‘operational issues’ affecting the NBN rollout. The DBCDE cited the example of the battery back-up issue as posing a possible change in existing policy. The DBCDE stated:

I am not aware therefore the greenfields policy is going to change any further. Any of us who have been involved in that would chuck ourselves off the top of a tall building rather than change greenfields policy again. I therefore do not anticipate any changes of that magnitude nor any other significant changes to what is in place. That said, there will potentially be, in the course of the rollout, things which you might call 'operational issues' still to be addressed. I guess the committee is aware of battery backup as an example. Those are the sorts of things that could change but I would not call that – I am trying to answer your question here in a holistic way – quite a statement of expectations type shift, even though if potentially something does shift in battery backup it may well have a significant financial saving option available to it.¹³

- 2.17 In contrast Telstra Corporation (Telstra) did not ‘believe that any impact on NBN rollout had much to do with the regulatory process’ and stated:

12 Mr Peter Harris, Secretary, Department of Broadband, Communications and the Digital Economy (DBCDE), Transcript of Evidence, Sydney, 16 April 2012, p. 49.

13 Mr Harris, DBCDE, Transcript of Evidence, Sydney, 16 April 2012, p. 49.

The explanatory memorandum [to the Binding Definitive Agreement between Telstra and the NBN Co] makes clear that there were interim arrangements in place with the NBN. We believe that any impact on NBN rollout did not have much to do with this regulatory process. ...the regulatory process was very long and very complex – harder work than all of us anticipated. The ACCC did a very thorough job...double checking and triple checking the undertaking. They talked to a lot of people around our structural separation undertaking in particular the interim equivalence in transparency arrangements. That did take a very long time but we got there in the end. We have an outcome that, I believe, will hopefully start to reduce a lot of the concern and angst in the industry in the interim period around the equivalence to copper. And we got the undertaking which will allow the definitive agreements to become unconditional. We are now spending a lot of time making sure we get the contract going, deliver on the contract and comply with our commitments under the structural separation undertaking.¹⁴

- 2.18 Further, Telstra stated that it is not made aware of the status of the progress of the NBN rollout ahead of public information being made available by the NBN Co. Telstra stated:

One of the critical things we had to build into the agreements between Telstra and the NBN – and you could understand why – was we have no privileged information on where NBN is at in the rollout. So any information that comes from NBN as to where it is in its roll-out schedule and what [it] is going to do comes to us at exactly the same time that it comes to everyone. Our knowledge of the NBN rollout is very much the same as and predicated on general public information. We do not have a huge amount to add to – I am sure NBN will explain this afternoon – where they are at in their rollout schedule.¹⁵

Benchmarking National Broadband Network Rollout Progress

- 2.19 On 18 October 2011, the NBN Co made available on its website, a 12-month NBN ‘construction schedule’ which included area rollout maps. The schedule identified where construction work was already underway (on 63 500 premises) and where work would begin from the date of

14 Dr Tony Warren, Telstra Corporation (Telstra), Transcript of Evidence, Sydney, 16 April 2012, p. 34.

15 Dr Warren, Telstra, Transcript of Evidence, Sydney, 16 April 2012, p. 34.

schedule issue to September 2012 (across 28 new locations passing 485 000 premises to be connected to the fibre network).¹⁶

- 2.20 As part of the rollout schedule announcement the NBN Co stated that 'on average it is expected to take 12 months from the start of the fibre network rollout in a given area until individuals are able to receive high-speed broadband over the NBN.' The rollout schedule would be updated quarterly to 'include additional locations.'¹⁷
- 2.21 Complementary to and building on the information contained in the 12 month NBN rollout schedule, on 29 March 2012, the NBN Co released a three-year NBN rollout plan. The three-year NBN rollout plan included 'three quarters of a million premises where construction work is underway or set to begin' in 2012, 'including the eight early [release] locations where the fibre network is already in service.'¹⁸
- 2.22 As part of the three year rollout schedule, the NBN Co created a new KPI of 'Work Under Way' (WuW) to indicate the status of construction projects that had commenced. The KPI of WuW 'represents premises currently undergoing site design and/or existing construction activity.'¹⁹
- 2.23 Regardless of the addition of the new KPI -WuW, the NBN Co assured the committee that there would be no change to, or revision of, the NBN rollout targets on the two main KPIs used in measuring NBN rollout performance- those of 'premises passed' and 'premises activated'. The NBN Co explained:

I now turn to the recent announcement we made on the three-year rollout schedule. By mid-2015, the fibre rollout will be underway or completed in one-third of the country; that is, in over 3.5 million homes and businesses in more than 1500 communities, in every state and territory. There has been some commentary that by referring to 'work under way' NBN Co has changed the definitions used. I want to assure you that we have not done that. We have not changed our definitions. The terms 'premises passed' and 'premises activated' are what we used in our last corporate plan and we will be putting them in the next corporate plan.²⁰

- 2.24 Further, the NBN Co stated that it would factor into its new corporate plan the policy changes pertaining to the NBN rollout in addition to the
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16 NBN Co, 2011, *NBN Co Releases 12-month National Rollout plan*, media release, 18 October.

17 NBN Co, 2011, *NBN Co Releases 12-month National Rollout plan*, media release, 18 October.

18 NBN Co, 2012, *Three year rollout plan announced*, media release, 29 March.

19 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 4.

20 Mr Quigley, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 46.

12-month and 3-year rollout announcement for the purpose of benchmarking future NBN rollout progress. The NBN Co stated:

...we are working on that timetable now to take on board all the things – at least three of the things I just mentioned there; there are some others, of course. All of those will be incorporated into the next version of the corporate plan, which we will be submitting to the government in the second quarter. That, I think, will then form quite clearly the benchmark against which we will be measured, including, of course, the 12-month and the three-year announcement we have just gone out with.²¹

National Broadband Network Rollout Progress

Progress over the Reporting Period

- 2.25 The Performance Report included information about the progress of the NBN rollout over the period from 1 July to 31 December 2011, in addition to developments associated with the NBN rollout from the period covering 1 January 2012 until 31 March 2012.
- 2.26 The key results for the NBN rollout for the specified period are shown in *Table 2.1 – Key Results of the National Broadband Network Rollout for the six month period ended on 31 December 2011*.
- 2.27 On 18 October 2011, the NBN Co released a twelve-month NBN rollout schedule identifying 28 new locations covering 485 000 premises where construction of the NBN would begin over the period. The 12-month schedule also listed sites where the rollout is already underway for 63 500 premises ‘including second release sites, such as Geraldton in Western Australia, and extensions to First Release Sites such as Townsville in Queensland.’²²
- 2.28 There are no half yearly targets contained in the NBN Co 2011-2013 Corporate Plan, instead targets are provided for the financial year periods ended on 30 June for 2011, 2012 and 2013.²³

21 Mr Quigley, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 49.

22 Shareholder Ministers, ‘Performance Report to 31 December 2011’, *Submission 12*, p. 9.

23 NBN Co, *Corporate Plan 2011-2013*, December 2010, p. 15.

Table 2.1 Key Results of the National Broadband Network Rollout for the six month period ended on 31 December 2011

Metrics	Cumulative as at 31 December 2011	Cumulative as at 30 June 2011
Work under way (WuW)		
Brownfields	77 357	11 187
New Developments	12 723	-
First Release Interim Satellite	-	-
Fixed Wireless	1952	-
Premises passed/covered		
Brownfields	18 243	18 243
New Developments	951	-
First Release Interim Satellite	165 000	165 000
Fixed Wireless	-	-
Premises activated		
Brownfields	2095	622
New Developments	110	-
First Release Interim Satellite	2197	-
Fixed Wireless	-	-

Source Shareholder Ministers' Performance Report, Submission 12, p. 4.

Fibre Network

2.29 By the end of the period, 14 256 premises were passed and 1438 premises were receiving active service.²⁴

2.30 Progress on the Tasmania Stage One NBN rollout was:

- 'A total of 3987 premises have been passed by the fibre network;
- 657 premises are receiving active services;

24 Shareholder Ministers, 'Performance Report to 31 December 2011', Submission 12, p. 9.

- of the premises passed, there are a further 1397 premises...connected' [to the NBN] but are 'not yet receiving active services.'²⁵
- 2.31 There were 11 187 premises under construction in the Tasmania Stage Two NBN rollout. In particular:
- civil construction continued in Sorell, Deloraine, Kingston and George Town
 - the passive network was completed in Triabunna
 - 'planning and design of the South Hobart network progressed.'²⁶
- 2.32 For Greenfields or 'new developments', by the end of the period 110 premises were receiving active services. Over the period NBN Co 'received 2956 applications from developers, with 1988 active applications covering 109 988 lots.'²⁷

Fixed Wireless Network

- 2.33 In relation to the Fixed Wireless Network, the following progress was made:
- Fixed Wireless trial sites came into service in Armidale, with 'fixed wireless data connections ... established from Armidale to the National Test Facility.'²⁸
 - Construction commenced in the Armidale, Tamworth and Toowoomba wireless service areas.²⁹
 - Testing of [Long Term Evolution]³⁰ technology for fixed wireless application was completed. The equipment was further 'integrated into the National Operations Centre in readiness for managed operations.'³¹

Satellite Network

- 2.34 In relation to the Satellite Network, the following progress was made:
- The Interim Satellite Service (ISS) was launched.

25 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 9.

26 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 10.

27 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 11.

28 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 12.

29 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 12.

30 'Commonly referred to as 4G technology.' NBN Co, *Corporate Plan 2011-2013*, Glossary of Terms, p. 156.

31 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 12.

- ISS trials were completed and service availability 'was ramped up' in November.
- There were seven retail service providers (RSPs) offering NBN services over the satellite network to 2197 active premises. 'Additional satellite capacity was commissioned by using the IPStar satellite.'
- Development and release of the 'final spacecraft requirements specification for the Long Term Satellite [Service] (LTSS) project.'
- Responses to request for tenders for the LTSS and the ground systems and customer equipment were received and were 'being evaluated.'
- 'Feasibility, quantity surveying and preliminary town planning work commenced on a list of potential radio frequency (RF) gateway sites across the country.'
- 'Frequency coordination associated with the International Telecommunications Union orbital slot confirmation process commenced and continued with both domestic and international operators.'
- Spectrum was obtained for use in the provision of the LTSS.
- Announcement of build on two next generation Ka Band Satellites to be completed by 2015.³²

Key Milestones Achieved

2.35 Over the period, the Shareholder Ministers identified a number of key milestones achieved in facilitating progress of the NBN rollout. Table 2.2 summarises these milestones.

32 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, pp 12-13.

Table 2.2 Key Milestones Achieved Supporting the National Broadband Network Rollout for the six month period ended on 31 December 2011

Date (2011)	Event/Announcement
6 September	NBN Co signed two separate agreements enabling NBN rollout in Western Australia (Syntheo) and Victoria (Transfield)
7 September	The first new housing development was switched on in Western Sydney
30 September	Met the 'ready for commercial service' milestone for the first release sites on 30 September 2011
1 July	NBN Co launched its Interim Satellite Service
22 September	Initial NBN rollout plan agreed with Telstra
18 October	NBN Co released a twelve month NBN rollout schedule
14 November	Contract to build the first stage of the NBN in South Australia and the Northern Territory awarded to Syntheo
15 November	'Contracts to provide an array of equipment for installation in homes and businesses, worth up to \$635 million over the next five years, were executed'
25 November	NBN Co launched: two demonstration facilities, the Discovery Centre in Docklands, Melbourne and the NBN Co Demonstration Truck to travel across Australia
30 November	'The final executable version of the Wholesale Broadband Agreement (WBA) was published. As at 31 December 2011, eleven' RSPs 'had signed the WBA'
5 December	NBN Co lodged its revised Special Access Undertaking (SAU) with the ACCC
5 December	Telstra and NBN Co extended the end date of the Implementation and Interpretation Deed (IID) to 30 March 2012
31 December	Delivery of the transit schedule in line with the initial rollout plan with 26 Fibre Access Nodes (FAN) and aggregation node sites handed over from Telstra
31 December	NBN Co had WuW across all delivery platforms covering 92 032 premises

Source Shareholder Ministers' Performance Report, Submission 12, p. 3.

Current NBN Rollout Progress

2.36 In addition to containing information on the progress of the NBN rollout for the requested six month period, the performance report includes an overview of the 'post-closing events' since finalisation of the report. Post

closing events include the key announcements made and events which took place until 31 March 2012.

- 2.37 The shareholder Ministers identified the items in Table 2.3 as key announcements and events contributing to the progress of the NBN rollout. These developments cover the period from 1 January to 31 March 2012.

Table 2.3 Key Events and Announcements made Supporting the National Broadband Network Rollout for the six month period ended on 31 December 2011

Date (2012)	Event/Announcement
8 February	NBN Co announced that Space Systems/Loral will build two next generation Ka-band satellites
15 February	NBN Co released a quarterly update to its 12-month rollout schedule
28 February	ACCC accepted Telstra's Structural Separation Undertaking (SSU) and draft Migration Plan
7 March	The Definitive Agreements between NBN Co and Telstra Corporation Limited (Telstra) became unconditional
16 March	A total of 7282 customers are connected to broadband services over the NBN
26 March	NBN Co announced that Visionstream Australia Pty Ltd will undertake construction of the remainder of the fibre network in Tasmania
29 March	NBN Co released its indicative three year rollout plan which will see NBN construction either begin or be completed by mid 2015 for more than 3.5 million homes, businesses, schools and hospitals across Australia
31 March	39 RSPs have signed the WBA

Source Shareholder Ministers' Performance Report, Submission 12, p. 4.

NBN Co Limited Financial Result

- 2.38 The financial result and associated financial performance information presented in the Government's performance report covers the six month period from 1 July to 31 December 2011. The accompanying income and

cash flow statements, balance sheet and schedule of commitments are presented as unaudited.³³

- 2.39 For the first time since its establishment, on 4 October 2011, the NBN Co commenced 'billing for commercial services'.³⁴ As a result the NBN Co received a 'telecommunications revenue' of \$356 000 and with an interest income gave the NBN Co a total half yearly revenue of approximately \$30 million.³⁵
- 2.40 With total expenses exceeding total revenue over the six month period ended 31 December 2011³⁶ the NBN Co experienced a consolidated operating loss of approximately \$221 million.³⁷
- 2.41 Due to the financial loss experienced over the period, the NBN Co has recorded a 'nil tax expense' for the period with 'no deferred tax asset... recognised for these tax losses at this stage.'³⁸ In addition, the Performance Report states that the NBN Co 'expects to be in a tax loss situation for the current and next several financial years.'³⁹
- 2.42 The consolidated half yearly financial loss is 'mainly' attributed to:
- '\$101 million of employee-related expenses'... 'driven by the headcount increase of 822 employees' (\$50 million for the corresponding period).
 - '\$40 million for IT and facilities expenses... (\$12 million for the corresponding period)'
 - '\$29 million for external services costs... (\$31 million for the corresponding period).'
⁴⁰
- 2.43 Capital expenses over the period were \$346 million and included approximately:
- \$98 million for the rollout of the NBN across the three technologies of fibre, wireless and satellite
 - \$124 million on 'systems and processes, including Data centres, National Support and Operations Centre, Business Support Systems and Operational Support Systems
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33 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, pp 20-25.

34 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 20.

35 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 22.

36 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 22.

37 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, pp 20 and 22.

38 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 20.

39 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 20.

40 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 20.

- \$41 million on new developments and Customer Connection expenditure.⁴¹
- 2.44 Operating expenditure over the period was approximately \$222 million. The operating expenditure target stated in the NBN Co 2011-2013 Corporate Plan for the financial year ending on 30 June 2012 is \$528 million. The current operating expenditure result represents approximately 42 per cent of the target total.⁴²
- 2.45 An equity injection of \$1 120 000 million assisted to produce a cash flow of \$1 143 643 million at the end of the financial period, a \$605 million increase from that in June 2011.⁴³
- 2.46 For the half yearly period, commitments payable have increased by approximately \$434 million.⁴⁴
- 2.47 Estimated financial targets derived from the NBN Co's 2011-2013 Corporate Plan for the half yearly 2011-2012 result have not been included as these were not made available in the current Performance Report.
- 2.48 In its report to the committee, the Shareholder Ministers have again stated its 'report is consistent with a start-up company in the early years of a network rollout.'⁴⁵
- 2.49 Mr Mike Quigley, Chief Executive Officer of NBN Co, similarly stated that the financial results of the NBN Co have met current expectations and reflect that the company is in 'start-up mode'.⁴⁶ Mr Quigley also stated:
- Given where we are that is about what we expect it to be. That is what you would expect at this point in time. Clearly, it is a function of the rate at which you get customers passed and customers activated.⁴⁷

41 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 20.

42 NBN Co, *Corporate Plan 2011-2013*, December 2010, p. 135.

43 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 20.

44 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, pp 20 and 25.

45 Shareholder Ministers, 'Performance Report to 31 December 2011', *Submission 12*, p. 3.

46 Mr Quigley, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 51.

47 Mr Quigley, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 51.

Community Consultation

Background

2.50 The committee's Second Report made a number of findings in relation to engagement and consultation with communities about the NBN rollout. In particular, the committee highlighted a need for effective consultation and engagement with rural and regional areas.

2.51 In this respect, the committee recommended the NBN Co 'finalise and publicise its plans for community consultation with regional remote Australia' and requested the performance report include information on:

- Details of the progress of its consultation plans;
- Issues raised; and
- Numbers of participants.⁴⁸

2.52 The Government broadly supported this recommendation and has included the requested information in both its formal response to the Second Report as well as its second six-monthly NBN rollout performance report.⁴⁹

2.53 In response to the committee's findings and recommendation, the Shareholder Ministers stated:

NBN Co has a dedicated team to engage with communities and stakeholders throughout the rollout process and is building relationships with local authorities and utilities to ensure it takes full account of their requirements and develops community understanding of the company's project plan as the project progresses.⁵⁰

Addressing the Information Gap

2.54 To assist the community with the 'when', 'what' and 'how' questions related to the rollout, the NBN Co launched two demonstration facilities

48 JCNBN, November 2011, *Review of the Rollout of the National Broadband Network: Second Report*, Parliament of the Commonwealth of Australia, p. 124.

49 Australian Government, April 2012, *Response to the Joint Committee on the National Broadband Network Second Report on 24 November 2011*, p. 7.

50 Australian Government, April 2012, *Response to the Joint Committee on the National Broadband Network Second Report on 24 November 2011*, p. 7.

on 25 November 2011: the Discovery Centre in Melbourne and the Demonstration Truck to travel across Australia.⁵¹

2.55 As at 31 December 2011, the Demonstration Truck visited ten locations in Tasmania.⁵² From November 2011 to April 2012, the Truck visited 49 communities across Tasmania and Victoria and hosted more than 5200 visitors.⁵³

2.56 The NBN Co has also held town hall sessions with an average of 200 residents attending those forums. A national Customer Contact Centre will be based in Queensland staffed by over 100 employees.⁵⁴ The Centre is expected to be operational in 2012.⁵⁵

2.57 The NBN Co will launch three key 'public outreach campaigns' in 2012: These are:

- Public Education Activity (PEA) (which will facilitate continuity of telecommunications services when the copper network is retired).
- A sectoral benefits campaign (starting with the Education sector).
- An NBN interest and understanding generating campaign.⁵⁶

2.58 In regard to the PEA campaign, the Performance Report stated that the NBN Co 'is working with government and industry in an appropriate governance and consultation structure'.⁵⁷

2.59 In regard to its overall public engagement and education activities and campaigns the NBN Co stated:

Over the next three years we are going to be appearing in around one-third of Australia's communities, so is important that we set about informing, and engaging, individuals and communities about what it is we are doing, and explaining what it is the NBN will do for them.

To those ends, all of our efforts in our communications, our community engagement and our stakeholder engagement reach

51 Mr Kieren Cooney, Chief Communications Officer, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 46.

52 Shareholder Ministers, 'Performance Report to 31 December 2011' *Submission 12*, p. 8.

53 Mr Cooney, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 46.

54 Mr Cooney, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 46.

55 NBN Co, 2012, *Gold Coast chosen for NBN Co Customer Contact Centre*, media release, 11 April .

56 Shareholder Ministers, 'Performance Report to 31 December 2011' *Submission 12*, p. 7.

57 Shareholder Ministers, 'Performance Report to 31 December 2011' *Submission 12*, p. 7.

three objectives: the first one being to inform, the second one being to prepare, and the third one being to assist in migration.

The first objective is to inform. Over the next three years, trucks, workmen and giant rolls of fibre will begin to appear in around one-third of Australia's cities, towns and suburbs. It is important that we ensure that people are aware, as we will be active in their communities and on their premises and on their properties, of what it is we are, what we are doing and what it will mean for them.⁵⁸

2.60 On 29 March 2012, as part of its 'community informing' agenda, the NBN Co released a three year rollout schedule which names those areas where work will commence and has already commenced over a three year period. The NBN Co also commenced its first advertising campaign for the three year rollout schedule. Communities included in the schedule were targeted through television, online, radio and print advertising.⁵⁹

2.61 The NBN Co explained the purpose of the release of its three year NBN rollout schedule and stated:

The information that we provided in the three-year rollout plan serves a different purpose from that in the corporate plan. It provides communities and our retail telco customers with information on where work will be starting. In fact, this committee in its second report urged NBN Co to provide more information to communities and noted that the three-year rollout plan would assist in this. We absolutely agree. We want to give people the information that is most relevant to them. People want to know when they will see NBN workers in their streets, so our rollout schedule tells them when work will start in their area. From that, they will also have a very good idea about when work will finish in their area, which is on average 12 months from when work begins.⁶⁰

2.62 Of the 'customer migration' component of its public engagement and education activities, the NBN Co stated that customer migration from the copper network to the NBN would occur through customers becoming informed about the NBN and then signing up for services provided by RSPs. The NBN Co explained:

58 Mr Cooney, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 46.

59 Mr Cooney, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, pp 45-46.

60 Mr Quigley, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 46.

Our business plan stipulates that over the next decade we will migrate every Australian premise from the old copper infrastructure over to the NBN. That is 12 million homes and businesses – the important point being that for every one of those household owners, for every one of those business people, they need to take an action. They need to take a step. They need to call up their local retail service provider and order a service. To do that they need to understand, they need to be motivated and they need to have the information about what the NBN is, when it will be available for them and what the benefits are that they can hope to achieve from it.⁶¹

Public Engagement Activities

2.63 A core objective of the NBN Co's communication strategy is to prepare communities for the NBN.⁶² The NBN Co's Chief Communications Officer stated:

On the second objective, to prepare: it is essential that we ensure communities and institutions are fully prepared to capitalise on the benefits of the NBN. A great example of this is in the Illawarra, where the University of Wollongong and the Kiama Municipal Council have had the foresight and the planning to really embrace the NBN and to build the opportunities of the NBN into their core processes and their core means of servicing their communities and servicing their students. Changes like this take time. They take time to bed-in, especially, and planning for complex and large institutions or organisations is often several years long. It is important that we ensure bodies such as schools, universities, hospitals, councils and businesses across Australia are informed and engaged early so that they can build the opportunities of the NBN into their own strategies and into their own plans.⁶³

2.64 The NBN Co conducted a series of information sessions in first release sites that focussed on the sectoral benefits of the network, including events in:

- Kiama for health services
- Brunswick for small business and innovation

61 Mr Cooney, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 46.

62 Mr Cooney, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 45.

63 Mr Cooney, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 46.

- Townsville for tele-health
 - Willunga for education.⁶⁴
- 2.65 Video case studies were also placed on the NBN Co's website and online channels with testimonials from businesses, education providers, health services and individual home-users.⁶⁵
- 2.66 The Shareholder Ministers' Performance Report also stated that preparations were underway for greater public outreach campaigns on the sectoral benefits arising from the NBN rollout, commencing with the education sector. The Performance Report also stated that a campaign would be launched in 2012 to 'generate interest in, and build understanding of, the NBN'.⁶⁶
- 2.67 A challenge for the NBN Co and all levels of government will be to engage communities that are hesitant to begin developing their systems. In this respect, the Berrigan Shire Council commented that at present as it had not yet been given an expected NBN rollout start date for the area and was not 'excited' about the NBN rollout. The Berrigan Shire Council stated:
- The dates seem to be a little bit far away for us to get excited. Even for me in my role at council and looking after our own council's internet connection, it is too distant and too vague for us to start to think about what we can do. As soon as we get a fibre rollout date we might look a bit more closely at it. But we are still waiting.⁶⁷
- 2.68 The Australian Retailers Association (ARA) commented on the need for coordination and joint-initiatives for public engagement activities that will prepare consumers, businesses and governments alike to become e-ready. The ARA stated:
- I think it is a job for both of us. It is something we have been in discussion about with a list of ministers. ... We know that growth in the online sector has had a significant impact on retailers in regional areas. We know that many of those regional communities and retailers within those communities want to access the global market through things like the NBN but they are lacking knowledge about how to do that. Many of them literally do not

64 Shareholder Ministers, 'Performance Report to 31 December 2011' *Submission 12*, p. 7.

65 Shareholder Ministers, 'Performance Report to 31 December 2011' *Submission 12*, p. 7.

66 Shareholder Ministers, 'Performance Report to 31 December 2011' *Submission 12*, p. 7.

67 Mr Matthew Hansen, Director, Corporate Services, Berrigan Shire Council, Transcript of Evidence, Sydney, 16 April 2012, pp 22-23

know how to set up a webpage. It is important to engage with all levels of government with this.⁶⁸

- 2.69 The Australian Communications Consumer Action Network (ACCAN) welcomed the NBN Co's engagement with consumer and peak industry groups in the development of public education activities.⁶⁹ The ACCAN stated:

...we are very pleased that there is a proposal now for a quarterly high-level consumer round table. That issue came up when we gave evidence to the joint committee in 2011. This request has been acted on by the NBN Co and the wheels are now in motion to have our first meeting in June [2012]. We welcome this opportunity because we believe it will contribute to making NBN Co's public information activities more effective and also that it will give the opportunity for the community to have direct input into the NBN rollout.⁷⁰

- 2.70 Further, the ACCAN was of the view that 'it is critical for the NBN Co's information activities to be conducted properly with suitable strategies for specific community sectors.' The ACCAN also stated:

An effective example has been the community information campaign for the Digital TV switch-over. Accordingly, the purpose of the Consumer Reference Group will be to bring relevant issues and questions that arise in the community to NBN Co's attention, and also to ensure NBN Co's public education activities are done in the best possible way. Having input from a cross-section of peak bodies on a regular basis we hope will help to make sure the information on the NBN rollout, and transition from copper to the NBN, reaches all parts of the Australian community that it needs to reach.⁷¹

- 2.71 As part of earlier efforts to improve community engagement and education about the NBN rollout and changes to telecommunications services, the ACCAN advocated that a number of peak bodies be included in a round table meeting of the 'Consumer Reference Group'. The NBN Co arranged for this meeting to be held in June 2012.⁷²

68 Mr Heath Michael, Director, Policy, Australian Retailers Association (ARA), Transcript of Evidence, Sydney, 16 April 2012, pp 26-27.

69 Ms Teresa Corbin, Chief Executive Officer, Australian Communications Consumer Action Network (ACCAN), Transcript of Evidence, Sydney, 16 April 2012, p. 1.

70 Ms Corbin, ACCAN, Transcript of Evidence, Sydney 16 April 2012, p. 1.

71 ACCAN, *Submission 11*, p. 1.

72 ACCAN, *Submission 11*, p. 1.

Ongoing Community and Industry Concern

- 2.72 The NBN Co gave evidence of its work in engaging communities in the NBN Rollout. The NBN Co stated:

The work that we do on the ground with communities is just as crucial – working with councils, local businesses, schools and chambers of commerce to ensure that as we start the rollout in their area they are not only informed but also involved. We use several means to do this. We have built demonstration facilities, including our discovery centre in Melbourne, to give people a tangible sense of the equipment in the in-home and the in-business experience of the NBN.⁷³

- 2.73 While the NBN Co and Shareholder Ministers have outlined the programs and initiatives being implemented as part of the NBN education campaigns, the committee received evidence of the current level of NBN information in rural and regional communities.

- 2.74 The Regional Development Australia Northern Inland NSW (RDANI) highlighted there is a limited understanding of the NBN in regional areas and a coordinated approach to connecting to the NBN is needed. The RDANI NSW commented:

People just do not know which way to go. Once they actually find out the information, they really take to it. When we went from dial-up to ADSL we had a similar problem. The take-up rate for ADSL was very low, but all of a sudden it took off when people realised what was happening. With NBN, we need to apply a much more coordinated approach where we get state and local governments, businesses and chambers of commerce to work on this.⁷⁴

- 2.75 In reference to a recent survey conducted by the Australian Farmers' Federation in relation to the NBN satellite service offered to rural areas the ACCAN commented there needs to be better dissemination of NBN information to such areas. The ACCAN stated:

The New South Farmers Association did a survey, and I gather from that that there are a lot of farmers among whom there is a pent up demand to get off inferior satellite service offerings that they are using now, but they are not necessarily aware that the

73 Mr Cooney, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 46.

74 Mr Alun Davies, NBN Coordinator, Regional Development Australian Northern Inland New South Wales (RDANI NSW), Transcript of Evidence, Sydney, 16 April 2012, p. 18.

NBN's interim satellite offerings are out there. So I think there is some need for better dissemination of the information that this interim service offering is out there now. Perhaps it is a case of ISPs not really promoting it because people are on contracts and it is not really in their interest. We are not sure what the reason is, but there needs to be better dissemination of information to the rural constituency.⁷⁵

2.76 Concerns were also raised by fixed-wireless and satellite communities that they will receive an inferior service in comparison to those in the fibre-footprint. In some cases, this was regarded as a 'backwards' step.⁷⁶ This evidence is further discussed in Chapter 5, in addition to the NBN Co's policy for extending the fibre footprint and the point at which communities are drawn into the extension design process.

2.77 Vodafone Hutchison Australia (Vodafone) stated that over the 'migration period' a clear and comprehensive communication plan which includes the competition considerations is warranted. Vodafone stated:

It is vital that there is a clear and comprehensive plan, which NBN Co leads and develops, that involves the community and the telco industry in providing the right information to consumers – that is, things like: what to expect when a connection occurs; when the migrations will occur; and giving practical advice about how it will take place. We need to let people know, 'Generally there will not be a change of experience; it is just a different way of delivering the same services you receive, plus a whole lot of great new opportunities.'⁷⁷

2.78 Vodafone also stated that NBN Co's communication plan needs to inform consumers that the NBN presents a wide range of new choices. Vodafone stated:

There is a practical element of reassuring people in that communication plan, but there also needs to be a pro-competition part of it. It should not just be about saying to consumers, 'Don't worry, everything will be the same.' That would be a missed opportunity. It also needs to be saying to consumers: 'The NBN presents a wide range of new choices for you. There are new

75 Mr Jonathan Gadir, Senior Policy Adviser, ACCAN, Transcript of Evidence, 16 April 2012, Sydney, p. 2.

76 Mr Nathan Axelsson, Executive Officer, RDANI NSW, Transcript of Evidence, Sydney, 16 April 2012, p. 18.

77 Mr Matthew Lobb, Vodafone, Transcript of Evidence, Sydney, 16 April 2012, p. 10

entrants in the market that you should consider, because they might offer a solution that better meets your needs.' So there is a practical set of communications about reassuring people and giving them the right information, but there also needs to be a pro-competition set of messages.⁷⁸

Additional Issues

Delay of Answers to Questions on Notice

2.79 Both the committee's First and Second reports contain substantial comment on the significant delay experienced in receiving answers to questions on notice from the NBN Co and the DBCDE, and the subsequent delay this caused consideration of significant matters associated with reviews.

2.80 In its First Report, the committee 'strongly urged' the NBN Co and the DBCDE to give greater priority to answering questions on notice with the aim of assisting 'the committee to undertake its role as intended by the Parliament.'⁷⁹

2.81 In its Second Report, the committee further commented on the delay experienced in receiving answers to questions on notice from the NBN Co and the DBCDE.

2.82 In addition, the committee commented on the quality and quantity of information contained in the answers to questions on notice that were received. The committee stated:

For a number of answers, it seemed that only material that was already available publicly, or evidence already taken at public hearings, was provided.⁸⁰

2.83 The committee subsequently recommended:

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

78 Mr Matthew Lobb, Vodafone, Transcript of Evidence, Sydney, 16 April 2012, p. 10

79 JCNBN, August 2011, *Review of the Rollout of the National Broadband Network: First Report*, Commonwealth of the Parliament of Australia, pp 20-21.

80 JCNBN, December 2011, *Review of the Rollout of the National Broadband Network: Second Report*, Parliament of the Commonwealth of Australia, pp 31-32.

providing answers to questions taken on notice where possible on the notified due date or within a reasonable timeframe thereafter.⁸¹

- 2.84 In response to the committee's recommendation, the Shareholder Ministers stated:

The Government supports this recommendation. The department does prioritise its clearance processes for responding to Joint Committee on the National Broadband Network questions on notice. However, depending on the complexity of the question, on some occasions additional time will be required for detailed analysis and or wider consultation prior to finalising a response.⁸²

Timeframe for Receipt of Performance Report

- 2.85 In its First Report the committee was unable to include information on NBN rollout statistics because it did not receive the relevant quantitative or qualitative information from the NBN Co and Government in time.
- 2.86 As a result, the committee (which was required by the Parliament to report by the end of August 2011), reported without this information, on the evidence and information it had received and collected from the wider community as part of its First Review.
- 2.87 For the main purpose of informing committee reviews, and in an effort to receive regular reports on the NBN rollout, in its First Report the committee recommended:

That the NBN Co together with the Department of Broadband, Communications and the Digital Economy, commencing for the first quarter 2011-2012, provide a six-monthly report on the progress of the rollout of the National Broadband Network, using established Key Performance Indicators and performance measures, no later than three months before the committee is due to report to the Parliament.⁸³

- 2.88 In its response to the committee's recommendation, the Shareholder Ministers stated:

81 JCNBN, December 2011, *Review of the Rollout of the National Broadband Network: Second Report*, Parliament of the Commonwealth of Australia, p. 32.

82 Australian Government, April 2012, *Response to the Joint Committee on the National Broadband Network Second Report on 24 November 2011*, p. 5.

83 JCNBN, August 2011, *Review of the Rollout of the National Broadband Network: First Report*, Parliament of the Commonwealth of Australia, p. 22.

- The government supports this recommendation and submitted its first report to the committee on 23 September 2011.
- The government will submit six-monthly reports to the Committee and adopt this reporting pattern on an ongoing basis. The reports will provide quantitative and qualitative advice outlining NBN Co's key performance information across the following areas:
 - ⇒ progress on the rollout
 - ⇒ deployment and installation
 - ⇒ take up rates
 - ⇒ key financial information (profit and loss statement, balance sheet, cash flow statement, and cash flow reconciliation)
 - ⇒ quality of service including service levels and faults
 - ⇒ industry and consumer consultation including complaint handling
 - ⇒ issues associated with health, safety and environment.
- The information provided to the Committee will become more meaningful as the rollout progresses and more premises are connected and as NBN Co's operating and business systems come online during 2012.⁸⁴

2.89 Taking into consideration the recommendation and the Government's support of it, the second Government Six-Monthly NBN rollout Performance Report was due to the committee by 31 March 2012.

2.90 The Government's second performance report was subsequently sent to the committee on 9 April 2012 and formally received on 10 April 2012. The committee's only hearing on the NBN rollout performance was scheduled and held a week later on 16 April 2012.

Concluding Comments

Revised NBN Rollout Targets and NBN Co Corporate Plan

2.91 The way information has been presented in the Government's second performance report, for the purpose of this review, does not allow it to be compared with the results in the Government's first performance report. This is despite the Shareholder Ministers' continuing statements that

84 Australian Government, February 2012, *Response to the Joint Committee on the National Broadband Network First Report on 31 August 2011*, p. 4.

information contained in performance reports will become more meaningful as the rollout progresses.

- 2.92 The NBN Co has stated that as a result of the significant changes to the assumptions underlying the targets contained in its corporate plan, it will be releasing a new corporate plan. As a result, the NBN Co stated that 'it is neither reasonable nor valid to compare NBN Co's performance with the deployment forecasts' included in the current 2011-2013 corporate plan.
- 2.93 Instead, the NBN Co stated that it is 'perfectly legitimate' to measure its performance against announcements made in its 12-month and three year NBN rollout schedules.
- 2.94 The NBN Co also stated that 'if there are any future policy changes, the assumptions in the' new corporate plan would have to change. This would mean that the targets are rendered unreliable for any future corporate plan as soon as there is any change to the NBN rollout environment.
- 2.95 In addition, as the 12-month and three year schedules published on the NBN Co website are subject to change according to the pace of design, construction and completion of the NBN, the associated targets will undoubtedly be in a state of constant flux. This means that the NBN rollout cannot possibly be measured in terms of progress against specific targets over an acceptable timeframe which can then be compared between periods or years.
- 2.96 The committee is aware that the NBN Co is still in the early stages of the NBN rollout and that as a result of delays with the Telstra Agreement, change to the number of PoIs and changes to the Greenfields policy, that undoubtedly there has been disruption and delay to the NBN rollout.
- 2.97 As a result of the NBN Co's statements, that it cannot be held accountable for its own corporate plan targets, and that revised targets will be subject to change without warning, this will mean there is no way of gauging the progress of the NBN rollout in relation to costs expended on the public infrastructure project.
- 2.98 The committee does not find it meaningful to be provided with data on how many premises have been passed or premises made active between periods or years without any kind of target or benchmark on which to compare this data.
- 2.99 The committee also understands that there is now a new KPI of 'work under way' used to describe a new NBN rollout statistic, but does not understand how this KPI adds any real meaning to the status of the progress of the NBN rollout.

- 2.100 The committee finds this approach by the NBN Co disappointing and contrary to the principles of transparency and accountability required of public agencies, especially one responsible for the largest public infrastructure project ever funded by an Australian Government.
- 2.101 The committee disagrees that current KPIs such as 'cost per premises passed or activated and take up rates broken down into levels of service is not meaningful at this point in time.'
- 2.102 The committee requests the Government provide KPI information in the performance report against targets in the Business Plan for the performance report on homes passed, homes connected, and services in operation.

NBN Co Financial Result

- 2.103 The committee notes the NBN Co's 2011-2012 half yearly financial result as presented in the Performance Report reflects that the company is in start-up mode, and while the NBN Co has commenced collecting a small amount of revenue for services, has again experienced a consolidated loss.

Community Consultation

- 2.104 The committee notes that the Government and the NBN Co have commenced or delivered several activities under core communication goals.⁸⁵ The importance of demonstrating equipment as a method of informing the public was discussed. However, the demonstration of equipment does not itself lead to genuine engagement with community, nor does it demonstrate community involvement in the NBN rollout.
- 2.105 The NBN Rollout Schedule website contains information on rollout timeframes only available to those residents in areas identified to commence work in the next three years. For residents living outside those communities, no information is currently available. Preliminary engagement with outstanding communities on anticipated timeframes for the NBN rollout announcements needs to be factored into the public education activity.
- 2.106 As discussed in Chapter 5, the NBN Co's activities in fixed-wireless and satellite service areas should also clarify for residents the continuing provision of voice services on existing infrastructure.
- 2.107 The committee welcomes evidence of the NBN Co's engagement with consumer and peak industry groups through the meeting of the
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85 Mr Cooney, NBN Co, Transcript of Evidence, Sydney, 16 April 2012, p. 45.

‘Consumer Reference Group’ in the development of public education activities.

- 2.108 The committee believes it is important that these stakeholder groups are appropriately consulted and that their capacity to provide feedback to the NBN Co is supported.
- 2.109 In addition, involving the experience of relevant community and business stakeholder groups will also be valuable in the development of a telecommunications-migration awareness campaign following the progressive decommissioning of the copper network.

Public Engagement Activities

- 2.110 The committee believes that national leadership is required for the coordination of public engagement activities relating to the NBN rollout. National leadership for public education and engagement activities is important to ignite the design and development of innovative projects that will maximise the capability of the NBN. If Australia is to maximise productivity increases, clarity and leadership are vital. This may require more detail than general statements of ‘enhanced productivity’.
- 2.111 By doing so, Australians will be in a better position to take full advantage of the economic and productivity gains which may be achieved through the NBN. In this regard, governments at all levels may be able to learn from the experiences of other countries in their delivery and utilisation of national networks. Clearly there will be unique challenges that will distinguish Australia’s approach through the NBN.
- 2.112 The committee is also of the view that these challenges will also create new opportunities for innovation and connectivity.

NBN Co Website

- 2.113 The NBN Co website is designed to be the central information portal for access seekers and consumers alike. Although significant quantities of information are provided on the website, from a consumer’s perspective, vital information should be readily accessible and centrally located.
- 2.114 The committee believes improvements could be made to consolidate the rollout information and the forecasted dates for the commencement of work and the activation of services. The interactive three year rollout map is a user-friendly search tool that could be enhanced by providing other key information such as:
- The date of the commencement of work in service areas;

- The progress of the rollout within the individual service area (expressed as a percentage);
- Exact date of completion of the NBN rollout in the service area; and
- Information about how to connect to the network and a list of retail service providers offering connection services in that area.

2.115 The committee notes that much of this information is available on other areas of the NBN Co's website. However, a consolidated access point providing this information is likely to assist the migration of customers throughout the staggered rollout of the NBN.

Delay of Receiving Review Information

2.116 This is the committee's fourth report since its appointment in March 2011. To date the committee has held ten public hearings, seven of which the NBN Co or the departments have appeared at. At these hearings, the committee placed questions on notice.

2.117 The committee has found that there have been occasions when it has placed questions on notice during a public hearing, and answers to those questions have referred the committee to media releases or already published documents issued in the interim. It would be of assistance to the committee in its oversight function if these responses to questions asked were thorough, comprehensive and prioritised.

2.118 The committee has twice previously commented on the delays it has experienced in receiving answers to questions taken on notice by the NBN Co and the departments. The committee has also commented on the timeframe it requires for receiving the Government's NBN rollout performance report. The due dates and timeframes are put in place to enable the committee to receive information that it requires to report to the Parliament.

2.119 The committee is responsible for reviewing the six monthly rollout of the NBN and takes this responsibility seriously given the large public expenditure and time taken to enable the NBN to be completed.

2.120 In the Government's response to the Second Report, the Shareholder Ministers have stated that they are supportive of the committee's recommendation to review the DBCDE process for providing answers to questions on notice to the committee. However, the Government then places a caveat on this statement by explaining that it will take additional time to answer questions if required.

- 2.121 The committee has again recommended that internal processes for the approval of answers to questions on notice be changed to enable it to place emphasis on providing information to the committee by the due date.

Recommendation 1

- 2.122 **The committee recommends that the NBN Co and the Department of Broadband, Communications and the Digital Economy review the *efficiency* of their current clearance processes for providing answers to questions on notice so that:**
- Responses to the majority of questions placed on notice by the Joint Committee on the National Broadband Network can be received by the due date;
 - Its answers to parliamentary committees are consistent, thorough and complete, so that ambiguities are minimised in public debate.

Recommendation 2

- 2.123 **The committee recommends the Government include key performance information in its six-monthly National Broadband Network performance report, listing and detailing: (1) established Business Plan targets and (2) actual results for:**
- Homes passed;
 - Homes connected; and
 - Services in operation.

Recommendation 3

2.124 The committee recommends that the NBN Co as soon as possible, provide further key information on its website in a user-friendly format, and also include this information in the six monthly Shareholder Ministers' Performance Report. This information should include:

- The date of the commencement of work in individual service areas;
- The progress of the rollout in each service area (expressed as a percentage);
- The exact date of completion of the National Broadband Network rollout in each service area;
- Information about how to connect to the network; and
- A list of retail service providers active in each service area.

Recommendation 4

2.125 The committee recommends that the Department of Broadband, Communications and the Digital Economy, in the development of future public education activities, undertake a study of similar international networks, with a view to adoption of:

- International best practice;
- Strategies employed by governments and companies building these networks; and
- Concrete examples of how this technology is being used and maximised by individuals, business and governments.