

# Inquiry into the business case for the NBN and the experiences of small businesses

## Point of focus

F: compliance with the NBN Statement of Expectations (SoE) and adequacy of that Statement; and

G: any other related matters.

### Wording/Semantics issues in SoE

**NBN and Cost effectiveness;** is not the same as “cheapest”, no consideration of medium to long term risks including high operation liabilities.

**As soon as possible;** the Governments and NBNco disregard of time as a influencing factor when making technical and economic decisions.

## Compliance with SoE

### *Rolling Out the Network*

**Compliant: No**

#### **Reasons/Justifications:**

NBN invested in expensive and inappropriate technologies based on urbanization and density, using FttN (Fibre to the Node) in areas with low density with large variation in deliverables, including bandwidth and reliability. Requiring constant remediation and upgrade to attempt meet SoE.

Eg. Using-ad-hoc FttB based on legacy Telstra copper distribution topology throughout the existing Transact footprint in the A.C.T. that was already delivering 25Mbps to endusers while ignoring areas that were on <5Mbps in South Canberra for at least 3 years with significant loss of potential revenue.

Not capitalising on FttC rollout in the last two years by offering proactive uplifts to FttP and or considering FttP were it would be appropriate (Trivial Single Dwelling units) during initial deployment, therefor missing clear cost saving opportunities, savings in remediation, reduction in operational cost, and boosting potential enduser revenue. Concerns over if NBN are following high level design documentation that would allow easy uplift to FttP in FttC ADAs either as a near future upgrade or part of the technical choice program (TCP).

### **Vehicle for market Reform**

**Compliant: No**

#### **Reason/Justification**

A combination of bad management and technical decisions that have left high operating liabilities throughout the network has undermined and added significant risk with

privatisation and structural separation. The completion of the network, as forecast to be 2020, NBN will not be in a position to be privatised and will enable Telstra to continue its hold on Australia's Telecommunication infrastructure , either directly or indirectly.

### **Market environment**

#### **Compliant No**

#### **Reason/Justification**

NBNco recent engagement in the enterprise space has been considered by many and reported by the media as anti competitive using government advantage to desperately raise revenue in this space. This has not been considered a fair playing field by many in the industry.

The regional Broadband tax is also considered to be unfair and anti competitive to other fixed networks, especially those that existed prior to 2013 and Government policy change.

### **Funding**

#### **Compliant: No**

#### **Reason/Justification**

The contractor (and sub contractor) model is just one example of ineffective use of funding and poor efficiency overall. With no attempt to streamline or be accountable for spending in these areas. Basically, poor contractual management overall.

### **Working with Stakeholders**

#### **Compliant: No**

#### **Reason/Justification**

NBNco have failed to engage with the public in a open or enabling way via freedom of information, demonstrating a general lack of transparency.

During Senate Estimates both NBNco and Government representatives have continually claimed no interaction (at arms distance) between the Minister, the previous Department of Communications, ACMA, or other bodies. FOI requests and senate estimates transcripts have demonstrated this on many occasions.

NBNco not communicating effectively to work with private developers to ensure proactive infrastructure is in place.

Not engaging with power utilities and contractors efficiently and ensuring effective, efficient, and safe communication pathways.

Not engaging with local Government and Councils, mostly by passing this using the contractor model.

Unable to manage the "money Grab" culture from such a large Government program.

### **Public Transparency**

#### **Compliant: No**

NBNco continues to hide behind its perceived cloak of Commercial in Confidence (CiC) and “National Security”. Public have very little power to influence this culture. Acting as a commercial entity when suites to protect self or government interests.

### **Communication and managing Risk**

#### **Compliant: No**

All evidence indicates very little engagement or cooperation with Government agencies/entities like ACMA, Department of Defence, OAIC, Cyber security, etc. NBNco behaviour is of a private self-contained commercial monopoly and this culture continues to worsen because lack of transparency and accountability. This is the cornerstone to many of NBNco failings.

### **Business Planning**

#### **Compliant: No**

From the long list of violation and missed milestones it is hard to envision that any considered business planning is being done, with most engagement being reactive in nature.

## Other issues

High cost of Technical choice program for FttC to FttP when considering the NBN design rules seem to be inflated to approx 10 times expected costs.