

Senate Select Committee on the NBN

Questions on Notice

Q. 1.

The Australian Industry Group and Deloitte National CEO Survey *High Speed to Broadband: Measuring Industry demand for a world class service*, was published in October 2008 and based on a survey conducted in August 2008.

Q. 2.

The comment on Accenture was based on the article in the Outlook Journal of January 2003, *Igniting the Next Broadband Revolution* by Arnim E. Whisler and Asheesh Saksena. The introduction of this article is copied below. The full article is available at

http://www.accenture.com/Global/Research_and_Insights/Outlook/By_Alphabet/IgnitingRevolution.htm.

Somewhere near the center of the global economic slowdown are the huge, and hugely troubled, communications and technology industries.

In the 1990s, on the premise that they were leading us into a new age of interconnectivity enabled by next-generation broadband, the world's telecom and allied tech companies attracted trillions of dollars in capital. The boom became a bubble, and when the bubble burst it left the industries dazed, governments scrambling and investors angry. All are now caught up in some very necessary postmortems and corrective actions.

A consensus that broadband had been overhyped has emerged from the wreckage. But despite the excesses we've seen, the economic benefits to be gained from interconnectivity remain both genuine and immense.

Accenture believes that next-generation broadband will join previous innovations—the railroad, trans-atlantic flight, the transistor and the personal computer among them—that sparked long periods of economic growth. Indeed, we estimate that over the next five to seven years, this technology has the potential to contribute \$300 billion to \$400 billion a year to European GDP and \$500 billion to US GDP.

Additional Questions

One. Ensuring a commitment to upgrade and invest in NBN infrastructure.

This will require careful attention in two broad areas a) the terms of the contracts with the parties delivering the NBN and b) the regulatory arrangements that govern competition and access to infrastructure. These arrangements need to be designed to bring forward the initial investment, to ensure ongoing investment and to ensure access for users at a price that ensures widespread uptake of the facilities.

Two. Addressing the lack of awareness

We are not sure it is the Government's role to address the lack of awareness. The providers of broadband services should have strong incentives to advertise and otherwise make actual and potential customers aware of the opportunities available.

Governments can assist this by becoming users of broadband capabilities; by structuring arrangements with the NBN operators so they and their competitors have strong incentives to develop the market; and by incorporating broadband capabilities into existing business capability programs.

Three. Public Ownership of NBN

The Government could own the NBN. There are international and historical examples of public ownership of telecommunications infrastructure.

1. Implications of Government ownership for future investment

It is impossible to generalise. Historically in Australia there are many instances of underinvestment in publically owned infrastructure particularly over the past two decades. Examples include roads, schools, hospitals, energy facilities and water infrastructure. At the same time there have also been cases of overinvestment and inappropriate or wasteful investment in publically owned infrastructure.

2. Could the NBN be publically owned and leased/franchised to access providers?

The simple answer is yes. The more complex question is whether arrangements like this are more cost effective than alternative models (including the regulatory arrangements that support them).

Four. Comment on C-Cor Model

Our views are that these claims need to be assessed closely – something we are not in a position to do. We note that measures of cost effectiveness need to take account not just short-term issues but the range of costs and benefits over the next few decades.