

## **Government Senators' Report**

At the conclusion of this protracted inquiry, Government Senators endorse the remarks of the committee in its acknowledgement of those who assisted the committee in its task including the secretariat and other committee officers, witnesses and the researchers in the Parliamentary Library.

Government Senators agree with the admission of Opposition Senators that they do 'not doubt that Australians need a broadband future', and are pleased that Opposition Senators have reluctantly acknowledged that 'submitters were generally in agreement that Australians need super fast broadband'.

Yet Opposition Senators represent a party that offers no genuine pathway to a broadband future. Indeed, they have promised to shut down the National Broadband Network. The truth is, after 2 ½ years in opposition they have no alternative broadband plan that will deliver the outcome needed for all Australians.

This follows their track record in government. The Howard government had 18 failed broadband plans in 11 ½ years which left Australia falling behind most developed countries.

The faith of Opposition Senators in the capacity of the sector to co-operatively deliver an acceptable broadband future fails to acknowledge the structural problems of the industry which have held the Australian communications sector back.

Given how important affordable high-speed broadband will be for growth and productivity across the economy, the Opposition's plan to shut down the National Broadband Network puts at risk Australia's economic future.

Government Senators know that the only way that Australia will have a broadband future – one in which all Australians are connected with affordable services wherever they live — is if it builds a national, wholesale only, open access network on which competition and innovation can flourish.

The government is committed to providing high speed and affordable broadband to all Australian premises. This includes our regional areas that, for too long, have had to put up with inferior services.

The NBN is crucial economic infrastructure for Australia's economic future and all consumers. It is important that Australian businesses have the essential communications infrastructure necessary to compete with other countries in our region that have, or are investing in, high speed broadband.

The rollout of the NBN is already well underway, with first services due in Tasmania in July, and NBN Co having announced its five first release sites and the rollout of around 6000km of fibre optic backbone links to 100 regional locations.

In the committee's Final report, Opposition Senators return to an earlier claim: that there has been a lack of transparency and that the Implementation Study did not articulate the benefits of the NBN.

The purpose of the Implementation Study was to provide expert advice on a range of matters that will guide the rollout of the NBN and the policy settings around it. Whilst the Study was commissioned by the Government, it represents the expert, independent views and advice of the Lead Advisor, McKinsey and Company and KPMG.

The Study is a comprehensive report addressing the government's policy objective – it runs to more than 500 pages with 84 recommendations. In preparing it, the Lead Advisor consulted with over 140 key stakeholders and drew on international experience and research.

The Implementation Study indicates that high speed broadband for all Australians is achievable, and can be built on a financially viable basis with affordable prices for consumers. In fact, the Study finds that in a number of areas it is possible to exceed the government's original objectives.

Government Senators reject any notion that there has been a lack of transparency. The government published the Implementation Study, in full, on 6 May 2010. The Study contains detailed cost estimates and the assumptions that underpin them. The government has sought to consult interested stakeholders on its findings and recommendations. Moreover, at the request of the committee, the Lead Advisor made himself available to brief the NBN Senate Select Committee in person.

The Government notes the recommendation of Opposition Senators that the Government accept the offer by Professor Henry Ergas to conduct a cost-benefit analysis using the data of the Implementation Study. It is relevant in the context of this inquiry that Professor Ergas has well-known opinions on the NBN and has undertaken consultancy work for both Telstra and the Liberal Party.

As the Government clearly stated at the time of the Implementation Study's release, it was not intended as a cost-benefit analysis.

The Study undertook a detailed financial analysis, including detailed revenue and cost modelling, and this analysis indicates that under a range of realistic scenarios, NBN Co can build a strong and viable business case.

While the broader economy-wide benefits of investment in high speed broadband based on fibre infrastructure – including productivity benefits and social benefits – were not explicitly modelled in this study, they are well known and are endorsed by the OECD and in a range of other studies.

In conclusion, Government Senators recommend that all outstanding legislation relating to telecommunications be passed by the Senate.

**Senator Kate Lundy**

**Senator Glenn Sterle**

