

# Chapter Nine

## Concluding Remarks

9.1 The Committee is supportive of sensible and affordable government efforts to support the provision of enhanced broadband services. There is, however, a great deal of concern regarding the government's approach.

9.2 The NBN proposal is clearly under-developed and the government's preparedness to press ahead before impacting details are either known or finalised is not consistent with a commitment to evidence based policy.

9.3 The lack of clarity in relation to the overall cost of this project is disconcerting.

9.4 The government has also taken a quantum leap in committing to a project that by its own admission will cost up to \$43 billion, with no apparent effort to explore potentially more cost effective remedies. Part of the problem is the fact the government has failed to clearly articulate the key problem it plans to address. For example, if high prices are a significant issue there is no evidence to suggest this proposition will result in lower prices.

9.5 There is little evidence to indicate consumer demand for speeds of 100 Mbps and the committee notes with concern that the NBN policy focus has resulted in a lack of immediate attention in relation to enhancing services to under-served parts of the country.

9.6 The committee remains concerned about the type of services that will be delivered to rural and regional Australians.

9.7 This report, and the two previous interim reports, has expanded on the complexities of interrelated issues that will require resolution to ensure the success of the NBN project. However, the examination of these issues has at times been hampered by a lack of information, or an unwillingness to provide it.

9.8 The committee puts on the public record the difficulty it has experienced throughout the inquiry due to the reluctance of key witnesses to appear before the committee or provide written submissions. In particular, the committee highlights that, in Tasmania where the NBN has been launched, vital witnesses that 'declined' the committee's invitation to appear at the Hobart hearing in October 2009 included:

- Aurora Energy – the joint partner with NBN Tasmania responsible for the roll-out and provider of infrastructure for the roll-out; as noted in the report, Aurora also declined to answer basic written questions sent by the committee following their declination;
- NBN Tasmania;

- Tasmanian Skills Institute; and
- Tasmania's Treasurer and Minister for Economic Development.

9.9 Another key witness that repeatedly declined the committee's invitation to appear was Infrastructure Australia, the agency established specifically to assess and prioritise the government's list of major infrastructure projects. Although Infrastructure Australia endorsed the government's decision to undertake the NBN, it was not required to place the NBN project under the same scrutiny as other projects it had prioritised. The committee was keen to understand why this had been allowed, but was not provided that opportunity.

9.10 At the time of reporting, the telecommunications industry and the Australian tax payers were still awaiting two critical sources of information that will underpin the fate of the NBN: the final report of the Implementation Study; and a rigorous cost-benefit analysis.

9.11 As a consequence, speculation will continue to hamper healthy discourse until that information is made publicly available. As long as this cloud of uncertainty persists, confidence of potential investors, the industry and the Australian public will continue to erode.

### *Government's response to previous committee recommendations*

9.12 The committee draws attention to its recommendations and considerations documented in the two previous Interim Reports. Although a number of the committee considerations were made redundant when the FTTN proposal was terminated, the government has yet to respond to the majority of relevant recommendations.

9.13 The table below details the status of recommendations from the second interim report, as at the time of reporting.

*Table 1: Status of previous recommendations*

| No | Recommendation   | Status   |
|----|--|--|
| 1  | That the Auditor General conducts a full review of the RFP process, to be commenced before the end of 2009.  | Underway   |
| 2  | That Infrastructure Australia be involved in the NBN process to the fullest capacity.  | Infrastructure Australia refused any committee interaction |
| 3  | That the government: <ul style="list-style-type: none"> <li>• provides the committee with the Final and any Interim Reports prepared by the Lead Advisor to the implementation study;</li> </ul> | No Action  |

| No          | Recommendation   | Status  |
|-------------|--|---|
| 3<br>(cont) | <ul style="list-style-type: none"> <li>• table a progress report in the Senate on the implementation of the NBN by no later than 17 September 2009, and that this progress report detail timeframes, benchmarks and milestones for specified deliverables against which the implementation of the project can be measured, including costings; and</li> <li>• table further progress reports by the end of the Winter and Spring Sittings until such time as the NBN company's annual reports are available, which include evidence that the timeframes, milestones and benchmarks have been reached, the reasons for any failure to do so and remedial action to be taken.</li> </ul> | <p><b>No Action</b></p> <p><b>No Action</b></p> |
| 4           | <p>That the government provide the committee with a copy of:</p> <ul style="list-style-type: none"> <li>• the detailed implementation plan for the roll-out of the National Broadband Network, to be developed as part of the implementation study, on the first sitting day after it is provided to the Department; and</li> <li>• the risk management strategy for the NBN roll-out.</li> </ul>  | <b>No Action</b>                                |
| 5           | <p>That, as soon as possible, but no later than the last sitting day of the Winter sittings, the government provide to the committee the following:</p> <ul style="list-style-type: none"> <li>• the Australian Competition and Consumer Commission's formal report on the National Broadband Network (NBN) proposals to the NBN Panel of Experts</li> <li>• the final report provided to the government from the NBN Panel of Experts on submissions to the NBN process.</li> </ul>   | <b>ACCC-only Actioned</b>                       |
| 6           | <p>That those aspects of the Expert Panel and the ACCC reports that discuss or make any conclusions or recommendations about the existing regulatory framework and options for its reform be provided to the committee as soon as possible, but no later than the last sitting day of the Winter sittings.</p>   | <b>ACCC-only Actioned</b>                       |

### *Committee's final recommendation*

9.14 The committee notes that the government advocates evidence-based policy and decision making in its objective of achieving increased transparency and accountability.

9.15 There is no need to further emphasise the enormity of this project – its massive price tag of \$43 billion does that well enough – nor the proportional levels of risk that this project shoulders.

9.16 Consequently, the committee concludes that there is an urgent need for this project to be the subject of ongoing scrutiny and reporting requirements throughout the life of the project.

9.17 In particular, the committee believes that the final Implementation Report, and the government's response to it, should be made available for public scrutiny as soon as they are finalised. Consequently, the committee makes this final recommendation:

### **Recommendation 12**

**9.18 That the Senate agree to extend the Select Committee on the National Broadband Network, under the following revised terms of reference:**

**a) That the resolution of the Senate of 25 June 2008, as amended, appointing the Select Committee on the National Broadband Network, be further amended:**

- to omit "25 November 2009", and substitute "30 April 2010"; and**
- to add the following paragraph to the committee's terms of reference:**

**(2A) The Committee is to examine the findings of the National Broadband Network Implementation Study, the Government's response to the Implementation Study and any subsequent implications of that report for the National Broadband Network policy.**

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Senator Mary-Jo Fisher

(Chair)

25 November 2009