
The Parliament of the Commonwealth of Australia

Review of the Rollout of the National Broadband Network

Third Report

Joint Committee on the National Broadband Network

June 2012
Canberra

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Chair's Foreword

This month's announcements by Australia's two largest media outlets, Fairfax Media and News Limited, on the rapid ascent of their digital platforms, are important examples of how important the new wholesale broadband platform will be for Australia. This week's announcement by the National Library of Australia of its embrace of a greater digital platform is the latest example.

The National Broadband Network (NBN), over the coming decade, will deeply impact each and every one of us, either through the way we receive our news and information, the way we do business and communicate with clients and customers, or the way we manage our health and education.

Building anything other than the best wholesale platform is not acceptable. The speed and capacity of a 'gold standard' platform offers significant and obvious quantitative and qualitative benefits for consumers when compared to a 'copper-standard' platform. With an end sale also written into legislation, this asset is ultimately being built to be sold - so the better the build, the better the return to taxpayers.

The Joint Committee on the NBN assesses a range of issues in this Third Report that are relevant to this pursuit of the best possible build. Included in this report is consideration of an eight month delay, workforce issues, and performance compared to the soon to be updated NBN Co Corporate Plan.

So despite several performance issues being identified, the focus remains on the quality of the broadband asset we will construct, initially own, and from which we will derive significant economic benefit. We seek high quality, and therefore high consumer benefit, from our broadband assets - assets that are becoming as fundamental to our lives as housing or transport.

This Third Report raises a range of issues that I urge the Government and NBN Co to respond to in detail and in depth.

I thank all Committee Members for their commitment to this process in what is a hotly contested area of policy.

I particularly thank the Secretariat for their on-going work – they deserve credit for producing a quality Third Report.

Robert Oakeshott MP
Chair



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Committee Membership

Chair Mr Robert Oakeshott MP

Deputy Chair Mr Rob Mitchell MP (from 14.3.2012)
Mrs Yvette D' Ath MP (until 14.3.2012)

Members	Mr Paul Fletcher MP	Senator Simon Birmingham
	Mr Luke Hartsuyker MP	Senator Carol Brown (until 21.6.2012)
	Mr Ed Husic MP	Senator Doug Cameron
	Hon Sussan Ley MP	Senator Mary Jo Fisher
	Ms Amanda Rishworth MP (from 21.11. 2011)	Senator Alex Gallacher (from 16.3.2012)
	Ms Michelle Rowland MP (until 21.11.2011)	Senator Scott Ludlam
	Mr Mike Symon MP	Senator the Hon Ian Macdonald
	Hon Malcolm Turnbull MP	Senator the Hon Ursula Stephens (until 16.3.2012)
		Senator the Hon Lin Thorp (from 21.6.2012)

Participating Members

Senator the Hon Eric Abetz	Senator the Hon David Johnston
Senator Judith Adams (until 31.3.2012)	Senator Barnaby Joyce
Senator Chris Back	Senator Helen Kroger
Senator Cory Bernardi	Senator Gavin Marshall (from 24.3.2011)
Senator Catryna Bilyk (from 24.3.2011)	Senator the Hon Brett Mason
Senator Mark Bishop (from 24.3.2011)	Senator Anne McEwan (from 24.3.2011)

Senator the Hon Ronald Boswell	Senator Claire Moore (from 24.3.2011)
Senator Sue Boyce	Senator Fiona Nash
Senator the Hon George Brandis SC	Mr Paul Neville MP (from 10.5.2011)
Senator Carol Brown (from 21.6.2012)	Senator Stephen Parry
Senator David Bushby	Senator Marise Payne
Senator Michaelia Cash	Senator Helen Polley (from 24.3.2011)
Senator the Hon Richard Colbeck	Senator Louise Pratt (from 24.3.2011)
Senator Mathias Cormann	Senator the Hon Michael Ronaldson
Senator Trish Crossin (from 24.3.2011)	Senator Scott Ryan
Mrs Yvette D'Ath MP (from 19.3.2012)	Hon Bruce Scott MP (from 26.5.2011)
Senator Alan Eggleston	Senator John Williams
Senator the Hon John Faulkner (from 24.3.2011)	Senator Nick Xenophon
Senator Concetta Fierravanti-Wells	
Senator Mitch Fifield	
Senator Mark Furner (from 24.3.2011)	
Senator the Hon Bill Heffernan	
Senator Gary Humphries	

Committee Secretariat

Committee Secretary	Mr Peter Stephens
Inquiry Secretaries	Ms Stephanie Mikac Dr Kate Sullivan
Research Officer	Ms Lauren Wilson
Administrative Assistant	Miss Kane Moir



Terms of Reference

The resolution of appointment establishing the Joint Committee on the National Broadband Network was passed by the House of Representatives on 1 March 2011 and by the Senate on 3 March 2011 and provides:

- (1) That a Joint Committee on the National Broadband Network be appointed to inquire into and report on the rollout of the National Broadband Network (NBN);
- (2) That every six months, commencing 31 August 2011, until the NBN is complete and operational, the committee provide progress reports to both Houses of Parliament and to shareholder Ministers on:
 - (a) The rollout of the NBN, including in relation to the Government's objective for NBN Co Limited (NBN Co) to:
 - (i) connect 93 per cent of Australian homes, schools and businesses with fibre-to-the premises technology providing broadband speeds of up to 100 megabits per second, with a minimum fibre coverage obligation of 90 per cent of Australian premises; and
 - (ii) service all remaining premises by a combination of next-generation fixed wireless and satellite technologies providing peak speeds of at least 12 megabits per second;
 - (b) The achievement of take-up targets (including premises passed and covered and services activated) as set out in NBN Co's Corporate Plan released on 20 December 2010 as revised from time to time;
 - (c) Network rollout performance including service levels and faults;
 - (d) The effectiveness of NBN Co in meeting its obligations as set out in its Stakeholder Charter;
 - (e) NBN Co's strategy for engaging with consumers and handling complaints;
 - (f) NBN Co's risk management processes; and
 - (g) Any other matter pertaining to the NBN rollout that the committee considers relevant.



List of Abbreviations

ACCAN	Australian Communications Consumer Action Network
ACCC	Australian Competition and Consumer Commission
ADSL	Asymmetric Digital Subscriber Line
AEW	Automatically Eligible Workgroup
AIG	Australian Industry Group
AIP	Australian Industry Participation Plan
ARA	Australian Retailers Association
BOT	Build-Operate-Transfer
CEO	Chief Executive Officer
CP	Conditions Precedent
CSG	Customer Service Guarantee
Cth	Commonwealth
DBCDE	Department of Broadband, Communications and the Digital Economy
DEP	Digital Enterprise Program
DLG	Digital Local Government
DSL	Digital Subscriber Line
FAN	Fibre Access Node
FY	Financial Year

GB	Gigabyte
GBE	Government Business Enterprise
GHz	Gigahertz
GPON	Gigabit capable Passive Optical Network
HFC	Hybrid Fibre Coaxial
IID	Implementation and Interpretation Deed
ISS	Interim Satellite Service
IT	Information Technology
ITU	International Telecommunications Union
JCNBN	Joint Committee on the National Broadband Network
KPI	Key Performance Indicator
LTSS	Long Term Satellite Service
Mbps	Megabits per second
NBN	National Broadband Network
NBN Co	NBN Co Limited
NSW	New South Wales
NT	Northern Territory
PEA	Public Education Activity
PoI	Point of Interconnect
PON	Passive Optical Network
RDANI	Regional Development Australia Northern Inland
RF	Radio Frequency
RFD	Retraining Funding Deed
RFT	Request for Tender

RoA	Resolution of Appointment
RTO	Registered Training Organisation
RSP	Retail Service Provider
SAS	Satellite Access Service
SA	South Australia
SAU	Special Access Undertaking
SME	Small and Medium-sized Enterprise
SSU	Structural Separation Undertaking
VoIP	Voice over Internet Protocol
VSAT	Very Small Aperture Terminal
WA	Western Australia
WAS	Wireless Access Service
WBA	Wholesale Broadband Agreement
WuW	Work Under Way



Recommendations

2 Performance Reporting

Recommendation 1

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

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

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

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.

3 Regulatory and Pricing Issues

Recommendation 5

The committee recommends that NBN Co include the consumer protection components of the Customer Service Guarantee in its Wholesale Broadband Agreement.

Recommendation 6

The committee recommends the Government more effectively deliver its Digital Enterprise Program to small and medium sized enterprises (SMEs) with the aim of improving SME access to online resources and enabling interested SMEs to achieve an online presence.

4 Contracting

Recommendation 7

The committee recommends the Department of Broadband, Communications and the Digital Economy review its internal processes where the public interest test is used to assess whether material is commercial-in-confidence, and provide details of this review to the committee.

Recommendation 8

The committee recommends that, as a matter of urgency, for all future contracts the NBN Co update, and regularly maintain, its tender registry to include the following basic information:

- A list of works included in the original request for tenders;
- The dates at which the tender opened, closed and was awarded;
- The name of the awarded company or companies;
- The length of time the services or goods are expected to be completed;
- The value of the contract, or where commercial sensitivities prohibit disclosure, the aggregate value of the contracts;
- The details of any extensions and variations to contracts as well as the value of an extended contract;
- The value and percentage of local content in the awarded contract; and
- Any other relevant accompanying information.

5 Services in Regional and Remote Australia

Recommendation 9

The committee recommends that the NBN Co revise its terminology and language to clarify community understanding of what the three National Broadband Network services can and cannot support, to enable the community to prepare for the network's services appropriately and become fully informed.

Recommendation 10

The committee recommends that the NBN Co include in its web-based interactive rollout map specific information on the provision of voice services for communities in fixed wireless and satellite access areas.

Recommendation 11

The committee recommends that the NBN Co finalise its policy for the provision of costing extensions to its planned National Broadband Network fibre footprint:

- And publicise the policy and its process for communities in the fixed wireless and satellite service areas; and
- At the point of announcing new areas within these footprints, ensure that the policy is attached to media releases and known to the relevant local government associations.

6 Private Equity Funding and Telstra Workforce Issues**Recommendation 12**

While noting possible revisions in this area in NBN Co's next corporate plan, the committee recommends that NBN Co progress its consideration of debt financing arrangements as a priority.

Recommendation 13

The committee recommends that the Department of Broadband, Communications and the Digital Economy publicly disseminate a reporting document on annual progress under the Telstra Retraining Funding Deed.

Recommendation 14

The committee recommends that NBN Co publicly communicate major areas of emerging training need and workforce demand with regard to the rollout of the National Broadband Network, to assist with future Australian workforce planning in this sector.

Recommendation 15

The committee recommends that the Minister for Broadband, Communications and the Digital Economy publish, on an annual basis, a detailed statement outlining the direct and indirect employment benefits of the National Broadband Network (NBN) rollout, including in terms of local/regional employment and major areas of emerging NBN workforce demand.

