
The Parliament of the Commonwealth of Australia

Review of the Rollout of the National Broadband Network

Fifth Report

Joint Committee on the National Broadband Network

June 2013
Canberra

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Chair's Foreword

This is the fifth and final review report of the joint oversight committee of the National Broadband Network (NBN) and the NBN Co for the 43rd Parliament.

For all the challenges of the largest infrastructure build in our nation's history, as well as the policy risks to manage at the September 2013 election, Australians can now be confident the NBN will be completed in some form. It will make a big difference in many lives. It will strengthen our economy. It will promote our cultural identity in a flattening global culture. Overall, it will create opportunity and deliver equity for all Australians.

The NBN remains on track to deliver a rate of return to the taxpayer of over 7% per annum. The NBN, in its current form, assists greatly in delivering industry restructuring in telecommunications, which many have identified as an historic problem in Australia. And, on the politics of the moment, part of this upgrade is Telstra Management and shareholders improving their 'pits and pipes', including removing asbestos from old infrastructure -and may they do that safely.

By building the NBN, we can unlock this even more than the current cultural boom allows. We promote Australian culture to the world. We show respect to sectors like education as our second biggest export market and invite it to grow. We play to our strengths by unlocking entrepreneurship as a nation.

The NBN delivers ubiquity. This means the wholesale platform being built does not discriminate by location. Wherever you live and in no matter what style of residence you live in (farm or flat), the speed, reliability and wholesale pricing will have equivalence. The principle of consumer equity is finally alive in Australian telecommunications.

All of this is before we explore personal and business benefit of improved speed and reliability with a technology that is open to faster and faster speeds.

It is human capacity, not the technology's capacity that holds us back on even faster transfers of data. Once built, the advancement of speed is an exciting challenge for the innovators.

I make particular reference to the excellent report commissioned by Google titled *Culture Boom: How Digital Media Are Invigorating Australia* which can be found at: <http://google-au.blogspot.com.au/2012/03/australias-cultural-boom.html#!/2012/03/australias-cultural-boom.html>.

The cultural boom happening in Australia today, contributing \$26 billion per year in export value to our economy is important and should not be dismissed as merely a platform to access episodes of the television series 'Game of Thrones'. It is an export market. As the report identifies, more Americans are digesting Australian content than Australians are today -with existing poor telecommunications. What an opportunity to promote Australia and expand our export economy by getting this build right.

I have personally done what I can to see the NBN completed to the best standard possible. It is, in my view, real nation-building. I invite the 44th Parliament and its NBN oversight committee, to commit to doing likewise.

As this is the final report, can I thank all 60 committee members, in particular, the 15 voting members. We have all got to know each other better through some difficult, but important policy discussions.

And finally, I also thank the Secretariat. I have often watched them and wondered what they are really thinking when committee members (including me) drift off track, ask the silly question, or demonstrate forgetfulness.

The Secretariat has been a group of quality professionals and the engine room of true oversight. On behalf of all committee members, I sincerely thank them.

Robert Oakeshott MP
Chair



Contents

Chair's Foreword	iii
Committee Membership	ix
Terms of Reference.....	xi
List of abbreviations	xiii
Recommendations	xv

REPORT

1 Introduction	1
Background	1
Committee's Role.....	2
Reporting Timeframe	3
Previous Reviews.....	4
About the Review	4
Objectives and Scope	4
Conduct.....	5
Information Provided to the Committee	5
Timing of Shareholder Ministers' Performance Report.....	5
Answers to Questions on Notice	6
Report Outline	7
2 Performance Reporting and Regulatory Issues.....	9
Background	9
NBN Rollout Progress Over the Reporting Period	9
Current Progress.....	11
Updated Three-Year NBN Rollout Plan.....	14

Key Performance Indicators	15
Background.....	15
Targets.....	16
NBN Co Limited Unaudited Financial Result	18
Regulatory Issues	19
NBN Co's Special Access Undertaking.....	19
Wholesale Broadband Agreement.....	21
Additional NBN Rollout Issues	22
Connecting Multi-Dwelling Units.....	22
Costing NBN Models.....	26
Concluding Comments	32
3 Regional and Remote Issues	35
Introduction	35
Fibre Network	37
Background.....	37
Rollout Progress.....	37
Fixed Wireless and Satellite Networks	41
Fixed Wireless Network.....	41
Satellite Network.....	46
Additional Issues	51
Network Extensions.....	51
Mobile Networks.....	53
Concluding Comments	59
4 Additional Issues	63
Introduction	63
Private Equity Engagement	63
Background.....	63
Current Review.....	64
Government Response to Committee Recommendations.....	65
Workforce Issues	66
Telstra Workforce Retraining Issues.....	66
NBN Workforce Planning.....	68

Concluding Comments	73
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DISSENTING REPORT

Dissenting Report by Coalition Members and Senators	77
1 SUMMARY	77
2 NBN ROLLOUT – TARGETS.....	78
2.1 Brownfields Fibre Falling Further Behind Schedule	78
2.2 Greenfields Fibre Rollout Slower in 2013.....	82
2.3 NBN Failing to Connect Multi Dwelling Units	83
2.4 Fixed Wireless Rollout Also Behind Schedule	85
3 NBN ROLLOUT – OPERATIONAL ISSUES.....	87
3.1 Engagement with Civil Contractors.....	87
3.2 Handling of Asbestos Risk.....	89
3.3 Insufficient Skilled Labour	92
3.4 Aerial Rollout of Fibre	94
3.5 Interim Satellite Service Users Face Cap.....	95
4 NBN CO ORGANIZATIONAL ISSUES	97
4.1 Unstable Governance & Questions Over Board's Confidence in CEO.....	97
4.2 Soaring Headcount & Executive Turnover	99
4.3 NBN & DBCDE Spending on Ads Without Regard to Effectiveness	101
4.4 Indirect Operating Expenses.....	102

APPENDICES

Appendix A – Submissions	105
Appendix B – Hearing and Witnesses.....	107

TABLES

Table 2.1	Key Cumulative Current Half Year Results for the National Broadband Network Rollout ended on 30 June and 31 December 2012.....	10
Table 2.2	Key NBN Rollout Metrics for the six month periods ended in June and December 2011-2013 (Construction commenced or completed, Premises/Lots Passed and Premises Activated).....	12
Table 2.3	NBN Rollout KPIs used to indicate NBN Rollout Progress in Shareholder Ministers' Performance Reports 1 to 4.....	16
Table 3.1	Fibre deployment—brownfields	38
Table 3.2	Fibre deployment—new developments.....	38



Committee Membership

Chair Mr Robert Oakeshott MP

**Deputy
Chair** Mr Ed Husic (from 14.5.2013)

Mr Rob Mitchell MP (from 14.3.2012 to
14.5.2013)

Members Mr Paul Fletcher MP

Mr Luke Hartsuyker MP

Hon Sussan Ley MP

Ms Michelle Rowland MP (until
21.11.2011 then from 14.8.2012)

Mr Mike Symon MP

Hon Malcolm Turnbull MP

Senator Simon Birmingham

Senator Doug Cameron

Senator Alex Gallacher (from 16.3.2012)

Senator Scott Ludlam

Senator the Hon Ian Macdonald

Senator Dean Smith (from 10.9.2012)

Senator the Hon Lin Thorp
(from 21.6. 2012)

Participating Members

Senator the Hon Eric Abetz

Senator Chris Back

Senator Cory Bernardi

Senator Catryna Bilyk (from 24.3.2011)

Senator Mark Bishop (from 24.3.2011)

Senator the Hon Ronald Boswell

Senator Sue Boyce

Senator the Hon George Brandis SC

Senator Carol Brown (from 21.6.2012)

Senator Barnaby Joyce

Senator Helen Kroger

Senator Sue Lines (from 16.5.2013)

Senator Gavin Marshall (from 24.3.2011)

Senator the Hon Brett Mason

Senator Anne McEwan (from 24.3.2011)

Senator Claire Moore (from 24.3.2011)

Senator Fiona Nash

Mr Paul Neville MP (from 10.5.2011)

Senator David Bushby	Senator Stephen Parry
Senator Michaelia Cash	Senator Marise Payne
Senator the Hon Richard Colbeck	Senator Helen Polley (from 24.3.2011)
Senator Mathias Cormann	Senator Louise Pratt (from 24.3.2011)
Senator Trish Crossin (from 24.3.2011)	Senator the Hon Michael Ronaldson
Senator Alan Eggleston	Senator Scott Ryan
Senator the Hon John Faulkner (from 24.3.2011)	Senator Anne Ruston (from 12.9.2012)
Senator Concetta Fierravanti-Wells	Hon Bruce Scott MP (from 26.5.2011)
Senator Mitch Fifield	Senator the Hon Nigel Scullion
Senator Mark Furner (from 24.3.2011)	Senator Arthur Sinodinos AO (from 12.9.2012)
Senator the Hon Bill Heffernan	Senator the Hon Ursula Stephens (from 16.3.2012)
Senator Gary Humphries	Senator Glenn Sterle (from 24.3.2011)
Senator the Hon David Johnston	Senator John Williams
	Senator Nick Xenophon

Committee Secretariat

A/g Committee Secretary	Mr Peter Banson
Inquiry Secretaries	Ms Stephanie Mikac
	Dr Kate Sullivan



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

ABG	Australian Broadband Guarantee
ACCAN	Australian Communications Consumer Action Network
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
ASQA	Australian Skills and Qualification Authority
CEO	Chief Executive Officer
DBCDE	Department of Broadband, Communications and the Digital Economy
DSLAM	Digital Subscriber Line Access Multiplexer
FSAM	Fibre Serving Area Modules
FTTN	Fibre-to-the-Node
FTTP	Fibre-to-the-Premise
GBE	Government Business Enterprise
GNAF	Geo Coded National Address File
HFC	Hybrid Fibre Coaxial
ISS	Interim Satellite Service
ITU	International Telecommunications Union
JCNBN	Joint Committee on the National Broadband Network
KPI	Key Performance Indicator

LTSS	Long Term Satellite Service
MCP	MDU Cabling Partner
MDU	Multi-Dwelling Unit
NBN Co	NBN Co Limited
NSW	New South Wales
NT	Northern Territory
RDA	Regional Development Australia
RFD	Telstra Retraining Funding Deed
RSP	Retail Service Provider
SDU	Single Dwelling Unit
SAU	Special Access Undertaking
VDSL	Very High Bit-Rate Digital Subscriber Line
WBA	Wholesale Broadband Agreement
WuW	Work Under Way



Recommendations

2 Performance Reporting and Regulatory Issues

Recommendation 1

The committee recommends the Government task the NBN Co Limited to update its Corporate Plan 2012-2015 to prepare strategies to minimise risk in any policy changes that may reasonably be expected to occur in the 2012-2015 period.

3 Regional and Remote Issues

Recommendation 2

The committee recommends the NBN Co Limited revised Corporate Plan and the six-monthly Shareholder Ministers' Performance Reports to the committee include further information on the National Broadband Network fibre rollout in regional Australia.

Recommendation 3

The committee recommends NBN Co Limited and the Department of Broadband, Communications and the Digital Economy closely monitor the current rate of Interim Satellite Service (ISS) activations and, prior to the customer cap on the ISS being reached:

- consult with relevant stakeholders and the Australian community on options for establishing cost efficient arrangements to ensure that education, health and local government facilities in rural and remote communities and other individuals determined to be most in need of access to the ISS are still able to access the service; and
- consider increasing the customer cap on the ISS, if additional satellite capacity becomes available at a competitive cost.

4 Additional Issues

Recommendation 4

The committee recommends that the Government continue considering investor interest in the National Broadband Network and the optimum capital structure for the NBN Co Limited.

Recommendation 5

The committee recommends that the NBN Co Limited continue to:

- work with contractors to ensure sufficient mobilisation of skilled labour to meet National Broadband Network (NBN) rollout targets;
- update NBN workforce modelling data to assist with communicating and planning for changing NBN training needs and workforce demand; and
- encourage the participation of local recruitment firms and the local construction industry in the NBN rollout.

