

NBN: GREENHILL CALIBURN REPORT AND WIRELESS

Top lines

- The Government commissioned corporate advisory firm Caliburn Greenhill to conduct an independent assessment of the NBN Co Corporate Plan.
- The Greenhill Caliburn report indicates that the Corporate Plan:
 - contains 'the level of detail and analytical framework that would be expected from a large listed public entity evaluating an investment opportunity of scale'; and
 - 'provides the Government with a reasonable basis upon which to make commercial decisions with respect to NBN Co'.
- The report notes that, like any significant infrastructure project, the NBN has risks, particularly in relation to revenue drivers such as consumer uptake. Uptake will be influenced by the merits of competing technologies, including wireless.
- Wireless technologies are complementary to the NBN, but cannot substitute for a fibre-to-the-premises network. For example, wireless is not suitable for applications such as e-Health.
 - Fibre is the preferred technology for 'future-proofing' a network, offering speeds and traffic capacities far in excess of wireless technologies.
- The Greenhill Caliburn report also notes NBN Co's approach to managing these risks, and notes that the Corporate Plan 'highlights the company's focus on safety... revenues and execution'.
 - The report notes that 'NBN Co has received guidance from independent experts on expected levels of wireless-only households and reflected the same in the Corporate Plan'.
 - NBN Co also has flexibility in amending its Corporate Plan to respond to risks as they emerge.
- I am confident that NBN Co is well placed to manage the risks identified in the Greenhill Caliburn report and its own Corporate Plan, including those associated with uptake of wireless broadband.

Key facts and figures

- On 14 February 2011, the Government released the executive summary of the Greenhill Caliburn report.
- The relevant text from the executive summary, in relation to wireless, is:

- Key risks to NBN Co's up take assumptions relate to competition from alternative technologies, and the potential for adverse consumer reactions in one or more markets to service offerings from RSPs to be delivered over the NBN or RSP pricing options. Trends towards "mobile centric" broadband networks could also have significant long-term implications for NBN Co's fibre offerings, to the extent that some consumers may be willing to sacrifice higher speed fibre transmissions for the convenience of mobile platforms. Although NBN Co has received guidance from independent experts on expected levels of wireless-only households and reflected the same in the Corporate Plan, the prevalence of such homes should be carefully monitored in connection with ongoing performance management efforts.
- This text was quoted widely in the media following the release of the report.
- The NBN is to provide a fibre connection – capable of peak speeds of up to 1 Gigabit per second – to 93 per cent of Australian premises. The remaining 7 per cent will be served with a combination of fixed wireless and satellite technologies, capable of peak download speed of 12 Megabits per second.
- The NBN Co Corporate Plan assumes there will be no wireless-only businesses, and about 16.3 per cent of all residential occupied premises will be wireless-only by 2025, compared to 13 per cent at present.
- The Greenhill Caliburn report notes that, in forming these assumptions, NBN Co relied on advice from independent experts.

Government policies and election commitments

- The Government has committed to the construction of the NBN, providing a fibre connection to 93 per cent of Australian premises.
- Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy, is quoted in the *Sydney Morning Herald* of 14 February 2011 saying 'the government will work closely with NBN Co to put in place agreed performance indicators to track its performance and adjust strategies or operations as needed.'

Opposition policy

- Opposition spokesman for communications, the Hon Malcolm Turnbull MP, is quoted in the *Sydney Morning Herald* of 14 February 2011 saying 'this report, like the other multimillion-dollar consultants' reports the Government has commissioned, fails to address the single most important issue: what is the most cost-effective way to ensure that all Australians have access to high speed and affordable broadband?'

Who is affected?

- Not applicable.