

2010

The Parliament of the
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

Presented and read a first time

National Broadband Network Financial Transparency Bill 2010

No. , 2010

(Mr Turnbull)

**A Bill for an Act to require the preparation and
publication of a business case and a cost benefit
analysis of the proposed National Broadband
Network, and for related purposes**

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1 **A Bill for an Act to require the preparation and**
2 **publication of a business case and a cost benefit**
3 **analysis of the proposed National Broadband**
4 **Network, and for related purposes**

5 The Parliament of Australia enacts:
6
7

8 **1 Short title**

9 This Act may be cited as the *National Broadband Network*
10 *Financial Transparency Act 2010*.

1 **2 Commencement**

2 This Act commences on the day after it receives the Royal Assent.

3 **3 Definitions**

4 In this Act:

5 **NBN** means the National Broadband Network to be implemented
6 by NBN Co.

7 **NBN Co** means the company known by that name.

8 **4 NBN Co to prepare and publish a business case**

9 (1) NBN Co must prepare a business case for the NBN and publish it
10 by 19 November 2010.

11 (2) The business case must include detailed 10 year forecasts or
12 projections of the NBN's key financial and operational indicators,
13 including the following:

14 (a) annual costs, revenues, cash flows, capital expenditures,
15 EBITDA, depreciation, taxes, and net profit/loss;

16 (b) year-end balance sheets;

17 (c) all financing events and dividends or returns of capital;

18 (d) the numbers of:

19 (i) premises passed by the NBN; and

20 (ii) residential and business subscribers for services
21 delivered over the NBN;

22 (e) average retail and wholesale revenues per user;

23 (f) internal rates of return on invested capital.

24 **5 Productivity Commission to prepare and publish a cost-benefit
25 analysis**

26 (1) The Productivity Commission must prepare a cost-benefit analysis
27 of the NBN proposal and publish it by 31 May 2011.

28 (2) The cost-benefit analysis must include the following matters:

- 1 (a) an analysis of the availability of broadband services across
2 Australia, identifying those suburbs and regions where
3 current service is of a lesser standard or higher price than the
4 best services available in the capital cities;
- 5 (b) a consideration of the different options by which broadband
6 services of particular speeds could be made available to all
7 Australians (particularly those in regional and remote areas
8 and those in underserved metropolitan areas) with an
9 estimate of the likely timeframe and cost of each option;
- 10 (c) a consideration of the economy-wide benefits likely to flow
11 from enhanced broadband services around Australia, the
12 applications likely to be used on such services, and in
13 particular a consideration of the different scale of such
14 benefits depending on the broadband speed available;
- 15 (d) a full and transparent costing of the proposed NBN project,
16 including any financial and economic projections, models,
17 assumption and sensitivity calculations underpinning the
18 estimates;
- 19 (e) an examination of reasonable commercial rates of return and
20 cash flows for NBN Co, taking into account NBN Co's costs
21 of equity and debt and the risk profile of both NBN Co and
22 the market in which it operates;
- 23 (f) a consideration of what the likely realisable value of NBN Co
24 would be if it were to be privatised after five years, as
25 currently contemplated in the legislation;
- 26 (g) an examination of the design, construction and operating
27 arrangements of the proposed NBN project, so that direct and
28 indirect outcomes from its construction and operation can be
29 identified and evaluated;
- 30 (h) an analysis of the effects of the proposed NBN on
31 competition in the Australian fixed-line broadband market,
32 including its effects on the scope for competition among
33 different technologies for fixed-line broadband provision.
- 34 (3) The *Productivity Commission Act 1998* applies in relation to the
35 requirement in subsection (1) as if:
- 36 (a) the requirement were a matter referred to the Productivity
37 Commission for an inquiry by the Minister administering that
38 Act; and

Section 5

- 1 (b) the Minister had required the Commission to hold hearings
2 for the purposes of the inquiry under paragraph 11(1)(a) of
3 that Act; and
4 (c) subsections 11(2), (3) and (4) and section 12 of that Act were
5 omitted.