

Australia National Broadband Network: the McKinsey/KPMG report

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McKinseys and KPMG last week produced an A\$20M Implementation report on the National Broadband Network (NBN). This article summarises some key recommendations. There are valuable insights for all countries looking at FTTP, satellite and wireless broadband initiatives.

The McKinsey/KPMG report assumes that the Government's objectives are to be met and looks at implementation over FTTP, wireless and satellite. On the latter two, there are many useful insights but we will focus on some of the economic and regulatory marketplace impacts in relation to FTTP.

Recommendations include:

- Focus on the reality that this is the major network for at least 40 years, and it replaces the 50 year old copper network. Look to the future.
- Initially NBN supplies only Layer 2 services. The key reason is that only Telstra and perhaps Optus have the scale to take up Layer 1 services in all regions. However, after a number of years, the report proposes NBN moves to Layer 1 services (possibly with Layer 2 in a separate company) as that will better promote competition.
- Push on regardless with the roll-out, whether or not Telstra comes to the party.
- Don't build backhaul where that is not necessary (e.g. where there is sufficient competition between cities).
- Price wholesale at a rate that makes it attractive for providers and their customers to migrate to the NBN. Allow flexibility as to migration offers. Encouraging uptake in this way is key.
- The same price for all fibre connections (at least at entry level) not de-averaged. Allow for variable services such as different QoS, data caps etc, to allow for differentiation.
- Create a legislative or regulatory platform to enable rapid deployment from a resource management consent perspective.
- Overbuild HFC networks if necessary.
- Watch closely, and regulate or revisit if necessary, if bottlenecks and other problems arise. While NBN is open access, it is not a total solution. The report sets out 5 scenarios where, in particular, marketplace problems may emerge.
- Restrict access to NBN to wholesalers. The definition of wholesalers is challenging and that needs to be addressed.

This is just a sampling of what is an extensive report.

We welcome your feedback on this article and any enquiries in relation to its contents. This article is intended to provide a summary of the material covered and does not constitute legal advice. We can provide specialist legal advice on the full range of matters contained in this article.

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