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Submission PER 00040-19: National Broadband Plan

TO: Minister
STATUS: Completed
PURPOSE: Briefing

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DIVISION: Expenditure Management, EU Policy and Audit
DECISION BY:

Final comment

Printed and given to Minister for meeting with Taoiseach

Action required

Briefing for Minster on NBP

Executive summary

The cost to the State of the National Broadband Plan (NBP) may be [redacted] €2.976 bn incl. full drawdown of contingencies and VAT) profiled on the basis of c. [redacted] over 2019-2023 (c. €1.45bn incl. contingencies). The NDP includes a provision of €800m - €405m profiled over 2019-2023. If the Government decides to proceed with the procurement, **an additional c. €700m - €1bn would be required over 2019-2023 -** funded by revenue raising and/or ceasing/re-profiling other capital.

While broadband may provide economic/social benefits, DPER has significant concerns about proceeding with NBP on the current basis in terms of:

1. **Affordability** - given the scale of escalation of costs
2. **Impact on the NDP** – displacement of up to €1bn from existing capital envelopes
3. **Value for Money** - increase in cost for an asset not to be owned by the State & lack of competition in the bid process
4. **Significant Risks for the State** – see Risks Section below
5. **Length of the proposed contract** (25 years)
6. **CBA** - optimistic assumptions/valuation of benefits at odds with provisions of Public Spending Code e.g. inclusion of considerable private benefits; inadequate consideration of displacement; issues with data underpinning assumptions.

DPER does not recommend the level of anticipated State subsidy. Alternative delivery options should be considered (particularly given other expenditure pressures (e.g. Brexit)), whereby the State has more control over spending levels.

Detailed information

The National Broadband Plan is to provide predominantly fibre to the premises for c540k premises in the Intervention Area (IA). The Government is the Sanctioning Authority and the Department of Communications, Climate Action and Environment (DCCAE) is the Sponsoring Agency.

An Invitation to Participate in Dialogue (ITPD) issued to three bidders (eNet, Eir and Siro) in July 2016 and dialogue commenced. In September 2017, Siro withdrew from the tender process. Following the subsequent withdrawal of eir from the tender process in January 2018, only one bidder remained (with changes in the composition of the Consortium that had entered into the ITPD).

The final tender for the National Broadband Plan was received by DCCAE, who are managing the procurement process, on 18th September. DCCAE is currently evaluating this tender. While DPER has not seen the final tender, it is our understanding that **the State subsidy cost is likely to be in the region of** [redacted] **(€2.976bn incl. contingencies and VAT)** [*Commercially Sensitive Information*].

The role of DPER is to ensure the Public Spending Code (PSC) is complied with, and having regard to the Public Spending Code, advise the M/PER accordingly. **While DPER appreciates the benefits associated with the provision of high speed broadband,**

the Department has serious concerns with the expenditure implications arising out of the current proposed delivery mechanism – see hereunder. As it stands the appraisal for the investment is not viewed as being compliant with the PSC (a response from [redacted] in respect of DPER letter (20th December 2018) is imminent.

Estimated Cost and impact on wider NDP

A Benchmark/Project Budget (September 2017) of €800 million was prepared by D/CCAE under the requirements of the Public Spending Code. This €800 million has been factored into the NDP (2018-2028) with €405 million profiled out to 2023 – although no costings in respect of the NBP are specified in the published NDP for reasons of commercial sensitivity.

It subsequently transpired that neither contingency provisions nor VAT at 13.5% were reflected in this Project Budget (which, if added, would increase the €800m [redacted] It is to be noted that while the Public Spending Code states that VAT can be excluded for the purposes of appraising the investment, contingencies should be included when calculating project budgets.

When DCCAE subsequently entered the Dialogue phase of the procurement process, interactions with potential bidders indicated that a significantly higher State subsidy was being anticipated. The Public Spending Code does not provide for revising a Benchmark/Project Budget. (There is a separate provision in the Public Spending Code to appraise the project if tenders are over the approved limit in order to determine whether the project should be abandoned or proceeded with. If this appraisal suggests proceeding at higher cost the approval of the Sanctioning Authority (i.e. the Government in respect of the NBP) to a raised financial limit must be sought before contracts are placed.

While DPER is not party to the procurement process/evaluation, the Department understands that the final tender includes a State subsidy of €2.976 bn including VAT and full drawdown of contingencies over the period of the 25 year contract – with [redacted] (incl. VAT) profiled in the period 2019 - 2023 alone (which could rise to c. €1.4bn (c 50% of expenditure) if full contingency provisions are included).

The above indicative costings are considerably higher than the €405m provided in the National Development Plan over the same period:

	2019	2020	2021	2022	2023		Total
	€m	€m	€m	€m	€m	€m	€m
NDP Provision	75	75	75	90	90	395 (2024-2027)	800 (to 2027)
Subsidy Projection (December 2018 – incl. 13.5% VAT)	86	200	213	305	307	[redacted] (2024- 2044)	[redacted]
Gap	11	125	138	215	217		[redacted]

Total 2019-23 NDP Provision	€0.405 Billion
Total 2019-23 Subsidy Projection	€1.111 Billion
Total 2019-23 Gap *	**€0.706 Billion****

*excluding contingencies

** Could be reduced by €75 m if ERDF funding drawn down 2020/2021

NOTE: RE-PROFILING 2019-2023 While this cost could be reduced if the profile was to be adjusted, this would give rise to an overall higher cost.

If the Government decides to proceed with the current procurement process, accept the final bid as negotiated with DCCAE and the associated proposed State subsidy profile to 2023, **then an additional €700m - and potentially up to €1 Billion if full contingency costs are included - would have to be found over the period 2019-2023, over and above what is provided for this project in the NDP.**

NOTE: EIB FUNDING (€500 million)

In April 2018 the European Investment Bank (EIB) announced the availability of €500 million, to be leveraged by both the public and private sectors, in the rollout of high-speed broadband infrastructure under the National Broadband Plan.

At DCCAE's request a meeting took place on 10th January 2019 with D/Finance (with DPER in attendance) to discuss, inter alia, the potential EIB loan facility being utilised - by either the Bidder or the State - in order to effect a reduction in the level of State subsidy required in years 1-5 of implementation (while appreciating that the overall cost of the project would increase) and the impact this would have on the General Government Balance.

D/Finance advised that as the project is classified as "on balance sheet", there is no difference in classification terms of the loan if it is drawn down by the State or by the Bidder. In either scenario, the loan amount would be added to the General Government Debt figure. Current policy is to reduce this figure. D/Finance was to revert to DCCAE to confirm this position.

If the Bidder availed of the funding available from the EIB the overall cost of the NBP would increase as the cost of servicing the loan would be factored in. Equally if the State availed of the facility it would be pre-committing Exchequer funds for repayments.

Some 85% of the total cost of the NBP would be incurred over the first 10 years of the project. (Because the forecast benefits accrue over a longer time horizon, this exacerbates the take-up and technology risk attributable to the project. Should take-up be low or the technology overtaken, the costs will be irretrievably sunk.)

At a total potential cost of up to €2.976 Billion to the State, the average level of subsidy in the Intervention Area is almost €5,500 for each premise (based on 540,000 premises).

Impact on NDP and Opportunity Cost of Investment

From the perspectives of sustainable management of the public finances and avoiding further stimulation of construction sector inflation, **it is not considered that public capital investment be expanded by more than the rate already envisaged in the National Development Plan. We have already seen the rapid re-emergence of tender price inflation and the existing capital envelope involves an increase of 24% in 2019. This is at the outer limits of sustainable expenditure growth**.

In terms of the availability of EIB funding (see above) it is to be noted that the current position is that funding of the NDP is through general taxation and not by lending, and the total capital figure in the NDP cannot be breached. The latter means that additional expenditure on one project must be funded through savings in other areas.

Given that the benefits of broadband are widely dispersed among a number of sectors within the economy, the potential overall cost of the project (c. €2.976 billion) would indicate that a contribution to the costs would be required from the capital budgets of other Departments under the NDP.

In the absence of additional further revenue raising measures, increased expenditure of up to €1 Billion on the NBP would displace other capital expenditure priorities in the NDP - disrupting the balanced cross-sectoral design of the NDP and giving rise to major opportunity costs in terms of schools, hospitals, regional investments.

Clearly, the precise projects that might be impacted could only be identified by engaging with Departments. However, as the Capital Sanction allows Departments to make multi-annual contractual commitments, there could be very little discretion in where the impact falls.

Assuming a scenario whereby the impact of any reallocation would chiefly be felt in the five Departments which account for about 80% of capital spend, the potential impact on the NDP in the 2019-2023 period is illustrated in the scenarios below:

- The Department of Housing accounts for about 30% of total capital spend. A pro-rata cut would mean a reduction of €300m for D/Housing – equating to cancelling the delivery of about 1,500 local authority direct-build social housing units.
- The Department of Transport accounts for about 20% of the total. A pro-rata reduction of €200m equates to the entire

allocation for regional road restoration improvements in 2018.

- The Department of Education and Skills accounts for 13% of the total. A pro-rata reduction of €130m equates to cancelling the delivery of 26 primary schools serving 12,500 pupils including ASD units.
- The Department of Health accounts for 9% of spend. A pro-rata reduction of €90m equates to cancelling about eight primary care centres.
- DBEI accounts for 8.5% of the total. A pro-rata reduction of €85m equates to cancelling the annual capital allocation for Enterprise Ireland and Local Enterprise Development.

To illustrate this further, the impact of a €1 billion re-allocation could involve a scenario such as:

- Reduce local authority direct build social housing delivery by 1,500 units **(€300m)** **AND**
- Cancel the delivery of the Tralee Wastewater Network **(€23m)** and the Kilkenny Regional Water Supply Scheme **(€21m)** **AND**
- Cancel the Sligo Western Distributor Road **(€18m)**, Killaloe Bypass **(€34m)**, Dunkettle Interchange **(€100m)** and Moycullen Bypass **(€52m)** **AND**
- Cancel planned Exchequer investments in Dundalk, Tallaght and Limerick IoTs **(€40m)** **AND**
- Cancel delivery of 18 primary schools serving 8,600 pupils **(€90m)** **AND**
- Cancel delivery of new ambulance bases and deployment points **(€39m)** **AND**
- Cancel delivery of 4 to 5 primary care centres **(€50m)** **AND**
- Suspend capital supports for domestic and local enterprises for one year **(€85m)** **AND**
- Find a further **€148m** from remaining programmes, including flood relief works, prisons, etc.

It is to be noted that the capital expenditure outlined above is to be delivered by Government as there is little or no interest from the private sector in providing these services (other than perhaps under PPP-type arrangements). In contrast, there is significant commercial investment in the provision of high speed broadband and this is constantly expanding.

Number of Premises in Ireland/Recent Developments in Broadband:

There are 2.3m premises in the country. In 2012 fewer than 700,000 (30%) of all premises had access to high speed broadband through commercial operators; in 2016 1.2m (52%) had access to high speed broadband. Today 1.7m (74%) of premises can access this service. In terms of population, the Intervention Area, where broadband is not currently available, contains 990,000 citizens (21% of national population).

Further commercial activity is to be anticipated – although it is recognised that such activity, while welcome, may result in any ultimate State intervention being costly relative to the number of dispersed premises that would remain to be served (assuming 100% coverage continues to be sought). That said, it is clear that the market is changing rapidly as new technologies emerge.

The question must be posed however as to whether, assuming the estimated profile in the period 2019-2023 indicated above is reflective of the single bid submitted under the current procurement process, there are alternative more cost efficient methods to utilise very limited public resources to aid the achievement of very significant high speed broadband coverage –although possibly not to 100% of premises.

Value for Money/Public Spending Code

Under the Public Spending Code, the Benchmark figure is the basis for determining Value for Money – i.e. €800 million (or €1.09 Billion if VAT & contingencies are factored in).

In this context, it is difficult to see how the subsequent indicative subsidy projections of up to €2.976 Billion would represent Value for Money – **most particularly where there is only one final bidder and therefore no competitive tension**

A key question from DPER's perspective is whether DCCAE is of the view that it, or advisers contracted by it, fundamentally miscalculated the Benchmark figure (September 2017), or whether the indicative costs that subsequently began to emerge from the Dialogue process reflected inflated expectations of the sector.

There is no provision in the Public Spending Code to revise the Benchmark figure and it is DPER's position that the 2017 Benchmark should not be conflated with DCCAE's revised projections - to do so undermines this important element of project appraisal and management. Furthermore, the revised projections would appear to be derived from reviews of the bidder's technical solutions and the outcome of the dialogue process with the bidders as opposed to being independently calculated. It is to be noted that the Public Spending Code requires approval of the Sanctioning Authority (i.e. the Government) to a raised financial limit to be sought before contracts are placed.

DCCAE has engaged [redacted] to test the solution offered by the bidder to support the assessment of the final tender received. On Friday 7th December [redacted] made a short presentation to DPER indicating their assessment that *"The findings of the technical, commercial and contractual evaluation of the Bidder's final tender passed the completeness, compliance and robustness checks sets out in the Evaluation Methodology and that it is of sufficient technical and commercial quality"*. It is to be noted, however, that this statement is not the same as saying that the proposal is VFM. **Also, [redacted] analysis is based on a comparison of the final bid with DCCAE Budget model of May 2018 of €1.814 bn (incl. contingencies) and not the original 2017 project budget (€800 million). The May 2018 figure – i.e. a higher figure than the Project Budget - was not approved by Government.**

In the current circumstances, where there is only one remaining bidder, the estimated cost of delivery now stands at almost three times the original project budget and the equity rate of return of the remaining bidder on its limited equity investment is [redacted] compared to a Government ten year rate of 3.1%, DPER has significant concerns about the VFM assessment that underlies this analysis.**

* This return on equity rate includes an element of project risk

** As recommended by the NDFA as "average" cost of finance for a project of this type.

Cost Benefit Analysis

A Cost Benefit Analysis (CBA) was carried out on the project in 2015 based on 2011 Census data. This showed a **Benefit: Cost ratio of 2.46:1** based on an Intervention Area of 757,000 premises over 20 years.

Following a revision of technical assumptions in **March 2018**, a revised provisional CBA based on 2011 census data and an Intervention area of c.542, 000 premises resulted in a **Benefit: Cost ratio of 1.10:1 (1.02:1 including contingencies).** Note: This analysis contained certain caveats around updates to any factors other than costs, roll-out timeframe, and counterfactual scenario.

On foot of a request from DPER, and in line with the Public Spending Code, a revised CBA was carried out in **August 2018** which shows a **revised Benefit: Cost ratio of 1.68:1.** This revised CBA takes account of the *2016 Census* data and revises upwards assumptions in relation to benefits. **The scale of the increased projected benefits is surprising.**

DPER IGEES carried out a Technical Review of the August 2018 CBA which raised queries and additional information was sought from DCCAE (5th September). DCCAE responded to the queries raised and the latest version of the CBA (October 2018) now shows a **Benefit: Cost ratio of 1.42:1**, which takes account of some, but not all of the IGEES queries.

DPER understands that when the cost of the projected State subsidy included in the final tender is used in the CBA, the **Benefit Cost: Ratio falls to 1.24:1. This marginal result, coupled with concerns expressed by DPER to DCCAE regarding the robustness of the CBA, call into question the credibility of whether the NBP generates a positive Benefit: Cost ratio.**

DATE:	POPULATION	INTERVENTION AREA PREMISES/TIMEFRAME	BENEFIT TO COST RATIO (BCR)
2015	2011 Census	757,000/20 years	2.46:1
2018 (March; caveated))	2011 Census	542,000/25 years	1.10:1 (1.02:1 factoring in contingencies)
2018 (August)	2016 Census	542,000/25 years	1.68:1
			1.42:1

2018 (October)	2016 Census	542,000/25 years	(1.24: 1- if cost of subsidy presumed in final tender applied)

Following a request from DPER, a presentation was made by DCCAE and its consultants on 7th December to the Secretary-General and other DPER officials to further clarify the work carried out and the assumptions used on the revised CBA.

One of the key issues raised by DPER/IGESS was that, holding all other assumptions constant, if productivity gains from employees working from home rise by anything lower than 22% (rather than 35% in the analysis) the NPV becomes negative. Put another way – even if all project parameters are as forecast in the CB analysis and if those workers working from home increase productivity by a full 20% - the project is still negative in NPV terms and the BCR will be below 1. Further, this scenario does not take into account the many other issues raised with regard to the CBA which would have a further negative impact on the KPIs.

Following examination of the information received at the meeting on 7th December, DPER formulated its response on a number of issues which in our view undermine the technical robustness of the analysis – a letter issued to DCCAE on 20th December 2018.

The key issues identified were as follows:

- The CBA does not adequately take account of displacement. while the investment would likely bring significant benefits to firms in the area, a proportion of this will be at the expense of other similar firms in the Irish economy but outside of the Intervention Area. This means that the net impact on the Irish economy will be overstated if displacement is not adequately accounted for.
- In order for the analysis to be compliant with the Public Spending Code, a more realistic assessment of Gross Value Added (GVA) per employee must be used. This must correctly account for employment growth, strip out the effect of changes in national accounts practices and account for regional variations in GVA per worker.
- The analysis must apply the same data and assumptions in estimating both the costs and the benefits. The demographic data used in the benefits estimation should be the same as that used in the estimation of the costs.
- Need to review the use of demographic data within the CBA,. In particular it is not clear that the data utilized is consistent with the CSO Census and this will lead to an overestimation of the number of people benefitting from the intervention.
- To ensure compliance with the Public Spending Code, the CBA cannot include the costs and benefits related to eHealth within the central analysis

It is understood from DCCAE (16th January) that a response should issue shortly and that [redacted] (i) has made some adjustments to take into account some of the points raised by DPER so it is a lower (but still positive) Benefit to Cost Ratio (ii) have clarified other points raised but don't consider that changes are required.

It was DPER's view that if its concerns regarding the robustness of the CBA were taken on board by DCCAE and [redacted] it was likely to result in a negative Net Present Value.

Risks for the State

The Gap Funding model was chosen in 2016 (i.e. significantly pre-dating DCCAE's project Budget of €800 million (September 2017) to leverage the experience of the private sector at a time when the impact on the General Government Balance was estimated to be considerably lower (c. €500m). In addition, with a lower anticipated State subsidy, it was considered that the private sector should take the very real technology risk (i.e. that the State should not own what could be a stranded asset in 25 years' time). This model may no longer be appropriate given, for example, the quantum of estimated costs coupled with a single consortium bidder.

The proposed 25 year contract for expenditure of up to €2.967 Billion poses significant risks for the State:

- Cost and affordability for the State of significantly increased expenditure in 2019-2023 and over the entire contract (potentially requiring re-profiling of capital spend across Departments and/or little scope for new projects).
- The impact on the General Government Balance of the estimated increase in expenditure (c.€700m - €1 Billion) in the period 2019-2023.
- Diversion of significant levels of public funds to provide a service that is likely to be – at least substantially if not to 100% of premises - delivered commercially over time.
- Diversion of significant levels of public funds to provide a service that may not be taken up by the householders where it is

made available, despite the investment cost by the State. The take up of private commercially available broadband in rural areas is low to date (eir indicated some months back that it was [redacted] for the 300k premises they are contracted to provide for - however it is acknowledged that uptake on any such projects is expected to grow incrementally).

- A Single bidder remaining in the procurement process leading to a lack of competitive tension, difficulty in establishing whether the project represents Value for Money and potentially considerable project delivery risk given the changes in makeup and experience of the consortium since it became an approved bidder in the process.
- Technology in this area is changing rapidly and committing to a 25 year contract increases the risk that the State could be tying itself into a contract to deliver a solution which could be rendered obsolete by emerging technologies.
- With circa 85% of the total cost of the NBP being incurred over the first 10 years of the project, and with the forecast benefits accruing over a longer time horizon, should take-up be low and/or the technology overtaken, these costs will be irretrievably sunk.
- The State has less control over timing of payments.
- No other country in the EU has implemented a full Fibre to the Premises network and the geographical spread of Ireland's population makes it difficult to implement such a network.
- If potential alternative delivery options are not fully considered (see hereunder), there is a risk of missing opportunities to take advantage of increased control of spend, emerging technologies and a more sustainable, incremental delivery of broadband services.
- [redacted]

[redacted]

Alternative Options (Plan B)

Following a Government Decision in July 2018, a High Level Working Group (D/Taoiseach / DCCAE / DPER) was established to consider alternative options which would deliver on the Government objective of high speed broadband being available to all premises across the country in the event that the on-going procurement process did not result in a compliant bid being received or that the bid received was not acceptable to Government.

While the report of the Working Group has yet to be finalised, the direction of travel is towards a parallel dual approach of:-

(i) Initial short-term market interventions - e.g. providing fibre connectivity to "community hubs" (already identified within each Local Authority area) , schools etc., to spur further commercial investment. This would require a new procurement process. The procurement process could be run on a phased/regional basis, with priority sites identified and targeted in the initial phase.

(ii) Establishing a State entity (whether new or within an existing body) charged with responsibility for managing any alternative State intervention/s - which would ultimately take over the management of the short term intervention/s and establish more long term solution/s to address all premises.

This could represent a credible alternative strategy to deliver upon the core political priority of more accessible broadband nationwide with **an incremental, sustainable roll-out of improved access using the existing State network and service providers. It also allows the State to supplement, rather than substitute, private investment and exercise more control over the timing and amounts of funding provided. The funding already provided under the NDP would be available.**

Costings/VFM: As no costings of alternative options have been modelled, it is not possible to state that demonstrable VFM would be achieved - or indeed whether the eventual costs of any such option would be greater or less than the emerging cost of the current bid process.

DPER considers, however, that any proposal to Government regarding the current procurement process should also outline the potential alternative approaches before any decision is made requiring the investment of up to €2.976bn (50% of which could possibly be over the next 5 years) over a 25 year contract and where the resulting asset will be in private ownership.

Conclusions

Having regard to the foregoing, and on the basis that the costs cited above are reflected in the final bid as and when notified by DCCAE, **DPER could not recommend that the project proceed** in its current format for the following reasons:

- **Cost:** Significant increase in the estimated State subsidy from €800m (Sept. 2017) to [redacted] inc VAT (September 2018/current). Potentially €2.976 bn with contingencies (December 2018).
- **NDP/Capital Plan – 2019-2023:** Additional c€700m - €1bn of State funding required in 2019-2023 would necessitate the displacement of other planned capital expenditure
- **Affordability:** Opportunity costs of capital reallocation (2019-2023).
- **Value for Money**: Robustness/Validity of the Cost Benefit Analysis in terms of underlying assumptions, methodology and data. Pending response from DCCAE to DPER letter of 20th December, the CBA is not currently compliant with the Public Spending Code.
- **Lack of Competition:** in the current procurement process with only one bidder.
- **Reputational damage:** [redacted]
- **Risks for the State:** including emerging technologies, capacity of the final bidder to deliver and heavy reliance on eir's existing network. [redacted]
- **Alternative Delivery options need to be examined given the above**

As noted already, there is no provision in the Public Spending Code to revise DCCAE's Project Benchmark figure (€800m) and it is DPER's position that the 2017 Benchmark should not be conflated with DCCAE's revised projections (May 2018) - to do so undermines this important element of project appraisal and management (particularly so when only a single bidder remains).

Furthermore, the revised projections would appear to be derived from reviews of the bidder's technical solutions and the outcome of the dialogue process with the bidders as opposed to being independently calculated. The Public Spending Code requires approval of the Sanctioning Authority (i.e. the Government in respect of the NBA) to a raised financial limit to be sought before contracts are placed.

If the Government decides to proceed with the procurement, it is estimated that **at least an additional €700m would have to be found to fund the project over the next five years** (c. €1bn if additional costs/contingency is taken into account). While, as noted above, the availability of EIB funding (€500 m) could be considered this would increase the overall cost of the project and the loan, whether taken by the Bidder or the State, would be added to Government Debt. It is also the current position that the NDP is funded via general taxation not lending.

In the absence of additional further revenue raising measures, this level of expenditure would displace other capital expenditure priorities and would negatively impact on funding available, for example, for housing, health and education. Given that the benefits of broadband are widely dispersed among a number of sectors within the economy and the potential overall cost of the project (c. €3 Billion inc VAT and if all contingences are drawn down), it would seem that a contribution to the costs would be required from the capital budgets of other Departments.

However, even if additional revenue for capital expenditure could be raised, the issue remains as to whether delivery of the NBP under the currently envisaged contract arrangement represents Value for Money. **While it is not possible to say whether a contingency option would be cheaper or not, it would have the advantage of giving the State more control over spending on the project – this would provide more flexibility in how the roll out is managed (e.g. in phases/to priority areas in the first instance) in line with what is affordable. This will be all the more critical in the context of the Brexit and the challenges it will present for public expenditure.** Furthermore, the State wouldn't be committed to a 25 year contract in a rapidly changing environment where it has reduced control of expenditure and no ownership over the assets for which a very significant State subsidy had been provided.

While it is likely that alternative options / combination of options would require a consultation on a new intervention strategy, a new procurement process/s, potentially a new State Aid application and new legislation, there are some short term measures that can be taken to leverage existing State resources to supplement and encourage private investment in broadband rather than replace it with scarce public resources.

Related submissions

There are no related submissions.

Comments

Mary Austin - 16/01/2019 19:55
Robert,
Updated NBP brief as promised at MB meeting. I note that Minister has scheduled a meeting with officials tomorrow (Thursday) @2.00 p.m. ahead of his meeting with Taoiseach and MCCAE later that afternoon. Regards Mary

Mary Austin - 17/01/2019 10:55
Robert, Reverted. Mary

Robert Watt - 17/01/2019 13:45
Minister,
We have had several conversations about this matter and our clear view is that we would not recommend supporting this proposal. We strongly recommend that Plan B be endorsed involving significant incremental investment by the State in broadband over the next 10 year.
Our reasons for this are as follows:
- The cost is almost €3billion which is 3 times the original estimate
- After this period the State will not own or control the infrastructure funded by the Taxpayer
- The CBA is flawed and this project does not represent value for money on any rigorous or objective basis
- The funds required will require deferring or postponing many other projects in areas such as housing, health and education. This will require a radical reworking of Project 2040
- We are being asked to commit to a long-term contract and technology in an area which is fast moving – options under a flexible Plan B can reduce these risks
- There is no competitive tension in the process with only one bidder remaining

[redacted]

- The Taxpayer is funding most of this investment with [redacted] equity from the private sector or the preferred bidder.
We recommend that officials be mandated to progress plan B and that we announce cancellation of the existing tender process.
Robert

Pamela Roche - 17/01/2019 15:47
Printed and given to Minister for meeting with Taoiseach

User details

INVOLVED: Ronan Nestor
Mary Austin
Sub_PER Sec Gen Office
Robert Watt
Sub_PER Ministers Office
Minister Donohoe

READ RECEIPT: Ronan Nestor
Mary Austin
Patricia Scanlon
Robert Watt
Claire Godkin
Pamela Roche
Ed Brophy
Niamh Callaghan (PER)

Action log

ACTION	USER	DATE	DESCRIPTION
Create	Ronan Nestor	16/01/2019 17:15	Submission PER 00040-19 to Minister created.
Submit for review	Ronan Nestor	16/01/2019 17:40	Submission sent for review to Mary Austin.
Submit for review	Mary Austin	16/01/2019 19:55	Submission sent for review to Secretary General.
Submission sent	Mary Austin	17/01/2019 10:22	Submission sent by email to Mary Austin.
Take ownership	Mary Austin	17/01/2019 10:51	Submission ownership taken by Mary Austin.
Submit for review	Mary Austin	17/01/2019 10:55	Submission sent for review to Secretary General.
Submission sent	Mary Austin	17/01/2019 12:34	Submission sent by email to Mary Austin.
Submit for review	Robert Watt	17/01/2019 13:45	Submission sent for review to Minister on behalf of Secretary General.
Complete	Pamela Roche	17/01/2019 15:47	Submission completed by Pamela Roche.
Submission sent	Mary Austin	21/01/2019 17:09	Submission sent by email to Mary Austin.
Submission sent	Mary Austin	18/02/2019 18:07	Submission sent by email to Mary Austin.