

Public Accounts Committee
Opening Statement by Mark Griffin, Accounting Officer
Department of the Environment, Climate and Communications
10th February 2022

The National Broadband Plan is a transformational national project. It is unparalleled and unique in terms of ambition, scale and complexity. It will deliver high speed and affordable broadband initially to over 550,000 homes, schools and business premises in Ireland and over the 25 years of the contract is expected to serve over 600,000 premises. In line with the Government commitment, this will ensure that 100% of premises in rural Ireland, including those in the hardest to reach places, will have a broadband service that is in line with the rest of the Country. This will be done as part of a single programme over 7 years and will be delivered within the budget of €2.6 billion.

2020, which was the first year of the NBP contract, saw a significant level of mobilisation activity by National Broadband Ireland, including recruitment of personnel, procurement of materials and contractors, installation of equipment in exchanges and building IT systems to support the network. Surveys and designs were progressed to inform the build programme, resulting in the first homes being connected to the new fibre network in January 2021 in County Cork.

Over the course of 2021, the project continued to build momentum. By the end of last month, almost 296,000 premises were surveyed, build works were underway on almost 120,000 premises, and a further 34,500 premises were passed. 54,500 premises could order or pre-order a service. 469 Broadband Connection Points, including 200 primary schools, have been connected by NBI to date, with many of the public BCPs now supporting remote working. Over 1,000 people, all of them in Irish companies, are employed on the project.

There have been delays to the rollout programme compared to the targets set out in the contract. Like many other construction projects, the NBP has been significantly impacted by

the Covid-19 pandemic. The specific challenges for the project due to Covid and the mitigations put in place by NBI are set out in the briefing note provided to the Committee.

Reuse of the existing rural network, comprising about 1.5 million poles and 10,000 kms of duct, to lay the NBP fibre network is a condition of State Aid and also makes sense from a value for money and sustainability perspective. While it was anticipated that elements of the rural network would need to be remediated or upgraded, the extent of the remediation required, particularly in the underground network, is greater than envisaged when the contract was signed. Both eir and NBI are addressing these issues including the introduction by eir at the end of last year of “rapid response teams” to support the timely remediation of network issues as they are identified. eir has also increased the volume of poles and duct to be provided under the “make-ready” programme which is a positive development. Given the reliance on the eir network, ongoing close collaboration between NBI and eir is essential to the successful delivery of the project.

Additional resources have been brought into NBI and its sub-contractors. Local authority licensing issues have been substantially resolved following intensive engagement between the Department, the Local Government Management Agency, the County and City Management Association and NBI.

The contract makes provision for dealing with delays to delivery of the network, and provides for circumstances where subsidy will be permanently withheld where milestones have not been met. Where there are unprecedented events such as the Covid-19 pandemic, NBI can seek what is termed “relief” under the Contract and also additional time to meet contract milestones without facing deductions to their subsidy payments due from the Department. In circumstances where such relief is permitted, no sanctions would apply. In other circumstances, the contract provides that sanction provisions relating to delays to delivery of the network are applicable with respect to any delays that occur from the end of contract year 2, which is from 1 February this year. Sanctions will be applied as appropriate and will be calculated and imposed in line with the Contract. This places significant pressure and incentive on NBI to speed up the delivery of milestones missed. Due to delays in rolling

out the network, NBI as a commercial company is also losing out on critical revenues from customers it should have connected by now.

In terms of the ownership and financial structures of NBI, the ownership structure of NBI remains as advised to the Department at contract award. The Minister has rights of consent under the contract in respect of changes in ownership or control and NBI must notify the Minister in advance of any such event arising; there has been no notifications of changes to ownership or control.

The social, economic and environmental benefits of the NBP cannot be overstated. As each home, school and business is connected, the benefits of the plan will be experienced in the daily lives of people across the country. Without the NBP, the market would not deliver broadband to all citizens in all parts of the country. The Department is fully seized by the transformational nature and benefits of the NBP, and we are fully committed to driving this project forward. We are also fully seized by the scale of the investment the Government is making in this project and the necessity to ensure value for money throughout the project. Robust governance for a project of this nature, scale and cost is paramount. There is a skilled and resourced multidisciplinary team in the Department implementing the protections and provisions drafted into the contract. The team is supplemented by external legal, financial and technical advisors. Network build and service metrics, project costs, procurement of materials and sub-contractors, and corporate governance requirements are all being overseen by the Department.

The Department is engaging with NBI to finalise their rollout plan for 2022. This Plan will be completed by the end of March and relevant details can be provided to the Committee at that stage.

I look forward to assisting the Committee members with any questions they may have.

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