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Stephen Conroy has retired, red underwear securely on his head

HENRY ERGAS THE AUSTRALIAN 12:00AM September 19, 2016

Stephen Conroy's decision to quit the Senate so as to establish a red underwear business has been hailed by his colleagues.

Exactly four years ago the then communications minister foreshadowed the move. Vaunting his statutory powers, he announced at Columbia University: "If I say to everyone in this room, 'You'd better wear red underpants on your head', I've got some news for you: you'll be wearing them on your head." But while he was widely expected to pursue his interest in undergarments, the timing came as a surprise.

As the shock subsides, the ALP's senior ranks have backed Conroy's decision. Confirming that Labor's entire frontbench will model the new line at next year's Melbourne Fashion Week, Bill Shorten described Conroy's initiative as the greatest breakthrough in economic reform since the Hawke-Keating era.

"I mean, who but Labor would think of undergarments that double as headgear?" Shorten mused. "It's not only good news for working families, taking pressure off household budgets, but terrific for national efficiency. And it's underwear reform we believe in: underwear reform that's fair."

Julia Gillard echoed the Labor leader's praise. "What has Malcolm Turnbull ever done for this country's *san-culottes*?" she asked. "Turnbull talks about software; we talk about underwear. Which couldn't you do without?"

Heartened by the support, Conroy brimmed with confidence about the start-up's prospects. Dipping into Shakespeare, he claimed his National Broadband Network had "put a girdle around the nation"; this venture would put a girdle on the nation.

Whether the underwear will be made in Australia is still being determined, with Sam Dastyari offering to open doors in China on Conroy's behalf. "When the expenses pile up, we can all have problems with the credit card," the Labor powerbroker said. "Who's to say Stephen isn't in that boat?"

What is certain, however, is that Conroy has some stiff hurdles to clear. Never shy of his reputation for being irascible, he has named the new line The Drapes of Wrath. But the senator's outbursts, not least when he was opposition spokesman for offence, targeted respected players from the defence force through to the governor-general, potentially damaging his brand.

At the same time, Conroy's bungled attempts to bring in what was widely slammed as press censorship, and his contentious handling of the Australia Network contract, have left him few admirers in the media.

That said, the senator is trying to build bridges. In a bipartisan gesture, he wants to extend his product range to blue underwear as well. "The compulsory red and blue ties are a step in the right direction, better suited to a polarised age than the old shades of grey," he said. "But it would be that much easier to identify friend from foe if parliamentarians wore colour-coded underwear as crowns on their heads."

Conroy has little doubt his new venture is every bit as transformational as the NBN. "Underwear controls everything in the end," he said, quoting Lawrence Ferlinghetti's landmark poem of 1961, in which the beat poet exhorted readers to "not go naked into that good night".

Yet the senator's vision of a revolution from the bottom up is unlikely to cut much ice with the government, which is still reeling from the train wreck Labor's communications minister left behind.

By the time Conroy left office, NBN Co's revenues were 91 per cent short of the 2011-13 corporate plan's objective, while the number of premises to which fibre was effectively available was 89 per cent below the level that plan promised. And highlighting the dysfunctional nature of the highly politicised operation, deployment had ground to a halt in four states.

Since then, there have been substantial improvements in management and a pick up in the network's rollout; but the 2017-20 revision of the corporate plan, released just four weeks ago, shows that NBN Co's financial position remains dire.

At the end of 2015-16, the company had spent \$20.3 billion; by the end of 2016-17, it is forecast to have incurred about \$29.5bn in accumulated negative cash flows. Taking account of interest costs, the project is not likely to cost less

than \$60bn.

In the meantime, with NBN Co about to reach the cap the Coalition set on the public equity it will receive, the government will either have to lift the cap and pour more taxpayer dollars in or guarantee the debt the broadband provider has planned to issue, which also heaps risk on taxpayers.

As NBN Co's corporate plans acknowledge, for the losses to be stanchd, monthly average wholesale charges per customer must double over the next decade. But that implies average monthly retail prices of \$100 or more, far exceeding international benchmarks. And since it is difficult to see how those prices could be sustained, analysts believe over half of the network's \$60bn cost will ultimately have to be written off at taxpayers' expense, making the venture the greatest financial debacle in Australian history.

But relaxing for a last time in his office in Parliament House, the senator dismissed those concerns as small-minded. And he claimed he had substantial backing from a team of expert advisers he thanked in a Senate hearing, including "the great Jarl Aarq-vark, Glen Hope, Mr Mac, Sir Tailgator, Annie Pink, Helpman, Sir Xenocaust, Dazed & Confused and the Earl of Conrovia".

As the interview drew to a close, Conroy, sporting red underwear on top of his beloved soccer shorts, pointed to an NBN Co van winding its way back to base. "I bet taxpayers' shirts on that vision," this giant of modern Labor said in a nostalgic postscript to two decades of public service. "Good thing they'll still have my undies to keep them warm and dry."