

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Estimates Hearings February 2014

Communications Portfolio

NBN Co Limited

Question No: 90

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Consumers

Senator Urquhart asked:

At the hearing (Page 66) Dr Switkowski said “In terms of the retail and domestic market, it really is hard in any practical sense to describe the activities of a family, even with hyperactive teenagers, that would get anywhere near 100 megabytes (sic) per second any time soon.” At the half yearly results briefing the company revealed that over 20% of fibre customers are ordering a 100 Mbps download and 40 Mbps upload service.

- a. Can NBN Co explain why customers are prepared to pay more for a service that Dr Switkowski seems to believe they have no need for?
- b. Is an evidence based Corporate Plan better based on the revealed preference of consumers or the opinion of corporate executives?
- c. At the hearing (Page 72) Dr Switkowski said “We are on a path to get to 100 megabytes per second on copper within several hundred metres of the node in the 2020s.” Does NBN Co acknowledge that there are customers who have clearly expressed a willingness to pay for this service who will have to wait till the 2020s?

Answer:

- a. Dr Switkowski’s statement referred to the use of broadband in a domestic situation (home user). While it is correct to state that approximately 20 per cent of the NBN end user base use the 100/40 Mbps service, we also know that for this subset of users there is a high correlation with small business users which do not form part of the end user segments Dr Switkowski was referring to.
- b. The Corporate Plan will be built on a number of inputs including Market and Customer Research, International Benchmarking and building on the analysis done in the Strategic Review.
- c. It is NBN Co’s intention to have a 100Mbps speed tier on the Fibre to the Node / Basement (FTTN/B) product variant where copper conditions and distance permit - the current FTTB trial is demonstrating download speeds of 96Mbps.