

**Joint Standing Committee on the National Broadband Network**

**Answers to Questions on Notice**

**Committee Hearing 14 June 2018**

**NBN Co Limited**

**Question No: 1**

**Department of Communications and the Arts**

**Topic: JCNBN - QoN 1 – NBN consumer experience metrics**

**The Hon Ms Sussan Ley, MP asked:**

Andrew, could you go through the metrics and changes that Richard just mentioned, particularly around transparency by NBN, and provide any statistics you have to support the concepts of consumer experience going in a positive direction?

**Answer:**

In February 2018, NBN Co Limited (nbn) commenced monthly public reporting against various network performance and consumer experience metrics that make up the end to end stages of the migration process (connect, use and fix).

Announced in December 2017 as part of the Government's package of new measures to protect NBN consumers, nbn is now required to publicly report on connection, fault repair and service delivery performance. The public is now able to track nbn's performance across a range of key network and service quality issues, which has increased transparency and accountability outcomes. Each monthly report is available on nbn's website.

The results contained in the latest monthly report suggest the NBN consumer experience has continued to improve over recent months. For example, with internet and phone providers provisioning more bandwidth under nbn's promotional pricing arrangements, network congestion has dropped from an average of around five hours per week in August 2017 to an average of just 18 minutes per week in May 2018.

The below table is a sample of improvements against a number of metrics contained in the monthly reports from February 2018 (first report) to May 2018 (latest).

<b>Metric</b>	<b>February 2018</b>	<b>May 2018</b>
Installed right the first time	89%	91%
Meeting agreed installation times	92%	94%
Meeting agreed fault restoration times	85%	90%
Uptake to higher wholesale plans (50Mbps or higher)	25%	44%

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**Department of Communications and the Arts**

**Question No: 2**

**Department of Communications and the Arts**

**Topic: JCNBN - QoN 2 - Penalties for noncompliance with industry standards**

**Chair asked:**

If I can intervene there, we do hear a great deal of criticism of services which really can be traced back to the retailers. If complaints are made and issues, hopefully, are resolved, what are the penalties for noncompliance?

**Answer:**

Industry standards are mandatory for suppliers and enforced by the Australian Communications and Media Authority (ACMA). Where the ACMA is of the view that a breach has occurred, it will take regulatory action commensurate with the seriousness of the breach and the level of harm. In response to a breach, the ACMA can issue formal warnings, issue infringement notices, accept enforceable undertakings or commence Federal Court proceedings seeking civil penalties of up to \$250,000.

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**Department of Communications and the Arts**

**Question No: 3**

**Department of Communications and the Arts**

**Topic: JCNBN - QoN 3 - Regional Broadband Levy**

**Mr Brian Mitchell, MP asked:**

**Mr BRIAN MITCHELL:** With regard to the regional broadband levy, when was the modelling for that undertaken?

**Mr Madsen:** There was modelling undertaken by the department by our economics research unit, the Bureau of Communications and Arts Research. They conducted two rounds of consultation, firstly on the design of the scheme and secondly on the modelling to estimate the losses that would be incurred by the network. I think that that process would have commenced in around 2014 or 2015.

**Mr BRIAN MITCHELL:** If I could ask for that to be taken on notice and provided to the committee, that would be sufficient for me.

**Mr Madsen:** Certainly.

**Answer:**

The Bureau of Communications and Arts Research (BCAR) undertook modelling for the Regional Broadband Scheme during 2015 and 2016. This followed the Government's *Telecommunications Regulatory and Structural Reform* paper, which was released in response to the Vertigan Review in December 2014 and indicated the BCAR would begin assessing funding options for nbn's non-commercial services. The BCAR consulted extensively with industry while undertaking the modelling and released three papers about its approach:

1. May 2015: *NBN non-commercial services funding options – consultation paper*
2. October 2015: *NBN non-commercial services funding options – final consultation paper*
3. March 2016: *NBN non-commercial service funding options – final report*

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**Department of Communications and the Arts**

**Question No: 4**

**Department of Communications and the Arts**

**Topic: JCNBN - QoN 4 - Capital and operational expenditure forecasts - Satellite and Fixed Wireless**

**Mr Brian Mitchell, MP asked:**

**Mr BRIAN MITCHELL:** Did NBN supply the department with data about the capital and operational expenditure forecasts of both of those footprints out to 2040?

**Mr Madsen:** It is my understanding that the department sought data from NBN and from other sources. I might need to take that on notice to confirm where that data did come from—whether it was NBN and other providers.

**Mr BRIAN MITCHELL:** Could you also take on notice when that data was supplied, if it was supplied?

**Mr Madsen:** Yes, happy to take that on notice.

**Answer:**

Over a period of several months starting in April 2015, NBN Co Limited (nbn) provided the Department with data about its fixed wireless and satellite capital expenditure and operational expenditure out to financial year 2021-22. The Bureau of Communications and Arts Research (BCAR) projected 18 years of operations to financial year 2039-40. Chapter 4 of the BCAR's October 2015 *NBN non-commercial services funding options - final consultation paper* provides further detail.

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**Department of Communications and the Arts**

**Question No: 5**

**Department of Communications and the Arts**

**Topic: JCNBN - QoN 5 - Fixed wireless upgrade - consultation**

**Mr Brian Mitchell, MP asked:**

1. In May 2017 NBN announced it would upgrade the fixed wireless network to deliver speeds of 100 megabits per second. Was the department consulted on this prior to NBN Co's announcement?
2. Can you also please provide on notice the date that NBN first advised the department that it intended to deliver 100 megabits per second over the fixed wireless network, and whether you received that advice in writing?

**Answer:**

1 and 2: NBN Co Limited (nbn) consulted the Department on its proposed 100 Megabits per second (Mbps) fixed wireless product prior to nbn's announcement of the product. In March 2017, the Department was advised in writing that nbn would commence consultation with retail service providers on a proposed 100Mbps fixed wireless product.

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**Department of Communications and the Arts**

**Question No: 6**

**Department of Communications and the Arts**

**Topic: JCNBN - QoN 6 - Fixed wireless - additional capital expenditure**

**Mr Brian Mitchell, MP asked:**

**Questions:**

1. Did NBN advise the department of what additional capital expenditure would be required to support the flagged upgrade to 100 megabits per second?
2. Did the department receive the advice in writing about what additional capital expenditure would be required?
3. What did the department understand the upgrade path was going to cost relative to the current capital expenditure profile?
4. What advice was the department given about the additional cost of delivering the upgrade?

**Answers:**

The Department assessed the capital requirements for nbn's fixed wireless network as part of its review of nbn's 2018-21 Corporate Plan.

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**Department of Communications and the Arts**

**Question No: 7**

**Department of Communications and the Arts**

**Topic: JCNBN - QoN 7 - Fixed Wireless - cost per premise - initiatives**

**Mr Brian Mitchell, MP asked:**

**Mr BRIAN MITCHELL:** Thank you. I'll just deviate from that line of questioning for a moment and come to this question that I'm keen to get answered. It says in the 2018 corporate plan that for fixed wireless:

As at June 2017, the CPP—

the cost per premises—

was \$3,569. The weighted average CPP is forecast to increase to \$4,300 due to challenging build requirements as nbn progresses further into the construction phase of the rollout. This has reduced from the Corporate Plan 2017 CPP due to initiatives that have increased, on average, the number of premises covered by each tower.

What were these initiatives to increase the number of premises covered by each tower?

**Mr Windeyer:** I don't know, off the top of my head. I suspect that's a question we would have to ask of the company itself to understand what might have changed in the way it was designing and building the network to increase the number of customers it could support from any given tower. But I suspect it's a question that goes to how they were deploying and setting up the technology. We would have to go to the company itself to try to find the details of that.

**Mr BRIAN MITCHELL:** Could you ask them this specifically: was one of those initiatives loading more subscribers onto towers? If they've increased, on average, the number of premises covered by each tower, was one of the initiatives simply to load more subscribers onto them?

**Mr Windeyer:** We can certainly take that on notice, ask the company and come back to you on notice.

**Answer:**

Please refer to the response by NBN Co Limited to Question on Notice 85 from Budget Estimates May 2018.

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**Department of Communications and the Arts**

**Question No: 10**

**Department of Communications and the Arts**

**Topic: JCNBN - QoN 10 - 100 fixed wireless product strategy**

**Hon Sussan Ley, MP asked:**

**CHAIR:** If I can put it this way: were you aware that the strategy behind the 100 fixed wireless product was to gain higher revenues from the business segment rather than to charge everyone more or get everyone to reach that level?

**Mr Windeyer:** I think what I'd say is that the demand for 100 megabits service across the NBN network as a whole is not especially high, and we'd have absolutely no reason to believe it was particularly unusually high in the fixed wireless area. This wasn't a product being developed to try and move all of the fixed wireless consumers onto 100 megabits per second, and it certainly wasn't designed on the assumption that all of the users were demanding a service of anywhere near that speed. But beyond that—

**CHAIR:** So what is the level of that take-up in the fixed line areas? Do we know?

**Mr Windeyer:** Of 100 megabits per second?

**CHAIR:** Yes.

**Mr Windeyer:** I know this has been answered either by the company or ourselves in the context of estimates before, so we can certainly find that and provide it to you on notice.

**Answer:**

At NBN Co Limited's third quarter results presentation on 10 May 2018, the company reported that take-up of 100 megabits per second services in fixed line areas was 12 per cent as at 31 March 2018.