

Questions on Notice for NBN Inquiry

NBN Co.

Term A: Economics of the NBN

- 1) What will be the expected sale value of NBN Co at completion? How is this figure determined?
- 2) Would the value of NBN change if ownership were transferred to the private sector? Does NBN take a view on whether the Government should retain ownership of NBN Co in the future?
- 3) Does NBN Co. have a view about whether wireless technologies offer a significant threat to its business over the next decade? Has NBN conducted any modelling or forecasting on the potential impact of wireless on its business model?
- 4) What is the potential for SkyMuster to keep pace with increasing consumer expectations in terms of speed and data capacity? Does NBN currently have any plans for further investment in satellite technology?
- 5) What is the likelihood that emerging technologies, such as nanosatellites, will render the SkyMuster service obsolete before the end of its 15 year life? Would it be feasible for NBN to bring forward the end of the SkyMuster service if emerging technologies could provide a superior service at lower cost?

Term F: Compliance with Statement of Expectations

- 6) Has the Statement of Expectations helped or hindered NBN Co? In what ways?
- 7) If the SOE included a requirement for new connections to be equivalent or greater than a customer's original connection, how would this have changed the way NBN did business?

Term G: Everything else

- 8) What is the book value of NBN's 5G spectrum and does this value reflect current market prices?
- 9) Does NBN have any plans to expand its fixed wireless footprint in metro areas? What plans does NBN have for its spectrum in metro areas?
- 10) Has the Minister or Department approached NBN about reallocating spectrum?
- 11) Would NBN Co be willing to reallocate spectrum if that maximised the benefits to the community? Would NBN's position change if the reallocation was beneficial to the community but negative for NBN's financial position?

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 1

NBN Co Limited

Hansard Ref:

Topic: Term A: Economics of the NBN 1

Senator Griff asked:

1) What will be the expected sale value of NBN Co at completion? How is this figure determined?

Answer:

A 'sale value' of the NBN Co would look at the value of the entire organisation through the eyes of either an existing owner, or potential acquirer of the business, and would be underpinned by a commercial evaluation of the future cashflows and benefits of ownership of the business. This assessment would take into account a wide range of factors, including in whose eyes the valuation is being measured, along with the long-term revenue and cost expectations of the business, potential extra benefits that may be available to an owner of the business, the external market and regulatory environment in which the business operates, and the relevant ownership structure at the point the valuation is being measured. If contemplating a valuation in the eyes of a potential acquirer of the business, an assessment of their own cost of capital would also need to be undertaken.

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 2

NBN Co Limited

Hansard Ref:

Topic: Term A: Economics of the NBN 2

Senator Griff asked:

2) Would the value of NBN change if ownership were transferred to the private sector? Does NBN take a view on whether the Government should retain ownership of NBN Co in the future?

Answer:

Any questions regarding any possible changes to the ownership structure is a matter for the government.

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 3

NBN Co Limited

Hansard Ref:

Topic: Term A: Economics of the NBN 3

Senator Griff asked:

3) Does NBN Co. have a view about whether wireless technologies offer a significant threat to its business over the next decade? Has NBN conducted any modelling or forecasting on the potential impact of wireless on its business model?

Answer:

NBN Co is constantly monitoring the industry environment in which it operates. Wireless broadband technologies have been present in the market for some time and NBN Co has always factored in the impact of alternate technologies on nbn's take-up rate.

Technologies such as 5G will be attractive to certain consumers, but NBN Co agrees with Industry views that suggest the bulk of data in coming years will still need to be carried across fixed-line networks.

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 4

NBN Co Limited

Hansard Ref:

Topic: Term A: Economics of the NBN 4

Senator Griff asked:

4) What is the potential for SkyMuster to keep pace with increasing consumer expectations in terms of speed and data capacity? Does NBN currently have any plans for further investment in satellite technology?

Answer:

Please refer to QoN Term A: Economics of the NBN 5

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 5

NBN Co Limited

Hansard Ref:

Topic: Term A: Economics of the NBN 5

Senator Griff asked:

5) What is the likelihood that emerging technologies, such as nanosatellites, will render the SkyMuster service obsolete before the end of its 15 year life? Would it be feasible for NBN to bring forward the end of the SkyMuster service if emerging technologies could provide a superior service at lower cost?

Answer:

NBN Co is constantly looking at the emerging new technologies, both terrestrial and satellite, that may offer improved service to people in regional areas and considering how these can be incorporated into the NBN Co product offerings.

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 6

NBN Co Limited

Hansard Ref:

Topic: Term F: Compliance with Statement of Expectations 6

Senator Griff asked:

6) Has the Statement of Expectations helped or hindered NBN Co? In what ways?

Answer:

The Statement of Expectations is an essential piece of the governance architecture for NBN Co. It makes clear the government's objectives and strategic direction and allows the Board and Management to develop operational plans to implement those objectives.

In a very real way, it enables the company to make choices between various courses of action. For example, the SOE says the network should be rolled out as quickly as possible and at least cost to taxpayers. This objective informs the choices of technology that NBN Co will use to expedite the rollout and minimise costs.

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 7

NBN Co Limited

Hansard Ref:

Topic: Term F: Compliance with Statement of Expectations 7

Senator Griff asked:

7) If the SOE included a requirement for new connections to be equivalent or greater than a customer's original connection, how would this have changed the way NBN did business?

Answer:

NBN Co develops operational plans that deliver on the Statement of Expectations.

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 8

NBN Co Limited

Hansard Ref:

Topic: Term G: Everything else 8

Senator Griff asked:

8) What is the book value of NBN's 5G spectrum and does this value reflect current market prices?

Answer:

NBN Co holds a mix of spectrum and apparatus licences in the 3.4 to 3.5GHz band. The 3400–3575 MHz band forms part of the 3300–3800 MHz band that has been identified globally for wireless broadband use (including 5G).

The ACMA has consulted on a process to optimise the use of spectrum in this band, which is currently fragmented between different licence types and licensees. In order for a defragmentation of the band to take place, NBN Co's apparatus licences need to be converted to spectrum licences. A price for these spectrum licences has not yet been set, and is a matter for the Minister.

As part of this process the ACMA has said that urban areas of NBN Co's 3.5 GHz apparatus licences should be excised from NBN Co's eventual spectrum licence, so it can be made available for use by other operators. NBN Co will be working with the ACMA and industry on technical specifications, including interference management.

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 9

NBN Co Limited

Hansard Ref:

Topic: Term G: Everything else 9

Senator Griff asked:

9) Does NBN have any plans to expand its fixed wireless footprint in metro areas? What plans does NBN have for its spectrum in metro areas?

Answer:

NBN Co does not have any plans to expand its fixed wireless footprint into metro areas.

NBN Co is working with the ACMA on the separation of the metro and outer metro areas within its proposed eventual spectrum license. This is subject to further technical reviews to protect all services from interference.

Please refer to QoN Term G: Everything else 8, and the ACMA's optimisation consultation on the 3400-3575 band. <https://www.acma.gov.au/consultations/2019-08/optimising-3400-3575-mhz-band-consultation-122019>

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 10

NBN Co Limited

Hansard Ref:

Topic: Term G: Everything else 10

Senator Griff asked:

10) Has the Minister or Department approached NBN about reallocating spectrum?

Answer:

The ACMA has commenced a process to optimise the 3400-3575MHz band, which includes proposed excision of metro areas of NBN Co's licences that it does not plan to use and making them available for use by other wireless broadband operators, pending technical reviews to manage interference. NBN Co will continue to use spectrum in this band to provide fixed wireless services in outer metro areas.

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 11 February 2019

Communications Portfolio

NBN Co Limited

Question No: QoN 11

NBN Co Limited

Hansard Ref:

Topic: Term G: Everything else 11

Senator Griff asked:

11) Would NBN Co be willing to reallocate spectrum if that maximised the benefits to the community? Would NBN's position change if the reallocation was beneficial to the community but negative for NBN's financial position?

Answer:

This would be a decision for Government.

NBN Co is currently using spectrum to provide fixed wireless services in rural, regional and outer metropolitan areas in fulfilment of government policy to ensure all Australian's have access to at least 25/5Mbps broadband services. The recent move to a new frame rate on NBN Co's fixed wireless service and harmonising with the frame rates of other wireless carriers has resulted in an opportunity to revisit interference protection.

NBN Co will be working with the ACMA and industry on the technical specifications of new interference management requirements as part of the ACMA's plan to defragment the 3.5GHz band and excise metro areas from NBN Co's planned future spectrum licences in these areas.