

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Budget Estimates Hearings February 2017

Communications Portfolio

NBN Co Limited

Question No: 140

NBN Co Limited

Hansard Ref: Page 125-126, 28/02/2017

Topic: Reapportioning Money

Senator O'Neill, Deborah asked:

Senator O'NEILL: So there is some wriggle room and some rubbery money there that allows you to do this, is that right?

Mr Morrow: It is reapportioning money—it is not rubbery or wriggle room.

Mr Rue: In the event that the trials were not successful and we were not able to use it, we would have had to have a solution for those long lines that Mr Morrow talked about. So the money would have been spent anyway, just in a different way.

Senator O'NEILL: To be clear, what was factored in and how much was factored in?

Mr Morrow: Unfortunately we always talk in averages and that can get us in trouble. Fibre-to-the-node has an average of \$2,300 of capital spend to build that network out. But we know that if you get beyond a kilometre it will not work. So you cannot use fibre to the node from beyond a kilometre. But we did not know whether it was going to be fixed wireless or some other technology or if we would have to put fibre to the premises in, so we allocated money for those homes.

Senator O'NEILL: How much was that? That is the question.

Mr Morrow: Far more than \$2,300. I do not recall.

Mr Rue: I don't recall.

Mr Morrow: We can take it on notice. It is no secret. We allocated a certain amount of money for those homes that we knew would be far greater than \$2,300. So now what we are doing is saying that we will take that money, because we now have a solution with fibre to the curb that fits within that. So that is fantastic. We will use that. That solves the 25 meg problem. It puts more FTTC and we will get more experience. We are trying to get this to where that is a preferred technology. We are excited about that. On the HFC for Optus, we know what the cost per premises is now that we have all of that new data. We know what the information is on FTTC cost per premises. So let's go ahead and switch that, because we think that we can learn more. Even if it does cost slightly more we can learn more from doing more fibre to the curb in a bigger area. If we nail that and get that right then that clearly is going to be one of the solutions when we come back to needing to offer more speed on that proper network, especially at the long loop lengths.

Senator O'NEILL: From a parochial point of view, do you have any fibre to the node rolled out that goes beyond a kilometre?

Mr Morrow: Yes, there is some that starts out initially that way.

Senator O'NEILL: Where is that?

Mr Morrow: We would have to take that on notice.

Mr Simon: It is not in a particular area. It just happens that there might be a couple of premises that sit in an area. We obviously then remediate them to deliver them back to a distance that can meet the 25 minimum and 50 minimum speeds.

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Answer:

nbn's prior business plans had allocated a \$500m provision to address high cost premises including the long copper loops that may be encountered in the FTTN footprint. Over the course of successive planning, some of these funds have been allocated to FTTN micro-node solutions and now Fibre to the Curb, which ensure that premises are addressed in accordance with the minimum speed requirements of the Statement of Expectations.

End users that are beyond a kilometre (cable distance) from the node are generally found in less densely populated areas or suburban fringes.