

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Estimates February 2017

Communications Portfolio

NBN Co Limited

Question No: 167

NBN Co Limited

Hansard Ref: Written, 10/03/2017

Topic: Installation

Senator Griff, Stirling asked:

1. How many incorrect installations did NBN Co repair or correct in 2015-16?
 - (a) How much did this cost?
2. How many repairs to damaged boxes and cables did NBN conduct in 2015-16 (ie whether because of accidental damage or deliberate damage/tampering/vandalism)?
 - (a) How much did this cost?
3. In instances where conduit cables are cut or severely damaged, how long does the average repair take?
4. What has NBN Co allocated – or projected will be the cost - for incorrect installations in the forward years (to 2020)?
 - (a) What is that figure for repairs?
5. Where repairs are required, who pays for them – NBN or the contractor, and in what circumstances?
 - (a) Are there circumstances in which the retailer or customer would pay for repairs? What are they?
6. In a situation where a business or residential customer has a prolonged outage due to repairs, in what circumstances would compensation be paid?
 - (a) How would this compensation be calculated?
 - (b) If none would be paid: Why not – given a prolonged outage may have a sizeable and concrete impact on a business?

Answer:

1. Where it is identified that infrastructure has been installed incorrectly, the relevant contractor is required to return and remediate their work to meet the required specifications. nbn does not maintain statistics on the remediation of errors by contractors and subcontractors.
2. 244
 - (a) \$1,004,005, at an average cost of \$4,149.
3. The current fault records do not discretely reference cable cuts as a category.

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4. See Part 1.

(a) nbn does not separate out 'repairs' from other service assurance and network assurance matters, so it is not possible to provide a figure.

5. During the build of the nbn network, if a repair is required due to:

- damage, defective or sub-standard work caused by the contractor - the contractor pays for the repair.
- damage caused by a third party - nbn pays for the repair and seeks to recover the loss incurred from the third party.
- general wear and tear - nbn pays for the repair.

When maintaining the nbn™ network, generally speaking (at a conceptual level) if a repair is required due to:

- defective or sub-standard work by the contractor - the contractor generally repairs the work at their own cost or pays for the repair if it's during the defect liability period. Outside of this period nbn will pay for repairs.
- damage caused by the contractor - the contractor will generally repair at their own cost or pay for repairs
- damage caused by third parties - nbn pays for the repair and seeks to recover the repair costs from the third party otherwise nbn will consider submitting an insurance claim or will wear this cost

(a) Yes, in circumstances including, but not limited to:

- When damage has been caused or contributed to by nbn's customers, being the retailer, any downstream customer or end users, nbn will seek to recover from the relevant customer the proportion of losses incurred by nbn.
- In new developments, it is responsibility of the developer and their representatives to design and build the Lead-in Conduit (LIC), pit and pipe, and pathways. When works do not meet nbn's network standards, developers may need to remediate, face delays or incur fees.

6. There are two types of compensation nbn may be required to pay, depending on the specific circumstances in each case, as follows:

- Customer Service Guarantee (CSG) Compensation: If our nbn™ Ethernet service is being used to support the supply of a standard telephone service to a residential, small business or charity end user to which a statutory CSG standard applies, then we might be required to pay a share of the CSG primary damages paid by the retailer to the affected end user if nbn has contributed to any contravention of the CSG standard by its downstream customer. We have this obligation under legislation.
- Enhanced Fault Rectification Rebate: If the retailer is buying the Enhanced Fault Rectification Service and there is an nbn-attributable service fault affecting a single

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ordered service, then we pay the “Enhanced Fault Rectification Rebate” if we fail to achieve the applicable Service Level agreed with retailer.

(a)

- **CSG Compensation:** The Wholesale Broadband Agreement sets out a process and conditions under which nbn will pay a share of the CSG primary damages paid by the RSP to the affected end user in respect of accelerated connections, appointments associated with end user connections, end user fault rectifications (and associated appointments) on our fixed line products. It does not, however, set a formula for calculating the exact amount of the share to be paid by nbn – this is governed by the relevant legislation. The WBA makes it clear: “The amount of CSG Compensation that NBN Co is liable to credit under this Service Levels Schedule is the amount equal to that part of any Primary Damages caused or contributed to by NBN Co.”
- **Enhanced Fault Rectification Service:** This is prescribed by the WBA Service Levels Schedule, see in particular section 7.3 and is subject to various conditions including in sections 7.4 and 7.5

(b) Not applicable.