

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Estimates Hearings May 2014

Communications Portfolio

NBN Co Limited

Question No: 262

Program No. NBN Co Limited

Hansard Ref: Pg 118

Topic: Strategic Review

Senator Conroy asked:

I want to pick up on a couple of points and hopefully they are relatively straightforward. I was referring to the strategic review. The number in the strategic review is 200,000. I vaguely had a 400 number in my head as well. Your strategic review indicates 200,000 on the satellites and you are now talking about 400,000 being on the satellites. Could you just explain what the change has been?

Mr Rousselot: I have spent quite a bit of time in the background trying to understand. It is not an apples for apples comparison, so I will take that question on notice and give you a detailed answer. It has to do with the capacity and the design of the kilobits per second allocated to each user. The assumptions between the two strategic reviews were different. It has to do with the total capacity that we have on there. So I again acknowledge that there is some inconsistency.

Senator Conroy: Do you have any excess capacity on these satellites?

Mr Rousselot: No, we will not have access capacity on the satellite.

Senator Conroy: So why is Parliamentary Secretary Paul Fletcher walking around saying he wants to sell off the excess capacity on the satellites?

Mr Rousselot: Let me rephrase this. On average, we do not have access capacity on the satellite. Beam by beam, the case is very different. On the beams that are in the urban fringe areas, we are definitely at total capacity and we do not have spare capacity. On the beams that are directed towards remote and rural Australia, that capacity is not as acute and in some areas we would potentially be able to have spare capacity used by other users.

Senator Conroy: The previous government had a policy that NBN Co were not to sell to other than consumers—putting aside schools, hospitals and institutions like that. In other words, you could not target mining companies to try and compete with the private sector. Is that still the policy—that you cannot sell to business?

Mr Rousselot: That question is better directed towards the ministers. In terms of our mandate, we are trying to look at every opportunity to generate revenue out of the assets that we have. If it is consistent with the policy, we will be chasing those opportunities.

Senator Conroy: So you would be competing with satellites to try and sell to mining companies?

Mr Rousselot: I do not know whether that will be compatible with the policy. I would have to check that before I answer your questions.

Senator Conroy: But if you are able to, you will. Is that what you are saying?

Mr Rousselot: If I was directed, through policy, to do that, I would maximise the revenue of the assets that are at our disposal.

Senator Conroy: Provided that it did not reduce the capacity of the consumers?

Mr Rousselot: Absolutely. It would have to be in areas where we have spare capacity.

Senator Conroy: In your strategic review there is 200,000 and a few months later you are up to 400,000. That has caused quite a lot of confusion.

Mr Rousselot: And I will definitely take that on notice.

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Senator Conroy: Is that because you have limited the download per user, the fair use policy?

Mr Rousselot: Part of it has to do with the download per user speed and part of it has to do with the increased demand that we have forecast. Because it is a complex answer I think it is question better handled on notice.

Senator Conroy: I was just asking out of general interest because your own document said 200,000.

Mr Rousselot: When you asked the question it puzzled me, too.

Answer:

From the earliest days of NBN Co the Satellite network was expected to cover 3%-5% of premises or 400,000 - 600,000 premises. The Strategic Review Exhibit 2.5 shows that the 2012 Corporate Plan envisaged 578,490 premises covered by Satellite by FY21. Take-up of NBN Co services was expected at only 25% of these premises resulting in about 145,000 satellite users.

Following more thorough and recent assessment of premises numbers, coverage by technology, and likely take-up rates, the Fixed Wireless and Satellite Review recommends planning (under Scenario 2) for Satellite coverage of 407,000 premises by FY21 and take-up by 202,000 (50%).