

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 147

Topic: Optus Hybrid Coaxial Cable (HFC) Network

Hansard Page: Thursday 31 May 2012, page 70-71

Senator CORMANN asked:

Senator CORMANN: Right now, you have got an Optus HFC network. It was built in the nineties to carry pay-TV and it passes 2.4 million households in Brisbane, Sydney and Melbourne, of which 1.4 million are capable of being serviced without any additional investment in the network. Optus has about 486,000 individual subscribers on its HFC network, of which 429,000 are broadband subscribers. It is the second largest HFC network in Australia after Telstra. Clearly, the ACCC was concerned, and on the face of it you were concerned. What swung the decision one way rather than the other in terms of the potential anticompetitive—

Mr Murphy: As I said, you would have to look at the ACCC. Our view was, well, in effect, what is going to be the competitive market in the future. Optus has 400,000 customers at the present time. I think the issue was whether Optus would continue to invest to upgrade that network to maintain it on the wholesale side, whereas if they moved into the retail market to compete against Telstra you might get a more competitive market there. But I think you should look to the reasons that the ACCC have given to come to their decision. I am not surprised at their decision.

Senator CORMANN: Yes, but the HFC network was not declared by the ACCC, so Optus has no obligation, as I understand it, to make it available to other telcos on a wholesale basis; is that correct?

Mr Murphy: I would have to check on that. I am not certain.

Senator CORMANN: I would appreciate it if you could provide us that on notice. Do other telecommunications markets in the world rely on wholesale network monopolies?

Mr Murphy: Again, I would have to take that on notice. We can give you some background on that. I do not think I have got anyone here. No, I have not got a communications person here, actually. I will have to take that on notice.

Answer:

Has the Optus HFC network been declared?

The Optus HFC network has not been declared by the Australian Competition and Consumer Commission under Part XIC of the *Competition and Consumer Act 2010*.

Do other telecommunications markets rely on wholesale network monopolies?

Yes. For example, OpenNet Singapore was established in 2008 and it owns and operates a national wholesale-only broadband network in Singapore.