

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Hearings February 2012
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 245 & 246

Program No: NBN Co Limited

Hansard Ref: Page 116 (14/02/2012)

Topic: Number of Premises ready for service by June 2012

245 Senator Fisher asked:

Senator FISHER: Are you unable to answer tonight, Mr Quigley, how many premises in total will be passed by fibre and ready for service in June 2012?

Mr Quigley: I just want to make sure, because we obviously have a new plan here, that you have the exact number that is correct.

Senator Conroy: I would like to make sure I provide it to you.

Senator FISHER: Thank you; but you might be able to answer that before you leave here tonight.

Senator Conroy: We may be able to. I will have a look.

Topic: Greenfields Sites ready for service by June 2012

246 Senator Fisher asked:

Senator FISHER: Okay. Can you also, later tonight or else on notice, indicate, as part of your target figure, how many of those will be greenfields sites that will be ready for service by June 2012.

Mr Quigley: Yes, I think we can do that, but we have a problem with greenfields, if I can just make sure you understand. What we also wrote in the corporate plan—

Answer:

NBN Co is due to present its next Corporate Plan 2012-2015 to the Government shortly. As part of that plan, there will be an updated set of figures on premises passed and ready for service. It will be a decision for Government when the next Corporate Plan will be released.

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NBN Co Limited

Question No: 247

Program No: NBN Co Limited

Hansard Ref: Page 117 (14/02/2012)

Topic: Backhaul Spend for Greenfields Sites

Senator FISHER: Mr Quigley, how much will be spent, in 2011-12 and then in 2012-13, on backhaul for greenfields sites?

Mr Quigley: I cannot tell you that number off the top of my head.

Senator Conroy: We are happy to take it on notice.

Senator FISHER: Thank you.

Mr Quigley: When you talk about 'backhaul', are you talking about a managed backhaul service that connects from the point where we get onto a network back to our interim POI sites, or are you talking about the backhaul that we actually have to put in? They are two separate pieces.

Senator FISHER: Both.

Mr Quigley: You would like both.

Answer:

For commercial in confidence reasons, NBN Co is not able to divulge the cost to access interim backhaul or provide the cost for actual backhaul as tenders have yet to be finalised for this part of the rollout.

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Question No: 248

Program No: NBN Co

Hansard Ref: Pages 119-120 (14/02/2012)

Topic: Question on Notice 571

Senator Fisher asked:

Senator FISHER: See (c). It said, 'Refer answer to (a).' All that answer to (a) tells me is that, for the year 2010-11, total fees paid to law firms for all legal and regulatory support services were \$35.46 million. How much of that was for legal services from private firms? While we are at it, my next question asked how much of that was for legal services from other sources? You gave me the same dismissive answer: 'Refer to (a).'

Senator Conroy: Legal services from other sources, as Mr Quigley has already explained. The only aspect that I am unsure of is the Government Solicitor, but I am happy to take that on notice and double-check that for you.

Answer:

NBN Co confirms that it did not retain the Australian Government Solicitor during this period.

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NBN Co Limited

Question No: 249

Program No: NBN Co

Hansard Ref: Page 120 (14/02/2012)

Topic: List of Companies that make up the \$35.64 million in legal fees

Senator Fisher asked:

Senator FISHER: All right then, Mr Quigley. Of the \$35.64 million, can you please identify to whom those moneys were paid?

Mr Quigley: You mean a list of all the companies that make up the \$35.64 million? I am not sure I can break it down to amount per company because of commercial issues.

Senator FISHER: All right.

Mr Quigley: But, yes, I think we could give you a list of all the companies we use.

Senator FISHER: That would be helpful. That would be a good start. Thank you.

Answer:

The major legal firms retained by NBN Co during the relevant period (providing legal and regulatory support services) were: Allens Arthur Robinson; Ashurst (formerly Blake Dawson); Clayton Utz; Corrs Chambers Westgarth and Webb Henderson.

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NBN Co Limited

Question No: 250, 251, 252, 306

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co network

306. Senator Macdonald asked:

Presently, any third party contractors conducting installation or maintenance on the copper network are required to be licensed by the ACMA.

- a. Will the third party technicians holding install and maintenance contracts for the NBNCofibre network be required to hold ACMA licensing?
- b. Will the ACMA take an industry-wide regulatory/oversight role for technicians conducting installation and maintenance on the fibre network?
- c. Will the ACMA provide training models and/or compliance standards for installation and maintenance on the NBNCofibre network?

Topic: Third Party Contractors

250 Senator Macdonald Asked:

Senator Ian MacDONALD: Mr Quigley, third-party contractors conducting installation and maintenance on the copper network are required to be licensed by ACMA. Will third-party technicians holding install and maintenance contracts for the NBN Co be required to have ACMA licensing?

Mr Quigley: I will have to take that one on notice.

Topic: Third Party Contractors

251 Senator Macdonald Asked:

Senator IAN MACDONALD: I think Mr Quigley understood the question. Third-party contractors conducting installation and maintenance on the copper network currently are required to be licensed by ACMA. Telstra technicians are not, as I understand it. What I am asking you is: will third-party technicians holding install and maintenance contracts for NBN Co. be required to hold ACMA licensing?

Mr Quigley: Whatever the regulations say, we will obviously abide by. Frankly, I do not know the situation for the copper. I cannot tell you whether Telstra and other people do or do not need to hold ACMA licences. What I can tell you is that if any work is being contracted by NBN Co. we will make sure that the people have the appropriate licences.

Senator IAN MACDONALD: So you cannot tell me whether you do need ACMA licensing for third-party—

Mr Quigley: I cannot tell you.

Senator Conroy: I have asked you: what is the licence?

Senator IAN MACDONALD: Can you take it on notice, thank you

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Topic: ACMA Licensing on Fibre Network

252. Senator Macdonald asked:

Senator IAN MACDONALD: Can you tell me whether ACMA will take an industry-wide regulatory oversight for technicians conducting installation and maintenance on the fibre network?

Senator Conroy: I am not trying to be difficult. Could you just define who you mean by ACMA?

Senator IAN MACDONALD: The Australian Communications and Media Authority. As we have said for years, Senator—

Senator Conroy: No, I just wanted to make sure that is what we were talking about.

Senator IAN MACDONALD: everybody knows what ACMA is. This is an abuse, Mr Chairman. Did you get that or do you want me to repeat that question again?

Mr Quigley: I simply cannot answer the question. I do not know whether or not ACMA is taking a national licence for anybody working on fibre networks. I do not know if they do that today on fibre networks. I will have to take that one on notice and check.

306 Answer:

a. No. This is not required by the ACMA.

b.-c. Questions regarding the ACMA's requirements, role and what it will provide are best directed to the ACMA. NBN Co will comply with ACMA regulations.

250 Answer:

Please see answer to QoN 306 (duplicate question).

251 Answer:

Please see answer to QoN 306 (duplicate question)

252 Answer:

Please see answer to QoN 306 (duplicate question).

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NBN Co Limited

Question No: 253 & 301

Program No: NBN Co Limited

Hansard Ref: Page 127 (14/02/2012) and In Writing

Topic: Audit Inspections

253. Senator Macdonald Asked:

Senator IAN MACDONALD: All right. My final series of questions, Mr Quigley. As I understand it, NBN Co.'s independent contractors in the installation area—there was an incident up my way where they did not get permission from Main Roads Queensland to operate a cherry picker on a public road for the installation of the aerial cable, and NBN officers have advised they are instructing their staff to inspect and audit 20 per cent of all installations. Is that correct? Do you know about that?

Mr Quigley: I cannot answer that one either, I am afraid.

Senator IAN MACDONALD: Will you take it on notice?

Mr Quigley: We will take that one on notice, yes.

Senator IAN MACDONALD: Can you tell me the aggregate cost of these audit inspections?

Mr Quigley: No, not off the top of my head.

Senator IAN MACDONALD: You will take that on notice?

Senator Conroy: Happy to take it on notice.

Mr Quigley: I can take it on notice, yes.

Senator IAN MACDONALD: Can you tell me the qualifications of the personnel conducting the inspections?

Mr Quigley: We will take that one on notice as well, Senator.

Topic: Regional NBN Offices

301. Senator MacDonald asked:

Management staff from Regional NBN offices have advised that they are instructing their staff to inspect and audit 20% of all NBN installations.

- a. What is the aggregate cost of these inspections?
- b. What are the qualifications of the personnel conducting these inspections?
- c. What are the reporting mechanisms for the inspection/installation audit process?
- d. What percentage of overall nationwide installations will be quality-control audited and has NBN Co determined/allocated a budget for this process?
- e. Will installations inspections be conducted indefinitely?
- f. Does the contractual relationship entered into with third-party installation contractors, such as Silcar, provide for standards of installation compliance and remedy for breach of these standards?
- g. Will responsibility for maintaining installation standards ultimately vest in third-party installation contractors?
- h. What regulatory mechanism is being established to provide for audit and compliance of installation standards?

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Answer:

- a. NBN Co intends to undertake inspections for the Fibre, Transit and Wireless networks over the full life cycle of New Developments, Multi Dwelling Units and Lead In projects and has included the cost in our internal calculations.
- b. Most staff conducting quality inspections hold trade qualifications in a construction-related trade, as well as extensive experience in civil and/or telecommunication infrastructure projects – including in formal assessment of work quality. They receive two days training in NBN's Defect Management System (DMS) and data returns are scrutinised for consistency and validity.
- c. Field inspection data is entered into the DMS. Outcomes are summarised and reported to senior management and available to all levels of management. Controls exist to mandate that work is not accepted as complete until quality levels validated by statistical sampling reach contracted levels. Responsibility for pass/fail assessments is traceable to specific plant items and inspection staff through the DMS and SpatialNet (the plant inventory system).
- d. All local construction modules (Fibre Serving Area Modules, Transit rings, etc.) are subjected to quality inspection sampling of each plant category. All sample sizes are statistically determined and sampling methods are in accordance with Australian Standard, AS 1199.1. Sample sizes fall between 10 per cent and 20 per cent of the total number of plant items of a specific category in the local module.
- e. Yes, inspection of the quality of constructed plant and plant installed in maintenance work post initial construction will be an indefinite feature of NBN Co's network management.
- f. Yes, contracts include such standards and remedies. See also answer to (g).
- g. No. Ultimate responsibility vests in NBN Co. Contractors have contractual responsibility to, *inter alia*, meet quality standards and submit to audits and inspections of quality.
- h. NBN Co considers this is a contractual matter for it rather than a regulatory matter.

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Question No:254

Program No: NBN Co Limited

Hansard Ref: Page 130 (14/02/2012)

Topic: Telstra and NBN Packages in Tasmania

Senator Bushby asked:

Senator BUSHBY: I was just confirming that. If the position I have put about Telstra is in fact the case, and Telstra is not going to offer its NBN packages in Tasmania until such time as there is a broader scale of the new technology or the broader-scale technology, how does that sit with the argument espoused by the Prime Minister, the state Premier and NBN that Tasmania would be ahead of the game in terms of NBN, when it is not even getting the packages from the major internet service provider in Australia that the rest of the country will be getting?

Senator Conroy: The rest of the country is managing to run on it. Every other service provider is running on it that wants to.

Senator BUSHBY: Telstra is the biggest provider in the country.

Senator Conroy: We will seek information from Telstra. In fact, I am sending a text as we speak, so we will know by relatively early tomorrow morning.

Answer:

Information regarding where and when Telstra will make NBN services available can be found at the Telstra website:

<http://www.telstra.com.au/bigpond-internet/national-broadband-network/availability/>

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Question No: 255

Program No: NBN Co Limited

Hansard Ref: Page 131-132 (14/02/2012)

Topic: Engagement of UMR

Senator Birmingham asked:

Senator BIRMINGHAM: He may even be quite helpful in this line of questioning then. If I can go to UMR, how long have UMR been engaged by NBN Co. and are they still engaged? Can you give us at least some idea of the type of work they have been doing?

Mr Quigley: I believe we have only just selected them.

Senator BIRMINGHAM: Only just selected them?

Mr Quigley: Only just selected them, yes. I think that is the case. I am giving it off the top of my head. I will take it on notice and double-check on that.

Senator BIRMINGHAM: Answers to questions on notice from the October 2010 supplementary budget estimates hearings indicated at that stage that you had employed UMR and had paid \$38,940 for qualitative research for first release sites consultation as a component of NBN Co.'s community effort.

Mr Quigley: Yes. I was trying to answer the latter part of your question about going out to a process where we had selected an agency. Let me just check. We have used them from time to time in the past, but we are now looking at what I described in my opening statement, where we will be gearing up to do more communication and obviously having to supply information that end users will want from us about what it is they are looking to learn about the NBN. We obviously need to do some research and I believe that is the work that has gone on in selecting UMR to do that type of work. I will take that on notice and give you a complete answer.

Answer:

UMR was engaged intermittently by NBN Co from May 2010 to October 2010. NBN Co signed a 12 month contract with the agency for the provision of research services in January 2011 which has since lapsed. NBN Co is currently tendering for research services.

Note: In the answer to Senate Estimates QoN 562 from the October 2011 Estimates, it was stated that "John Utting & UMR Research Group was engaged [by NBN Co] in November 2011 to provide research services. This was a transcription error and should have read "January 2011", consistent with the above answer.

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Question No: 256

Program No: NBN Co Limited

Hansard Ref: Page 132 (14/02/2012)

Topic: Market Research Costings

Senator Birmingham asked:

Senator Birmingham: Have you, to your knowledge, provided market research information to the shareholder ministers at all?

Mr Quigley: I cannot answer that one off the top of my head. I will have to inquire.

Senator BIRMINGHAM: Are you able to give any sort of ballpark as to what NBN Co. expects to spend in market research, polling, data and so on over the duration of the contracts you are currently letting, in whatever terms you might be able to answer the question? I do not want to box you into something that you cannot answer.

Mr Quigley: We probably have an ongoing number for our 2011-12 year and we will be obviously going into a budgeting process, looking at 2012-13. What those numbers are off the top of my head, I do not have.

Answer:

a. NBN Co has not been asked to provide market research data directly to its shareholder ministers. Market Research information has, however, informed NBN Co's approach on a number of matters as is normal commercial practice. It is NBN Co's responsibility as a Government Business Enterprise reporting to its shareholder ministers and their respective government departments, to provide regular briefings on the implementation of the Government's policy objectives as set out in the *Statement of Expectations* to the company. It is possible that these discussions may have covered market research findings.

b. Market research expenditure for the financial year 2010-11 was \$184,000 and the same costs to end April for financial year 2011-12 are \$15,000.

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Question No: 257

Program No: NBN Co Limited

Hansard Ref: Page134 (14/02/2012)

Topic: Towers at Daruka

Senator Williams asked:

Senator WILLIAMS: You are going to have more towers?

Mr Quigley: The DAs are done on a tower by tower basis. Obviously, in a cluster you can have multiple towers.

Senator WILLIAMS: So there is a chance you might have multiple towers in this Daruka area. That is what you are just saying now.

Mr Quigley: I would have to look. I am saying in a radio coverage area obviously you normally have multiple towers.

Senator WILLIAMS: So there will be multiple towers around Daruka? You are not going to just put one tower there. There will be multiple towers. That is what you are saying.

Mr Quigley: I would have to go and look at the radio planning for this particular site to answer that question definitively.

Senator WILLIAMS: So there could be multiple towers put up there?

Mr Quigley: You have a limited number of premises that you can put on any one radio acceptor.

Senator WILLIAMS: In other words, at the meeting with NBN Co. that was held yesterday, if one tower is going to service one-fifth of the community, they may have to be five towers.

Correct?

Answer:

Current NBN plans are based on one tower at Daruka.

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Question No: 258

Program No: NBN Co

Hansard Ref: Pages 135-136 (14/02/2012)

Topic: Australian Industry Participation

Senator Boyce asked:

Senator BOYCE: does it include Australian industry participation plans?

CHAIR: Senator Boyce, I thought you would have moved on to your questions as quickly as possible and not—

Senator BOYCE: I did, Chair.

Senator IAN MACDONALD: She just did.

Senator BOYCE: I just did, Chair, until you—

Senator IAN MACDONALD: Let her talk, rather than talking over her.

Senator BOYCE: I will proceed: Australian industry participation plans. I notice that you have responded to complaints about the tendering system for satellites not involving Australian companies.

Senator Conroy: That is because there are not any Australian satellite manufacturers.

Senator IAN MACDONALD: Can she finish the question?

Senator BOYCE: NewSat would argue with you that—

Senator Conroy: They do not manufacture. They were going to buy theirs from an American company. They do not manufacture a satellite.

Senator BOYCE: Could I just finish the question.

Senator Conroy: Lockheed Martin. They were going to buy it from Lockheed Martin in America.

CHAIR: Senator Conroy, allow Senator Boyce to ask the question.

Senator BOYCE: The rest of the question is that, with the ground segment contract, you say that you have an Australian industry participation plan, yet the two final bidders, as I understand it, for the ground system component are both US companies. Is that correct, Mr Quigley?

Mr Quigley: I cannot answer questions on a tender that is open at the moment.

Senator BOYCE: Could you talk us through the opportunities for Australian innovative companies to be involved in the NBN. At the present time it looks like we will end up with a lot of very experienced cable pullers and not much more.

Senator Conroy: That is just embarrassing.

Mr Quigley: There are in fact a whole of range of activities that are being undertaken by Australian companies in the NBN project.

Senator BOYCE: Can you quantify that for me?

Mr Quigley: Yes, we can quantify it and I would be happy to quantify it.

Senator Conroy: We have done on a number of occasions but we are happy to update it for you.

Mr Quigley: Approximately 50 per cent of the capex we expect to spend is in fact with Australian companies such as Warren and Brown. If I could comment on behalf of the construction industry, I would not characterise them as simple 'cable pullers'. The job they do for us is a lot of detailed design.

Senator BOYCE: All right. Can we look at the parts of the project that are not involved with underground or pole putting-in, but the high-tech aspects. That is the area I am interested in, the high-tech aspects of the NBN. I do want to know whether you have 50 per cent of the cable layers or 50 per cent of whatever; it is just that component that is not involved in—

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Senator Conroy: Laying cable and splicing fibre is actually quite a complex business.

Senator BOYCE: I am perfectly aware of that.

Senator Conroy: It will take probably a degree of training to upgrade copper technicians to become fibre technicians.

Senator BOYCE: But it is no longer, I would think, a high-tech industry, in that it is something that has been done for some considerable time.

Senator Conroy: I will circulate your statement widely.

Mr Quigley: To give you an example, we are using a company that I think was spun out of the University of Queensland which is called Biarri, which is a group of industrial mathematicians. We believe some of the work they are doing is really groundbreaking. They are doing optimisation and we have quite a significant contract with them. They are a very small company.

Senator BOYCE: Are you able to give us the figures for that contract?

Mr Quigley: We cannot give you the exact numbers, of course, but I will try and do my best to tell you roughly how much that is worth.

Senator BOYCE: You could give me, on notice, some details about that. That is the characterisation of things I am looking at.

Answer:

Please refer to NBN Co's Media Release of 23 June 2011. The text of that announcement is as follows:

"NBN Co, the company set up to design, build and operate Australia's national wholesale-only, high-speed broadband network, has awarded a contract to Biarri, a commercial mathematics company, to supply network design optimisation software to support development of efficient, lower cost network construction plans.

Chief Technology Officer at NBN Co, Gary McLaren, said that the Australian Government's plan for the NBN presents a unique network design challenge in terms of scale, complexity and technical approach. Biarri is an Australian commercial mathematics company that has developed a Network Design Optimisation Engine which is being applied to the NBN.

Mr McLaren said: "Biarri has already demonstrated the engine's capability and benefits on projects for NBN Co. It quickly generates low-cost fibre network designs based on the costs and requirements of the reference architecture. It can determine optimal fibre area boundaries, the position of fibre hubs, layout and route of distribution and local fibre.

Based on modelling that NBN Co and Biarri have undertaken in the First Release Sites, it is possible that the optimisation algorithms could save substantial costs in both design and construction.

"NBN Co is proud to support smart local technologies and companies that have the potential to improve the NBN network design and build a better network. Biarri is an Australian technology company that brings the power of mathematics to bear on real world problems. They have demonstrated the value of their mathematical engines to optimise network layouts and we plan to use their mathematical modelling capability across a range of areas," he said.

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Joe Forbes, Co-founder and Director of Biarri, said that the Network Design Optimisation Engine incorporates a unique arrangement of mathematical techniques and engines.

"Integer programming approaches underlie a number of the engines and they incorporate algorithms to handle the complexity arising from the size of the network, reference architecture rules and need to re-use existing infrastructure," Mr Forbes said.

The initial purchase order for the service is \$6.5 million, with the potential to extend for 8 years."

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Question No: 259

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Launches

Senator Birmingham asked:

How many households will have their copper lines switched off by the end of 2012? How many by the end of 2013? How many by the end of 2014? When does NBN Co expect to start decommissioning the copper network?

Answer:

NBN Co does not control or own the copper network and therefore will not decommission the copper network. This question is more appropriately directed to Telstra.

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Question No: 260

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Roll Out

Senator Birmingham asked:

In reference to Senator Wong and Conroy's media release of 14 November 2011 – regarding the SA/NT rollout – is this the grand total of places in which work will have commenced by August? How many will have been completed? Have further delays been experienced? Has construction commenced?

Answer:

As at 14 February 2012, desktop designs for the same number of locations (12) in South Australia and the Northern Territory are programmed to be issued by August 2012. One site has been added (Onkaparinga) and one site postponed (Seaford). As stated in the media release, Willunga – a pre release (ie pilot) site – was completed prior to November 2011. Consistent with the media release, as at 14 February 2012, no other SA/NT location is programmed to be in service by 31 August 2012.

As at 14 February 2012, desktop designs for nine locations continue to be programmed to be issued by the month (September 2012) specified in the media release. These locations are Casuarina, Darwin, Aldinga Beach, Modbury, Onkaparinga, Port Augusta, Prospect, Stirling, and Strathalbyn. Desktop designs for two locations - Port Elliot and Yankalilla - are programmed to be released one month later (October 2012). Also, as at 14 February 2012, contract instructions have been issued for two of the specified locations, Modbury and Prospect.

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Question No: 261

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Roll Out

Senator Birmingham asked:

The Corporate Plan estimated the NBN fibre network would pass 58,000 premises on the mainland (plus 4,000 in Tasmania) by June 2011. Can you confirm it only passed 18,243 premises by that date?

Answer:

This information is publicly available in the Australian Government's first report to the Joint Committee on the National Broadband Network which can be viewed at **www.aph.gov.au**

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Question No: 262

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Roll Out

Senator Birmingham asked:

The Corporate Plan estimated the NBN interim satellite service would cover 165,000 premises by June 2011. Coverage means an end user being able to purchase a broadband service. Can you confirm that on 30 June 2011 no household in Australia could purchase the NBN satellite service, which at that stage was in trials?

Answer:

The first commercial services offered over the National Broadband Network became available from 1 July 2011 via NBN Co's Interim Satellite Service.

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Question No: 263

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Roll Out

Senator Birmingham asked:

The Corporate Plan estimated the NBN would have 35,000 customers with active service on its fibre by June 2011. Can you confirm that at that date the number of active services was approximately 622?

Answer:

This information is publicly available in the Australian Government's first report to the Joint Committee on the National Broadband Network which can be viewed at **www.aph.gov.au**

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Question No: 264, 277, 281, and 282

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Roll Out

264 Senator Birmingham asked:

- a. On page 17 of the second review of the NBN rollout by Parliament's Joint Committee on the NBN, it was stated that: "For Greenfields, the NBN Co has exceeded its expected target with 75 000 lots passed." The footnote supporting this claim said it relied on information supplied by the shareholder ministers. DBCDE had to write to Parliament correcting this misstatement. Were figures or commentary regarding rollout of the NBN at greenfield sites supplied to shareholder ministers by NBN Co in any way implicated in this error?
- b. A few paragraphs earlier on the same page, the review states: "The target for lots passed for 2010-11 was revised from the NBN Co Corporate Plan of 45 000 lots passed, to approximately 65 000 lots passed and 40 000 premises connected." The footnote cites Mr Quigley's evidence to the Committee on 5 July 2011 as the source, but if that was a forecast made by NBN Co for 2010-11 was this statement also incorrect? Please explain this apparent misunderstanding?

277 Senator Birmingham asked:

On p.17 of the Second Progress Report, there's a statement from NBN Co Chief Mike Quigley saying that the company has passed 65,000 lots contradicting a statement by the shareholder ministers stated the number was actually 75,000 lots. Department Deputy Secretary Daryl Quinlivan later clarified the numbers in a letter to the Joint Committee stating:

"In fact, at 30 June 2011, NBN had received more than 1,700 applications from developers, with 1,188 active applications covering, not passing, approximately 75,000 lots".

Please explain how the mistake was made, given the figure in the Second Progress report was taken from testimony from Mr Quigley in Parliament on July 5, 2011?

Topic: Greenfields

281 Senator Birmingham asked:

In September 2011, three months after Mr Quigley declared that the NBN has passed 65,000 greenfields lots, Senator Conroy issued a press release stating:

"Residents living in Bunya Estate in Sydney's west will be the first people in a new "broad-acre" development to enjoy the benefits of the National Broadband Network (NBN)".

- a. If the NBN had already passed 75,000 lots, is it correct that the minimum amount of time between passing a lot and activating an active service is three months?
- b. Out of the 75,000 greenfields lots passed, please advise how many of those applications have been completed by Telstra and how many by the NBN's subcontractor Fujitsu?

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- c. Further to the previous question, please advise how many of the 75,000 greenfields lots passed have been passed with fibre-to-the-home infrastructure, how many with a copper access network and how many have been passed with other technologies (such as fixed wireless or who have been provided a mobile phone)?

282. Senator Birmingham asked:

On the NBN website, the company has published spreadsheets for the greenfields rollout. In the spreadsheet titled 'Monthly Ready for Service Rollout Plan' under the Greenfields section, the company states that it has 2,000 premises under the heading 'expected date of ready for service' before June 2012 – in other words, passing on just over 330 premises a month.

If that is the current rate of build that the NBN Co itself is taking on, how did it achieve its target of 75,000 premises passed?

264 Answer:

- a. The statement in the JCNBN Committee's report and the accompanying footnote are incorrect. The Government's submission to the JCNBN said:

"At 30 June 2011, NBN had received more than 1,700 applications from developers, with 1,188 active applications covering approximately 75,000 lots."

The JCNBN Committee's report misrepresented this as meaning that NBN Co had passed 75,000 lots. This is not an error on the part of NBN Co, DBCDE or the Minister.

- b. Yes, you have also misunderstood or misinterpreted Mike Quigley's comments. At the 5 July 2011 JCNBN hearing, Mr Quigley was clearly not speaking about 2010-11 when he said:

"On the latest projections we have, we plan to pass approximately 65,000 lots and connect approximately 40,000 premises during the coming fiscal year in greenfields. But, as I said before, this is a demand-based business. It really will depend in the end on what the developers need and want. We should be able to firm those numbers up as the year progresses."

277 Answer:

It is reported on p.17 of the Joint Committee on the NBN (JCNBN) Second Report dated November 2011, that "the target for lots passed for 2010-11 was revised from the NBN Corporate Plan of 45,000 lots passed, to approximately 65,000 lots passed and 40,000 premises connected." This is attributed to evidence provided by Mr Quigley to the JCNBN at its 5 July 2011 hearing.

Please also refer to answer to Question on Notice 264 a) and b).

281 Answer:

Mr Quigley did not state that NBN Co has passed 65,000 Greenfield lots. Please refer to answers to Questions on Notice 264 and 277.

282 Answer:

Please refer to answers to QoNs 264 and 277.

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Question No: 265

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Greenfield Housing Estates and NBN roll out

Senator Birmingham asked:

Deployment of the NBN in greenfield areas - new broad-acre residential developments - are forecast to account for about one fifth of the premises connected to the NBN's fibre optic cable network during the period it is under construction. There is a spreadsheet on the NBN Co website that sets out the current schedule for the greenfields rollout. It has a column that forecasts when premises in various developments will actually be passed by the NBN and able to purchase services - under the heading 'expected date ready for service.' On the face of it the spreadsheet forecasts fewer than 2,000 greenfield premises will have been passed by the NBN fibre network by June 2012. Is it NBN Co's best judgement that 2,000 greenfields premises will have been passed by June? If this is not correct please provide the correct forecast for the number of greenfield premises that will have been passed by June, and therefore able to purchase services over the NBN if they wish? Given an original target of 172,000 premises, an actual figure of 2,000 greenfield premises passed by June 2012 must surely mean NBN Co has fallen 99 per cent short of a key target it set itself barely a year ago? Is this correct?

Answer:

Please refer to the comments that Mike Quigley made on this topic at the JCNBN hearing on 16 April 2012:

“While we did our best to factor the impact of [The Government's Greenfield] policy into the [corporate] plan, it is now clear that our estimates of greenfields demand was far too high. Our plan also did not take into account the large proportion of connections for new housing that were transferred back to Telstra as the policy was finalised. So two fundamental assumptions driving our greenfields numbers changed. The best estimate of project demand of new developments turned out to be way too high and a change in policy saw us move a lot of those numbers that we had assumed in December 2010 back to Telstra. As a result we need to reflect these changes in our new corporate plan targets to be provided to the Government in May.”

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Question No: 266

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Greenfield Housing Estates and NBN roll out

Senator Birmingham asked:

According to the Corporate Plan, NBN Co should have 132,000 customers in greenfield areas with active services by June. These customers were expected to be the vast majority of users on the fibre network at this point.

a. Exactly how many active services does NBN Co now forecast it will have in these areas in June 2012?

b. Apart from NBN Co's incapacity to actually earn revenue, are there other detrimental effects arising from lack of this large group of consumers who had been anticipated to be using the fibre network by now? How important were they for NBN Co's accumulation of experience and development of its capabilities of actually providing broadband services? How important were they for working out any glitches or technical problems with the network itself? Which users will now carry that burden?

Answer:

a. Please refer to the comments that Mike Quigley made on this topic at the JCNBN hearing 16 April 2012:

"While we did our best to factor the impact of [The Government's Greenfield] policy into the [corporate] plan, it is now clear that our estimates of greenfields demand was far too high. Our plan also did not take into account the large proportion of connections for new housing that were transferred back to Telstra as the policy was finalised. So two fundamental assumptions driving our greenfields numbers changed. The best estimate of project demand of new developments turned out to be way too high and a change in policy saw us move a lot of those numbers that we had assumed in December 2010 back to Telstra. As a result we need to reflect these changes in our new corporate plan targets to be provided to the Government in May."

b. NBN Co has worked closely with developers and contractors on any technical issues and to improve processes where necessary.

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Question No: 267

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Mobile Interactive Discovery Centre

Senator Birmingham asked:

- a) How much did this truck cost?
- b) Who determines where the truck visits?
- c) Was the truck purchased or leased?
- d) For how long will it be used to promote the NBN?
- e) Are similar trucks planned on the mainland?

Answer:

- a) The truck is an efficient way of informing communities around Australia about the NBN and helps address the comments from the Joint Committee on the NBN that NBN Co needed to engage more with local communities, particularly in remote and regional areas. (JCNBN Second Report pp 123-124). The cost of implementing this initiative was \$1.4 million for the full trailer build and audio-visual fit out.
- b) The schedule has been planned by NBN Co on the basis of the following criteria:
 - 1. First release sites
 - 2. Second release sites
 - 3. Fixed wireless sites
 - 4. New development sites
 - 5. Towns between the above sites, on advice from Community Relations and New Developments, as time and scheduling permits
- c) The trailer was purchased and we have a contract with Toll Group who manage the prime mover maintenance and the provision of a truck driver.
- d) We are currently committed to travelling to more than 100 different communities in every state and territory over the next 12 months.
- e) This has not yet been determined.

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Question No: 268

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Staff Travel

Senator Birmingham asked:

- a) Why have 54 staff travelled overseas?
- b) How many staff have travelled overseas in financial year 2011-12 to date?
- c) For what purpose was each trip made?
- d) Who approves staff travel?

Answer:

- a) The reasons for overseas travel are varied and include dealing with international suppliers on a range of issues. These trips are restricted to the minimum required for NBN Co to carry out its business in an efficient and effective manner.
- b) As at 24 March 2012, 55 staff have travelled internationally.
- c) See a) above
- d) NBN Co's travel policy stipulates that all international travel must be approved by the Chief Executive Officer.

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Question No: 269

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Debt Financing

Senator Birmingham asked:

Have any of the timelines and arrangements for NBN Co's debt financing plans changed in any way? Please detail. When will (or did) NBN Co first raise its own debt? How much debt is expected to be raised over the next 3 years?

Answer:

Issues such as these are being considered as part of the next version of the Corporate Plan, which is due to be presented to government at the end of May 2012.

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Question: 270

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Multi-dwelling Cable Installation

Senator Birmingham asked:

How many tenders have been received? Did all of the tenders meet the budgeted costs of NBN Co? What was the cost/budget tenderers were asked to meet? When is a decision on the preferred tenderer likely to be made?

Answer:

The MDU (multiple dwelling unit installation) procurement process for the engagement of contractors to install equipment into MDUs remains open. This tender process is being conducted on a 'commercial in confidence' basis and therefore to comment on it further at this time may cause harm to the process and to the value for money to be achieved for the Australian taxpayer.

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Question No: 271

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Interim Satellite Service

Senator Birmingham asked:

- a. How many of the customers receiving a free trial period are now paying for services?
- b. What speed/service was the free trial service?
- c. What speed/service have those on the free trial period bought?

Answer:

- a. 192 of the 201 end-users that were part of the trial are still paying customers.
- b. 6/1Mbps (same as the Interim Satellite Service).
- c. This question is best directed to the Retail Service Providers.

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Question No: 272

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Corporate Plan

Senator Birmingham asked:

When will NBN Co's revised corporate plan be completed? Released?

Answer:

NBN Co is required to submit the final Corporate Plan 2012-2015 to government by 31 May 2012. The release date will be determined by government.

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Question No: 273

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Gags

Senator Birmingham asked:

Why did NBN Co believe it needed clauses in contracts with Telstra and Optus that go beyond standard misleading and deceptive conduct provisions?

Answer:

The content of the clauses referred to are part of a commercial arrangement with Optus and with Telstra and as such are confidential. However, NBN Co is of the view that the clauses referenced do not go beyond standard misleading and deceptive conduct provisions. This issue was well covered in questioning of Mr Quigley at the 24 October 2011 hearing of the Joint Committee on the NBN (Hansard reference pages 17-18).

In his evidence to the Committee, Mr Quigley explained that the clauses represent an agreement to not present a mobile service as a replaceable, substitutable service. As NBN Co is using taxpayers' funds - the provision only makes good commercial sense – it protects the shareholders' interests. NBN Co does not oppose increased mobile penetration this drives up usage on fixed line networks which makes our business case more secure.

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Question No: 274

Program No: NBN Co

Hansard Ref: In Writing

Topic: Asbestos

Senator Birmingham asked: (In reference to QoN 494 from previous Estimates)

Where asbestos is found at what point does an installation cease to be 'standard'? Please outline the procedure once this point has been reached.

Answer:

When asbestos is found, the National Code of Practice "How to Manage and Control Asbestos in the Workplace" is followed at all times. Should there be the need to remove the asbestos, the National Code of Practice "How to Safely Remove Asbestos" is then followed. There is no point of deviation from the Codes of Practice.

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Question No: 275

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless Towers

Senator Birmingham asked:

- a. When will Ericsson commence construction of the wireless towers?
- b. When will a list of all tower locations be made available?
- c. What consultation will occur with communities prior to the approval of tower locations?
- d. What investigation of health effects has been undertaken? Will these results be made public?
- e. What environmental impact assessment will be undertaken on each tower site?
- f. How many towers will be located in each state?

Answer:

- a. Ericsson has already commenced construction in first release sites.
- b. Tower locations will be made available progressively as each rollout area's detailed design is completed. NBN Co makes this information available on the AMTA Radio Frequency National Site Archive and also to councils and the community in the rollout areas prior to the approval of tower locations.
- c. During the pre-construction phase there will be a number of ongoing activities that will facilitate widespread understanding among the community and other stakeholders about the fixed wireless rollout. These include:
 - Local media advertising
 - Notifications to premises
 - Community information sessions
 - Distribution of information such as brochures, Frequently Asked Questions and fact sheets
- d. Wireless base stations used for communications purposes, such as the NBN fixed wireless systems, are regulated by the Australian Communications and Media Authority (ACMA). The base stations must be operated in accordance with the ACMA Radiocommunications Licence Conditions (Apparatus Licence) Determination 2003. These licence conditions make mandatory the limits in the ARPANSA RF Standard which sets limits for human exposure to RF fields from all sources, including mobile phone and NBN base stations.

The ARPANSA RF Standard is based on scientific research that shows the levels at which harmful effects occur and it sets limits, based on international guidelines, well below these harmful levels. It is the assessment of ARPANSA and other national and international health authorities, including the World Health Organization (WHO), that there are no established adverse health effects below current exposure limits. The standard is intended to protect people of all ages and health status.

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The maximum levels of exposure of RF EME from the NBN base stations may be calculated from details of the equipment installed. These calculations are made available in the ARPANSA EME reports provided by the telecommunications companies on the Radio Frequency National Site Archive (RFNSA) website, www.rfnsa.com.au.

- e. For any new Development Application for new tower sites, an environmental impact statement is required.
- f. A state-by-state breakdown of the number of wireless towers will only be known after the planning and application processes are completed in each region.

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Question No: 276

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: User Equipment Eroding Speeds

Senator Birmingham asked:

I refer you to answer to Question 498 from last estimates – what modelling has NBN Co done on the speed impact of service provider warping and of service provider impacts more generally?

Answer:

NBN Co has written a guide to assist service providers with maximising their end-users' experiences by outlining the reasons why an end-user may not be able to obtain the full speed of their National Broadband Network service and remedies that may be applied.

NBN Co has deployed a network performance testing platform in a number of locations throughout the rollout. The platform simulates the usage patterns of end users and periodically tests the NBN Co portion of the network to ensure a high level of performance. The platform allows potential performance issues to be located and diagnosed quickly.

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Question No: 278

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Greenfields

Senator Birmingham asked:

Does the figure stating that there are 1,188 active applications covering approximately 75,000 lots measure how many applications are in the process of being completed or whether there are 75,000 lots that already have infrastructure passing their premises?

Answer:

This figure refers to applications in the process of being completed.

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Question No: 279

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Greenfields

Senator Birmingham asked:

Does the NBN measure the average time between an application being received from developers and the point at which it is determined an active application? If so, please provide an indication on the average time?

Answer:

NBN Co does not measure this. We encourage developers to lodge applications as early as possible – an application may be received well in advance of it becoming an active development.

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Question No: 280

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Greenfields

Senator Birmingham asked:

In January, Phil Smith from OptiComm told the Herald Sun that many developers have become frustrated with the long lead-times in dealing with the NBN. He said: "There is a lot of frustration out there about NBN's responsiveness and delivery to new estates."

How many complaints has the NBN had from developers and what timeframe do you dictate as reasonable in delivering infrastructure?

Answer:

Our call centre complaint management process has recorded three complaints from developers in the current fiscal year to 7 May 2012. This may not reflect all developer issues as some may be directly taken up with NBN Co's developer account managers.

We do not 'dictate' a timeframe for greenfields infrastructure delivery, but do seek to deliver services ahead of the first occupancy date advised by the developer. We currently specify a minimum of three months notice; however, mature developers typically provide substantially more notice.

Most developers have had extensive experience with civil works, and provide notice periods commensurate with the timeframes required by authorities and utilities for estate commencement.

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Question No: 283 & 293

Program No: NBN Co Limited

Hansard Ref: in Writing

Topic: Financials

283 Senator Birmingham asked:

The NBN Corporate Plan states on p.134 that the projected revenue for the previous financial years was \$3 million. In the Second Report, the NBN stated that its revenue is \$0. Please explain why the NBN didn't bill any of its customers in the previous financial year?

Topic: Financial Performance

293 Senator Birmingham asked:

The Corporate Plan, on page 134, estimated that revenues for NBN Co would be \$3 million in 2010-11. Does that estimate refer to revenue derived from communications services? Can you confirm that revenues in 2010-11 from communication services were in fact zero?

Answer:

Please refer to Mr Quigley's comments to the JCNBN hearing on 16 April 2012 where he outlined how the assumptions underpinning the Corporate Plan released in 2010 have changed.

http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jcnbn/index.htm

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Question No: 284

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Financials

Senator Birmingham asked:

The NBN's reported capital expenses for the recent financial year were \$463 million, or 66 per cent less than was forecast. To what extent was that a consequence of delays in the rollout?

Answer:

As Mr Quigley said at the 16 April JCNBN hearing, a number of assumptions, including the timing of the Telstra deal, have changed since the last version of the Corporate Plan was presented to Government in 2010.

NBN Co is due to present its next Corporate Plan 2012-2015 to the Government shortly. It will be a decision for Government when the new Corporate Plan will be released.

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Question No: 285

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Satellites

Senator Birmingham asked:

On p.134 of the NBN Corporate Plan, it is stated that the satellite service would connect 106,000 premises by financial year 2021. In media reports following the signing of contracts to build two new satellites, NBN Co chief executive Mike Quigley stated that the satellites would connect 200,000 premises.

- a. Can you please advise how and why this figure was revised?
- b. How will these changes affect the NBN Corporate Plan and when will a new Corporate Plan be released?
- c. What consultation with the Government occurred before this change to the corporate plan was initiated?
- d. How will this affect future revenue streams for the NBN?
- e. And will the increase come from the NBN extending the satellite footprint from 3 per cent, or will there be an increased take-up or a combination of both?
- f. And if take-up has increased by almost 100 per cent, how did the NBN get the initial forecast so wrong?

Answer:

- a. The satellite network is required to serve the last three per cent of premises, which cannot be economically reached by fibre or fixed wireless. Initial take-up estimates used during 2010 and early 2011 assumed that 106,000 of these premises would be connected to satellite services by 2021, 120,000 by FY 2025 and 139,000 by FY 2030 (figures are cumulative not incremental). NBN Co has continued to undertake further extensive analysis of the satellite network requirements based on increases in total Australian Geocoded National Address File (GNAF) since the last national survey; more detailed planning on the fibre, wireless and satellite footprints and also revised demand estimates.

The total number of premises in the satellite serving area is expected to grow from 332,000 today to 399,000 by FY2025. The revised take-up forecasts within the satellite serving area are 129,000 users by FY2021, 144,000 by FY2025 and 170,000 by FY2030 (figures are cumulative, not incremental). The satellites have been designed to provide sufficient downlink capacity for approximately 200,000 premises.

- b. The effect on the corporate plan, in relation to Satellite, is that there will be an upward revision to the expected number of users served via Satellite, which will be reflected in the company's next Corporate Plan.
- c. The consultations were in accordance with GBE arrangements in revising the company's next Corporate Plan.

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- d. Details of the impact of the above changes will be incorporated in NBN Co's revised corporate plan.
- e. Refer to answer (a) above.
- f. Take up has not increased by 100 per cent.

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Question No: 286

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Satellites

Senator Birmingham asked:

Loral, the US firm the Prime Minister last week unveiled as the supplier of two satellites to NBN Co, has recently been sued by another large US satellite firm, Viasat, for allegedly violating three Viasat patents. The patents cover technology used in high-throughput broadband satellites – exactly the equipment the NBN is purchasing from Loral.

- a. When did the Government first learn of this lawsuit?
- b. Why wasn't it disclosed last week?
- c. And what legal protections were negotiated with Loral to ensure Australian taxpayers and consumers are not exposed – either financially, or from an adverse ruling causing further delays in the NBN?

Answer:

- a. This question needs to be directed to the Government.
- b. Space Systems/Loral (SS/L) disclosed the litigation to the US Securities and Exchange Commission on 2 February 2012. Appropriate disclosure of the relevant issues surrounding the contractual negotiations were communicated by NBN Co and received by Government during the course of the week beginning 30 January 2012.
- c. NBN Co has negotiated contractual protection within the terms of the contract. The specific terms of the contract are commercial-in-confidence between NBN Co and SS/L and both NBN Co and SS/L have mutual non disclosure obligations.

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Question No: 287

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Website

Senator Birmingham asked:

In a video on the NBN website, there's a video titled 'The NBN – Getting Connected' under the webpage titled 'NBN explained'. From 1.05 minutes onwards, the voiceover states: "It's not just about fast internet – it's about giving 100 per cent of Australian premises access to broadband". The graphic states 'Access to internet 80% - 2009' and then '100% - NBN Plan'. Where was the figure that 80% of households had access to the internet in 2009 sourced?

Answer:

The figure is from the Australian Bureau of Statistics series *Household Use of Information Technology Australia 2010-11* - ABS Cat 81460.

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Question No: 288

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Website

Senator Birmingham asked:

The ABS series 'Household Use of Information Technology' has a measure titled 'Households with Home Internet Access' which recently showed that 79% of households have access to the internet at home. Do you recognise that the ABS is measuring how many homes actually are purchasing internet plans?

Answer:

In regard to the *Household Use of Information Technology* release, the ABS website states:

“This release presents estimates on household and personal use of information technology in Australia. The data presented includes: access to internet, location of access, type of internet connection and purpose of using the internet.”

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Question No: 289

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Website

Senator Birmingham asked:

Does NBN Co concede that this is quite different to the NBN Co's measurement of 'Households with Access to the Internet', which is a measure of how many premises your network will pass (but not necessarily how many households are purchasing internet plans)?

Answer:

While the NBN will be available to 100 per cent of Australian premises, some may choose not to take a service. This has been taken into account in the NBN Co Corporate Plan 2011-13.

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Question No: 290

Program No: NBN Co Limited

Hansard Ref: in Writing

Topic: NBN Website

Senator Macdonald asked:

Given that NBN Co's corporate plan (p.134) states you will have connected 7,845,000 households out of 12,365,000 passed, that under the ABS reporting guidelines, under the NBN only 63.4% of households will have 'Access to the Internet at Home' under the NBN plan.

Answer:

When the NBN is fully rolled out, 100 percent of Australian premises will be able to access an NBN service.

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Question No: 291 & 326

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: UMR

291 Senator Birmingham asked:

- a. Please provide all details of all contracts with UMR.
- b. Please provide copies of all research and all poll findings.
- c. How was the decision to engage the services of John Utting and UMR made? Who was the final decision maker? Was a tender issued? Were other companies considered for this work? Please provide details.
- d. How has work provided by John Utting or UMR informed decisions taken by NBN Co?
- e. What is the time frame John Utting and UMR were/are engaged for?
- f. Does NBN Co have plans to employ John Utting or UMR again in the future? Please provide details.

Topic: Contractors

326 Senator Fisher asked:

For this financial year to date:

1. Has the department/agency ever employed Hawker Britton in any capacity or is it considering employing Hawker Britton? If yes, provide details.
2. Has the department/agency ever employed Shannon's Way in any capacity or is it considering employing Shannon's Way? If yes, provide details.
3. Has the department/agency ever employed John Utting & UMR Research Group in any capacity or is it considering employing John Utting & UMR Research Group? If yes, provide details.
4. Has the department/agency ever employed McCann-Erickson in any capacity or is it considering employing McCann-Erickson? If yes, provide details.
5. Has the department/agency ever employed Cutting Edge in any capacity or is it considering employing Cutting Edge? If yes, provide details.
6. Has the department/agency ever employed Ikon Communications in any capacity or is it considering employing Ikon Communications? If yes, provide details.
7. Has the department/agency ever employed CMAX Communications in any capacity or is it considering employing CMAX Communications? If yes, provide details.
8. Has the department/agency ever employed Boston Consulting Group in any capacity or is it considering employing Boston Consulting Group? If yes, provide details.
9. Has the department/agency ever employed McKinsey & Company in any capacity or is it considering employing McKinsey & Company? If yes, provide details.

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291 Answer

- a. UMR was engaged intermittently by NBN Co from May 2010 to October 2010. NBN Co signed a 12 month contract with the agency for the provision of research services in January 2011 which has since lapsed.
- b. This information is commercial in confidence between the company and the contractor/consultant engaged to undertake the work.
- c. As per answer to October 2011 Estimates QoN 521, UMR was engaged in a procurement process which involved benchmarking against other service providers. The National Broadband Network is a major infrastructure project that will have a direct impact on households, businesses, schools, hospitals and other premises at a community level right across Australia; as such, research findings have provided NBN Co with a statistically valid basis on which to assess its effectiveness in informing the Australian community of its activities in a timely fashion and has contributed to continuous improvement in how NBN interacts with its stakeholders, in particular the communities where physical construction of the network is underway.
- d. Refer to answer (b).
- e. UMR was engaged intermittently by NBN Co from May 2010 to October 2010. NBN Co signed a 12 month contract with the agency for the provision of research services in January 2011 which has since lapsed.
- f. NBN Co is currently tendering for research services.

326 Answer:

1. No
2. No
3. Yes. Please refer to Question on Notice 291 for details.
4. Yes. Universal McCann, a division of Mediabrands Australia Pty Ltd (previously incorrectly identified as "McCann-Erickson"), was retained by NBN Co in January 2012 to provide media planning and buying services.
5. No
6. No
7. No
8. No
9. No

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Question No: 292

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Financial Performance

Senator Birmingham asked:

- a. Please confirm that NBN Co did not extend its fibre network past a single new household or business anywhere in Australia in the final six months of 2011? What was the reason for that inactivity?
- b. What was the NBN Co's cash burn in that period - the amount of capital that was consumed in those six months? How much of it was spent on the fibre network?

Answer:

- a. This statement is incorrect. The fibre network was extended in greenfield estates in the final six months of 2011.
- b. This information is available in the Government's second report to the JCNBN, which is available on the JCNBN website.

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Question No: 294

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Financial Performance

Senator Birmingham asked:

Can you tell us whether NBN Co has as yet earned any revenue from the sale of communications services to retail service providers?

Answer:

NBN Co commenced billing for commercial services on 4 October 2011.

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Question No: 295

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Financial performance

Senator Birmingham asked:

The Corporate Plan estimates that revenues will be \$42 million in 2011-12. Does NBN Co still stand behind that forecast? If not, please detail what the current best estimate is by NBN Co management and directors of probable revenues from sale of communications services for 2011-12 as a whole?

Answer:

NBN Co is currently working on the next version of the Corporate Plan, which is due to be submitted to the government before 31 May 2012. It is then a matter for the government as to what details of the Corporate Plan are released.

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Question No: 296

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Financial performance

Senator Birmingham asked:

The Corporate Plan estimates that NBN Co revenues will be \$160 million in 2012-13. NBN Co still stand behind that forecast?

Answer:

NBN Co is currently working on the next version of the Corporate Plan, which is due to be submitted to the government before 31 May 2012. It is then a matter for the government as to what details of the Corporate Plan are released.

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Question No: 297

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Retail Customers

Senator Birmingham asked:

Does NBN Co know how many retail customers are using the NBN through agreements with RSPs at any point in time? If not, why not? Does NBN Co know what the wholesale product offering each retail customer is using at any time? If not, why not? What data on retail customers accessing the NBN does NBN Co have? If NBN Co does know how many retail customers currently access NBN services through RSPs and how many retail customers are using each wholesale product offering please provide details.

Answer:

As a wholesale-only provider, NBN Co knows the number of premises with 'activated connections' (9,817 as at 4 May 2012) on the network but does not have visibility of the retail products being provided to an end-user customer, for example voice, data and video bundles. That information is held by the retail providers supplying services to end-users. NBN Co has visibility of the amount of bandwidth being ordered at the wholesale level i.e. the 'size of the pipe' connected to the individual ports on the Network Termination Device (NTD).

Retail customer data that is required for NBN Co to provide a connection includes the customer address, the product required (including which ports on the Network Termination Device are being connected) a contact phone number and the name of the Retail Service Provider that has applied for the service on its customer's behalf.

Of the wholesale data that we currently have available, we know that approximately 38 per cent of active services on our fibre network have been for our fastest speed tier - which is 100/40Mbps. Only 16 per cent of the active services on our fibre network are for our entry-level speed tier of 12/1Mbps. This trend towards the higher speed tiers on our fibre network is increasing. In the month of April this year, 49 per cent of activations on our fibre network were for our fastest speed tier, and only 12 per cent of activations were for our entry-level offering.

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Question No: 298

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Retail Customers

Senator Birmingham asked:

Are any retail customers receiving subsidized access to NBN services? How many and to what extent?

Answer:

Questions regarding subsidies at the retail level for particular groups, for example low income earners, are best directed to Retail Service Providers or to the Government.

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Question No: 299

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Retail Customers

Senator Birmingham asked:

How many retail customers access NBN services through each of Satellite, Wireless and Fibre?

Answer:

As at 8 May 2012, numbers of activated services are:

Satellite: 6380

Wireless: 47

Fibre: 3390