Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 1

Program No. 1.1

Hansard Ref: ECA52

Topic: NBN EXPERT PANEL MEMBER'S PAYMENT

Senator Minchin asked:

Are you able to tell me how much each of the non-government panel members actually got paid?

In due course could you supply us with some precedents for the hourly rate?

Answer:

The total remuneration for the members of the Panel of Experts (not including travel costs and inclusive of GST) are as follows:

Tony Shaw	\$122,278.95
Rod Tucker	\$162,090.95
Reg Coutts	\$113,737.89
Tony Mitchell	\$141,034.56
John Wylie	\$ 27,425.97
Total	\$566,568.32

The hourly rate was the same as the hourly rate paid to the previous Government's Expert Panel.

Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 2

Program No. 1.1

Hansard Ref: ECA 60, 61, 65

Topic: NATIONAL BROADBAND NETWORK (NBN) EXPERT PANEL LETTER OF ADVICE TO GOVERNMENT

Senator Minchin asked:

What date was the letter transmitted to the Minister?

Can you check for us when the letter with that advice is dated?

Answer:

The Panel of Experts' letter was transmitted to the Minister on 21 January 2009.

The letter is dated 20 January 2009.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 3

Program No. 1.1

Hansard Ref: ECA 65

Topic: NBN EXPERT PANEL REPORT COPIES PROVIDED TO THE PRIME MINISTER AND MINISTERS

Senator Minchin asked:

Was there only one copy handed over just to the minister?

Did any other Ministers or the Prime Minister receive copies of it at the same time/at that time?

Answer:

There was only one copy of the Panel of Experts' Evaluation Report provided to the Minister on 21 January 2009.

No other Ministers or the Prime Minister received copies at the same time.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 4

Program No. 1.1

Hansard Ref: ECA 65

Topic: BRIEFING THE PRIME MINISTER RE NBN EXPERT PANEL REPORT

Senator Minchin asked:

Did you give the Prime Minister a copy of the report and the secret letter at that time [21 January 2009], or is this an old briefing?

Were you the only person present briefing the Prime Minister, or did you have official or panel members or anybody with you to assist you in the briefing process?

Answer:

The Prime Minister was not provided with a copy of the report and the Panel's transmittal letter on 21 January 2009.

The Prime Minister was briefed by Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, Ms Patricia Scott, Secretary Department of Broadband, Communications and the Digital Economy and staff from Senator Conroy's office.

Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 5

Program No. 1.1

Hansard Ref: ECA 65, 66

Topic: BRIEFING THE CABINET RE NBN EXPERT PANEL REPORT

Senator Minchin asked:

When was cabinet actually briefed on the Panel's Report?

Minister, have you been advised in the break as to any cabinet meetings that occurred between the time that you met the Prime Minister on 21 January and the Cabinet consideration to which you referred as having occurred on 6 and 7 April?

Answer:

The Strategic Priorities and Budget Committee of Cabinet considered the NBN policy on a number of occasions between 29 January 2009 and 6 April 2009. Cabinet formally considered the NBN policy on 7 April 2009.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 6

Program No. 1.1

Hansard Ref: ECA 67

Topic: CABINET SUBCOMMITTEE ESTABLISHMENT AND BRIEF RE NBN PROCESS

Senator Minchin asked:

I am on interested in the process. To go to process, what you now concede as being a subcommittee was apparently not established by the cabinet. Was it established by the Prime Minister?

I would like to know who formally established that subcommittee. Was it the Cabinet or was it the Prime Minister, and at what stage was the cabinet involved? Was the brief to that subcommittee to look at all options for the government to advance once you had abandoned the RFP or was it specifically to look at an FTTP?

Answer:

The Strategic Priorities and Budget Committee of Cabinet was established by the Cabinet on 4 September 2008.

The Government considered a range of options before decisions were taken to terminate the National Broadband Network (NBN) Request for Proposals process and to adopt the NBN policy announced on 7 April 2009.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 7

Program No. 1.1

Hansard Ref: ECA 67

Topic: CABINET SUBCOMMITTEE CONSIDERATION OF NBN TECHNOLOGY

Senator Minchin asked:

I am just trying to see to what extent you are able to advise the Parliament and the public on the brief of that subcommittee. You have talked about what went on within the Government prior to 7 April in terms of reaching its position, so I am trying to understand whether, as from 21 January and the establishment of the subcommittee, the government was only looking at the issue of a fibre-to-the premises network as an alternative or whether it was actively considering other options?

Answer:

The Government considered a range of options before decisions were taken to terminate the National Broadband Network (NBN) Request for Proposals process and to adopt the NBN policy announced on 7 April 2009.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 8

Program No. 1.1

Hansard Ref: ECA67

Topic: CABINET SUBCOMMITTEE RE NBN PROCESS – DEPARTMENTAL INVOLVEMENT

Senator Minchin asked:

Did the Department of Broadband, Communications and the Digital Economy service that subcommittee or is it multi-tasked?

Answer:

The Strategic Priorities and Budget Committee is a sub-committee of Cabinet and accordingly receives secretariat support from the Department of the Prime Minister and Cabinet.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 9

Program No. 1.1

Hansard Ref: ECA 69

Topic: CABINET SUBCOMMITTEE CONCLUSION OF DELIBERATIONS REGARDING NBN PROCESS

Senator Minchin asked:

Having received all of this advice, when did the Cabinet subcommittee conclude its deliberations?

Answer:

6 April 2009.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 10

Program No. 1.1

Hansard Ref: ECA 69

Topic: CABINET MEETING DATES REGARDING NBN EXPERT PANEL REPORT AND CABINET SUBCOMMITTEE CONSIDERATIONS

Senator Minchin asked:

Can you confirm that the 6 and 7 April meetings were the first time, and indeed the only time, that the Cabinet considered the considerations of the cabinet subcommittee?

I wanted to know if the Cabinet, at the start of this process between 21 January and 7 April, had met to consider the report?

Presumably, based on what you have said and what is publicly available, the first and only time the Cabinet considered this whole matter in any depth was on 6 and 7 April?

Answer:

The Strategic Priorities and Budget Committee of Cabinet considered the NBN policy on a number of occasions between 29 January 2009 and 6 April 2009. Cabinet formally considered the NBN policy on 7 April 2009.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 11

Program No. 1.1

Hansard Ref: ECA 69, 70

Topic: CABINET MEETING / DINNER ON 6 APRIL TO DISCUSS NBN

Senator Minchin asked:

The Cabinet meeting on 6 April has been described as a dinner at Kirribilli. Is that correct?

I suspected it probably was not. Mr Hartcher, for once, did not get his facts correct. Presumably, there was a dinner at the Lodge or something?

You are in danger of leaving an impression that the Cabinet of this country only met to consider what you repeatedly and have today described as the biggest infrastructure investment in the history of mankind or at least in the history of Australia over dinner at the night of the 6th and on the morning of the 7th immediately prior to the announcement. That is what we want to determine. Was that, in fact, the only occasion on which the Cabinet had to opportunity to consider, discuss and decide on this?

Answer:

The Strategic Priorities and Budget Committee of Cabinet considered the NBN policy on a number of occasions between 29 January 2009 and 6 April 2009. Cabinet formally considered the NBN policy on 7 April 2009.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 12

Program No. 1.1

Hansard Ref: ECA 85

Topic: TASMANIAN BROADBAND SPEEDS

Senator Wortley asked:

What about available speeds in Tasmania compared with other states and territories?

Answer:

The broadband speeds in Tasmania are comparable to the speeds offered by broadband service providers in other Australian states and territories.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 13

Program No. 1.1

Hansard Ref: ECA 92

Topic: NATIONAL BROADBAND NETWORK – DELIVERY OF DIGITAL PLATFORM TO REGIONAL AND REMOTE CINEMAS

Senator Nash asked:

Will the new NBN be able to deliver the same platform to these cinemas?

There are some questions around compatibility and whether or not the systems that they currently have in place, which are obviously carried on the network in a particular way, will be compliant with the proposed new network. I will get you to take those on notice.

Answer:

The program referred to is the Regional Digital Screen Network (RDSN) and is operated by the Australian Film Commission. This program delivers movies to cinemas via satellite in eight regional centres around Australia.

There are already a number of satellites providing coverage to Australia that are capable of providing video services similar to the services currently used by the RDSN program in delivering movies to regional cinemas. There is no reason to believe that RDSN services cannot continue being delivered by these satellite or any other satellites that may be used to deliver National Broadband Network services.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 14

Program No. 1.1

Hansard Ref: ECA 102-103

Topic: REGULATORY NEUTRALITY WITH INFRASTRUCTURE PROVIDERS RE NBN

Senator Minchin asked:

My simple question was on guaranteeing regulatory neutrality with other infrastructure providers. It is a simple question.

There seems to be no reference to a clear statement of the government's objective of ensuring regulatory neutrality between this infrastructure provider and other infrastructure providers. I put it to you that is an omission. You can take it on notice, but I, and I think the community and the industry, would like an assurance that that is the case.

I would also like an assurance that this new company will compete on a level playing field with other infrastructure providers for government business. Again, my concern is that this is regrettably another government company where the government has a vested interest in its profitability and in acquiring customers, including the government. I would like that assurance.

Answer:

The Government's commitment is to establish a company which will invest in a national wholesale-only, open access broadband network. Other telecommunications providers will remain free to invest in their own networks as they see fit.

The Government's discussion paper on *Regulatory Reform for 21st Century Broadband* re-iterated the Government's commitment to competition policy (p.4). The Minister's media release of 7 April 2009 stated that the National Broadband Network would be built and operated on a commercial basis. It is therefore envisaged that the company would operate in accordance with legislation and regulation, as do all other telecommunications carriers.

The discussion paper stated that the Government will introduce streamlined arrangements to apply to all fibre-optic roll-outs. These include:

- allowing optical fibre to be rolled out overhead on existing poles;
- allowing telecommunications carriers access to poles, ducts and pipes of other utilities, where technically feasible, for installing fibre optic infrastructure; and
- improving access to information about the location and availability of poles, ducts and pipes.

The Government has introduced legislation to allow for network information to be to be provided by telecommunications carriers and other utilities to the Commonwealth for purposes related to the planning and roll-out of the National Broadband Network.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

The Government considers that the national interest benefits to consumers, businesses, and the economy generally will outweigh any competition concerns arising from accessing network information.

In relation to government business, the National Broadband Network company will be prevented by legislation from providing retail services. Government agencies would purchase services from retail providers.

Following the fifteenth meeting of the Online and Communications Council on 21 May 2008, state and territory Ministers resolved to work together to examine options to leverage their future telecommunications procurements to ensure an appropriate competitive structure and to deliver enhanced value for money and expanded and better quality of services. This is a matter for these governments. The Department of Broadband, Communications and the Digital Economy is not aware of any Australian Government decisions on telecommunications procurement favouring the National Broadband Network.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 15

Program No. 1.1

Hansard Ref: ECA 104

Topic: GOVERNMENT NEUTRALITY

Senator Minchin asked:

I make the point that the worst period for the ownership of Telstra was when we had 51 per cent of it in government hands and 49 per cent in private hands. You are setting out to have a structure of that kind. I think that is risky. I just sought an assurance in your absence that this company will operate on a level playing field when it comes to other providers and government business. Can you assure us that the government, in buying access to a wholesale provider, will show no favouritism whatsoever? I just want a guarantee of a level playing field.

Answer:

The Government's discussion paper on *Regulatory Reform for 21*st *Century Broadband* re-iterated the Government's commitment to competition policy (p.4). The Minister's Media Release of 7 April 2009 stated that the NBN would be built and operated on a commercial basis. It is therefore envisaged that the company would operate in accordance with legislation and regulation as do all other telecommunication carriers (note precise words from answer to QoN14.) In relation to government business, the National Broadband Network company will be prevented by legislation from providing retail services. Government agencies would purchase services from retail providers.

Following the fifteenth meeting of the Online and Communications Council on 21 May 2008, state and territory Ministers resolved to work together to examine options to leverage their future telecommunications procurements to ensure an appropriate competitive structure and to deliver enhanced value for money and expanded and better quality of services. This is a matter for these governments. The Department of Broadband, Communications and the Digital Economy is not aware of any Australian Government decisions on telecommunications procurement relating to the National Broadband Network.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 16

Program No. 1.1

Hansard Ref: ECA 105

Topic: NBN Private Investment – Analysis of the risks of private investment freeze and/or reduction in private investment in telecommunications infrastructure

Senator Minchin asked:

I am asking whether the department or the implementation study or anybody is doing any detailed analysis of the risks of private investment freeze or a dramatic reduction in private investment in telecommunications infrastructure during the period in which you take to roll this out, which will be at least eight years. It will be 2018 before we see this thing. That must be one of the risks to be assessed. I want to know who is analysing that risk.

Answer:

An important factor in the Government's decision on the NBN is the existing low level of investment in future proof high speed broadband infrastructure in Australia and the limitations that places on Australia's current and future economic development.

The initiative includes substantial initial investments, including the \$250 million Regional Backbone Blackspots program and early rollout in Tasmania. There will also be substantial early expenditure on the rapid build-up of the NBN Company. While full network roll out is expected to take eight years, the roll out will be progressive with substantial investment in each of the eight years. As elements of the network are rolled out they will be made available for use by retail service providers who would also be expected to invest in innovative services.

Telecommunications companies continue to invest in their networks with further enhancements to each of three national mobile networks, Telstra finalising its transformation program and Internode continuing to roll-out DSLAMs as examples.

The Implementation Study will consider the level and nature of investment in the telecommunications industry and this will inform recommendations to be made on the roll-out plan for the NBN.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 17

Program No. 1.1

Hansard Ref: ECA 106

Topic: NATIONAL BROADBAND NETWORK – AERIAL AND UNDERGROUND COST DIFFERENTIAL

Senator Minchin asked:

- 1. I am asking a factual question about the differential on a per kilometre basis between aerial and underground; can you give me that?
- 2. Also, to come up with your \$43 billion figure, you must have had to make a presumption about how much aerial and how much would be underground.

Answer:

- 1. The cost differential between aerial and underground is dependant on a range of factors. For example, if underground cable is being installed into existing ducts then the cost may be cheaper than installing cable aerially. However, if underground cable is being installed in new duct through difficult terrain, then the installation costs could be much greater than installing the cable aerially.
- 2. As indicated at the time of the Government's announcement on April 7 2009, the cost estimates provided were preliminary. A key role of the Implementation Study which formed part of the announcement was to undertake a detailed review of the costs involved in rolling out the network.

It is likely that as a result of that detailed review there will be changes to those estimates, with many being reduced and others possibly increasing. Following the detailed review it may well be appropriate to reduce the current contingency, given the greater certainty that will apply to the estimates. With the Implementation Study now underway the provision of the details of the preliminary estimates is potentially misleading.

Release of details of components of the overall cost at this stage of the process also has the potential to prejudice the Commonwealth's commercial interests in securing the best possible pricing for roll-out of the network. While individual elements may of themselves seem innocuous, each additional piece of information can be accumulated by interested parties to position their pricing for cost or value. This situation could apply to existing operators interested in vending assets, equipment vendors, service providers and other utility owners where access to infrastructure may be beneficial.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 18

Program No. 1.1

Hansard Ref: ECA 107

Topic: NATIONAL BROADBAND NETWORK – COST PER HOME FOR MANDATED FIBRE

Senator Minchin asked:

Do you have any idea at this stage what the estimated additional cost per home will be for mandated fibre?

Answer:

As set out in the consultation paper, *National Broadband Network: Fibre-to-the-premises in greenfield estates Consultation paper*, the available evidence is that the cost difference between installing copper and installing fibre is in the order of \$1500 per premise. The estimated cost of installing fibre-to-the-premise is \$2500 per premise, which is less than one percent of the cost of a \$350 000 house and land package. The total cost per premise is also comparable to or lower than the cost of other utilities installed in greenfield estates.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 19

Program No. 1.1

Hansard Ref: ECA 111

Topic: FINAL COST OF NBN RFP PROCESS

Senator Birmingham asked:

I do not need you to go through them all now, but you undertook at the beginning on notice to give Senator Minchin the final costs associated with the RFP process and NBN stage one.

Answer:

The National Broadband Network RFP process, over the period March 2008 to April 2009, resulted in total costs of \$16,864,233.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 20

Program No. 1.1

Hansard Ref: ECA 115

Topic: INTERNATIONAL TELECOMMUNICATION UNION

Senator Minchin asked:

- 1. Are all OECD countries members of this ITU?
- 2. Does it have a wide membership base?

Answer:

- 1. Yes.
- Yes. The International Telecommunication Union (ITU) has 191 Member States. The list of ITU Member States is available at http://www.itu.int/cgi-bin/htsh/mm/scripts/mm.list? search=ITUstates& languageid=1. In comparison, the United Nations has 192 Member States.

The ITU also has 567 Sector Members (organisations that are members of one of the three ITU sectors and are entitled to participate in a variety of sector activities) and 151 Associates (organisations that join one of the three sectors and are entitled to participate in the work of a single study group).

Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 21

Program No. 1.1

Hansard Ref: Written

Topic: NATIONAL BROADBAND NETWORK RFP PROCESS FINAL COSTS

Senator Birmingham asked:

Please provide a final reconciliation of all costs associated with the National Broadband Network (NBN) Request for Proposals (RFP) process, including final payments and costs related to the Panel of Experts, detailing how much was paid to each member of the panel. Where external consultants were involved, please break down for each external consultant.

Answer:

The National Broadband Network RFP process, over the period March 2008 to January 2009, resulted in total costs of \$16,864,233.

Panel of Experts

The total Panel expenses (including travel expenses) were \$604,918 (GST exclusive).

Tony Mitchell	\$168,893.56
Professor Rod Tucker	\$161,476.63
Tony Shaw	\$112,895.94
Professor Reg Coutts	\$128,892.49
John Wylie	\$32,759.49

Consultants

The total expenses associated with work conducted by external consultants and advisers were \$10,959,489 (GST exclusive).

\$1,312,389.28
\$2,846,262.46
\$1,342,293.47
\$13,636.36
\$3,454,340.20
\$1,965,911.50
\$10,730.83
\$13,925.45

Employee costs

NBN Taskforce employee expenses for the period totalled \$4,488,771.92.

Evaluation facilities

Total expenses incurred for the establishment, maintenance and security of evaluation facilities were \$696,352.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 22

Program No. 1.1

Hansard Ref: Written

Topic: National Broadband Network External Consultants

Senator Birmingham asked:

Does any of the work provided by external consultants have any relevance to the fibre to the home (FTTH) version of the NBN?

Answer:

The current fibre to the home (FTTH) National Broadband Network initiative is an entirely different process. Information from previous processes may provide some background for the current initiative.

Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 23

Program No. 1.1

Hansard Ref: Written

Topic: NBN Expert Panel Meetings

Senator Birmingham asked:

How many times did the Panel of Experts meet? Where and when did it meet?

Answer:

The NBN Expert Panel met on 42 occasions, comprising 12 face-to-face meetings, 24 Teleconferences, 4 site visits / technical demonstrations, and two days of Proponent presentations.

Face-to-face Panel meetings were held in:

- Canberra 9 meetings
- Melbourne 2 meetings
- Sydney 1 meeting

Site visits/technology demonstrations for a sub-committee of the Panel of Experts occurred in:

- Canberra 14 December 2008
- Sydney 19 December 2008
- Canberra 9 January 2009
- Tasmania 12 January 2009

Proponent presentations to the Panel of Experts were held in Canberra on the following days:

- 13 December 2008
- 15 December 2008

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 24

Program No. 1.1

Hansard Ref: Written

Topic: National Broadband Network Expert Advisory Panel

Senator Birmingham asked:

Will there be an expert advisory panel in relation to the FTTH version of the NBN? If so, when will it be constituted?

Answer:

The Government is not proposing to appoint a separate expert advisory panel. The Board of NBN Co Limited, plays a key role in governance of the company, the roll out and its operations. Also the appointment of McKinsey-KPMG as lead advisers provides the Government with access to a range of experts internationally who are able to contribute to the Government's considerations.

Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 25

Program No. 1.1

Hansard Ref: Written

Topic: NATIONAL BROADBAND NETWORK EXPERT PANEL RECOMMENDATIONS RE ESTIMATED COSTS

Senator Birmingham asked:

Did the Panel of Experts cite the \$43 billion estimated NBN cost in any of its reports or recommendations?

Answer:

No.

Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 26

Program No. 1.1

Hansard Ref: Written

Topic: NATIONAL BROADBAND NETWORK – AUSTRALIAN COMPETITION AND CONSUMER COMMISSION (ACCC) REPORT AND NBN COST

Senator Birmingham asked:

Did the ACCC cite the \$43 billion estimated NBN cost in any of its reports or recommendations?

Answer:

No.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 27

Program No. 1.1

Hansard Ref:Written

Topic: NATIONAL BROADBAND NETWORK – ESTIMATE OF NUMBER OF PREMISES THAT WILL HAVE FTTH

Senator Birmingham asked:

How many premises are estimated to be covered by the FTTH version of the NBN?

Answer:

The Government's objective is to achieve 90 per cent coverage with a fibre to the premises (FTTP) network with remaining coverage being delivered through next generation wireless and satellite technologies within the total estimated cost of \$43 billion.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 28

Program No. 1.1

Hansard Ref: Written

Topic: NATIONAL BROADBAND NETWORK – ESTIMATE OF NUMBER OF PREMISES NOT COVERED BY FTTH

Senator Birmingham asked:

How many premises are estimated to be not covered by the FTTH version of the NBN but by the planned wireless and other network upgrades?

Answer:

The Government's objective is to achieve 90 per cent coverage with a fibre to the premises (FTTP) network, with remaining coverage being delivered through next generation wireless and satellite technologies within the total cost estimate of \$43 billion.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 29

Program No. 1.1

Hansard Ref: Written

Topic: NATIONAL BROADBAND NETWORK – CABLE ROLLOUT KILOMETRES Senator Birmingham asked:

How many kilometres of cable are involved in the FTTH rollout?

Answer:

There will be a substantial amount of optical fibre cable required to build the FTTH component of the National Broadband Network.

The actual amount of cable will be subject to continuing refinement commencing, with the analysis to be undertaken in the Implementation Study and continuing with the detailed network design to be undertaken by the National Broadband Network Company.

Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 30

Program No. 1.1

Hansard Ref: Written

Topic: Universal Service Obligation (USO) Review and the cancellation of the FTTN (Fibre to the Node) NBN Process

Senator Birmingham asked:

(a) Where does the review of the USO stand in the light of the cancellation of the FTTN version of the NBN?

Answer:

The previous Government initiated a review of the Universal Service Obligation regime. The review has been superseded by the Government's announcement of its enhanced National Broadband Network initiative.

On 7 April 2009, the Government released the *National Broadband Network: Regulatory Reform* for 21st Century Broadband discussion paper ("the discussion paper"). Issues raised through the Universal Service Obligation review submissions were considered in the drafting of the discussion paper and the Government is considering key options for reform, including improving universal access arrangements for telecommunications and payphones.

Senator Birmingham asked:

(b) Are there any plans to update the USO? If so how will they be implemented and when?

Answer:

See answer to (a) above.

The Government will carefully consider submissions received in response to the discussion paper before making any changes to the Universal Service Obligation.

As the Universal Service Obligation is a statutory scheme set out in the *Telecommunications* (*Consumer Protection and Service Standards*) *Act 1999*, any reforms to the Universal Service Obligation will be implemented through changes to that Act and associated instruments.

Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 31

Program No. 1.1

Hansard Ref: Written

Topic: NATIONAL BROADBAND NETWORK – LETTER TO THE MINISTER RE ALTERNATIVES TO FIBRE TO THE NODE

Senator Birmingham asked:

Was the content of the letter handed by Ms Scott to the Minister on 21 January regarding alternatives to the originally proposed FTTN version of the NBN seen, approve and agreed to by all members of the Panel of Experts? If not, who did see the content and who did give their support to it?

Answer:

The transmittal letter provided to the Minister for Broadband, Communications and the Digital Economy with the Panel of Experts' report was agreed to by all Panel members.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 32

Program No. 1.1

Hansard Ref: Written

Topic: National Broadband Network Implementation Study- Number of Tenders Lodged Senator Birmingham asked:

How many tenders have been lodged for the implementation study on the FTTH version of the NBN?

Answer:

Nine parties were invited to submit tenders for the lead adviser role following the request for expressions of interest. All invited parties responded.

Budget Estimates Hearings May 2009

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 34

Program No. 1.1

Hansard Ref: Hansard Ref: Written

Topic: NBN - TASMANIA

Senator Bushby asked:

Which Tasmanian communities of fewer than 1000 people will be receiving 100Mbps fibre-to-the-premises connection?

Answer:

This is currently being negotiated with Tasmania as part of the Tasmanian NBN rollout project plan.

Senator Bushby asked:

Is the NBN rollout on track to begin construction in Tasmania in the coming months?

Answer:

Yes.

Senator Bushby asked:

What is the projected timetable for Tasmania's major population centres to receive 100Mbps fibre-to-the-premises connections?

Answer:

It is estimated that the Tasmanian NBN rollout project will be completed in 5 years.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 35

Program No. 1.1

Hansard Ref: written

Topic: LARGE SCALE COMMERCIALLY VIABLE NETWORKS

Senator Minchin asked:

Can the Department provide examples of other large-scale, wholesale only networks that are commercially viable and do not require ongoing Government subsidy.

Answer:

Within Australia, Nextgen Networks and Vocus Communications operate large-scale, wholesale-only transmission networks. The Department of Broadband, Communications and the Digital Economy is not aware of any ongoing government subsidies to these networks.

Overseas, a number of governments have announced plans to make initial investments in large-scale, wholesale-only networks:

- the Government of Singapore has funded the establishment of a fibre-to-the-premises Next Generation National Broadband Network which will offer dark fibre services to operational companies which, in turn, will offer wholesale services to retail service providers;
- the Government of New Zealand has announced the establishment of a Crown Financial Investment Corporation to fund the deployment of a number of wholesale-only, open access fibre-to-the-premises networks; and
- the Government of Greece has announced funding for a fibre-to-the-premises network covering about 2 million premises which will provide dark fibre to other providers on an open access basis.

The Department understands that these governments have not announced any plans to provide ongoing funding to these networks.

In Europe, and in particular in the Netherlands and Sweden, a number of municipalities and other local authorities have sponsored the deployment of open access, wholesale-only fibre networks within cities or regional areas. The Department is not aware of any ongoing government subsidies for these networks.

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Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 36

Program No. 1.1

Hansard Ref: Written

Topic: NBN-BASIS OF COST

Can the Department confirm whether the proposed Network, costed at \$43 billion, is based on GPON or Point to Point network architecture?

Answer:

The FTTH component of the original costing was based on PON architecture. The specific FTTH architecture to be deployed will be guided by the findings of the National Broadband Network implementation study, which is due for completion in early 2010.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 37

Program No. 1.1

Hansard Ref: Written

Topic: NBN-CABLING Senator Minchin asked:

- 1. Is it envisaged that aerial deployments will be utilised in every state and territory?
- 2. What percentage of aerial cabling was factored into the network costings?
- 3. Was a fibre-to-the-premises network option utilising predominately underground cabling costed and if so please provide that costing?
- 4. Can the Department provide a comparison of cost and deployment time frame between aerial cabling and underground cabling on a per kilometre basis or other metric?
- 5. Is the eight year roll-out time frame based on aerial cabling not being the subject to state and local council planning requirements?

Answer:

- 1. The installation methods for the FTTH component of the National Broadband Network will be chosen based on the most appropriate method in each particular area. It is likely that a combination of aerial an underground deployments will be used in each state and territory.
- 2. As indicated at the time of the Government's announcement on April 7 2009, the coast estimates provided were preliminary. A key role of the Implementation Study which formed part of the announcement was to undertake a detailed review of the costs involved in rolling out the network.

It is likely that as a result of that detailed review there will be changes to those estimates, with many being reduced and others possibly increasing. Following the detailed review it may well be appropriate to reduce the current contingency, given the greater certainty that will apply to the estimates. With the Implementation Study now underway the provision of the details of the preliminary estimates is potentially misleading.

Release of details of components of the overall cost at this stage of the process also has the potential to prejudice the Commonwealth's commercial interests in securing the best possible pricing for roll-out of the network. While individual elements may of themselves seem innocuous, each additional piece of information can be accumulated by interested parties to position their pricing for cost or value. This situation could apply to existing operators interested in vending assets, equipment vendors, service providers and other utility owners where access to infrastructure may be beneficial.

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- 3. The cost and time differential between aerial and underground is dependant on a range of factors. For example, if underground cable is being installed into existing ducts then the cost and time to install may be less than installing cable aerially. However, if underground cable is being installed in new duct through difficult terrain, then the installation costs and timeframes could be much greater than installing the cable aerially.
- 4. The eight-year rollout timeframe is based on the policy framework announced as part of the Government's National Broadband Network initiative.

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Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 38

Program No. 1.1

Hansard Ref: Written

Topic: SPLITTER TECHNOLOGY

Senator Minchin asked:

- 1. The new splitter technology can punch you 60km, so you can put something on the side of the road and go 60km to a home and still deliver 100 Mbps?
- 2. Where is this technology being currently used?

- 1. Yes. However, it is not the splitter technology that extends the reach to 60km, it is actually an optical signal amplifier.
- 2. Extended reach PON technology is currently being trialed around the world by carriers such at British Telecom. It is expected that commercial deployments will begin within the next 12-18 months.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 39

Program No. 1.1

Hansard Ref: Hansard Ref: Written

Topic: SATELLITES AND WIRELESS

Senator Minchin asked:

- 1. When do you plan to launch the new 'NBN' satellites and what new services will you deliver in the interim?
- 2. Will the satellite technology deliver minimum speeds of 12 megabits per second across the country?

- 1. The Government will shortly commence its implementation study which will, among other things, work through the detailed network design and rollout schedule for the NBN. It will also confirm the extent of coverage that will be achieved by FTTP, next generation wireless broadband and satellite elements. The implementation study is due for completion in early 2010.
- 2. The next generation wireless technologies or next generation satellite technologies deployed will be capable of delivering broadband speeds of 12 Mbps or more.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 40

Program No.: Department 1.1

Hansard Ref: Written

Topic: NBN JOB CREATION Senator Minchin asked:

- 1. Do you expect this project to "create" 25,000 jobs each year, or simply "support" existing jobs?
- 2. For example, if Telstra decides to play a part in this project, wouldn't many of the jobs you refer to be carried out by existing employees and contractors?
- 3. How were these job figures arrived at?

- 1. This major nation-building project is expected to support 25,000 every year, on average, over the life of the project. At its peak, it is expected to support 37,000 jobs.
- 2. The specifics of the jobs that would be supported have not been determined at this time. As the Implementations Study is undertaken and the NBN Company commences its own planning more information will be obtained about specific employment expectations and the implications of arrangements with existing carriers.
- 3. The estimated number is based on broad economic modeling for projects of this nature, using the preliminary cost estimates and the timeframe over which the money will be spent.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 41

Program No. 1.1

Hansard Ref: Written

Topic: NBN - REGIONAL BACKBONE BLACKSPOTS PROGRAM

Senator Minchin asked:

- a) The \$250 million appears to come from the \$400 million the Government had previously allocated to fund Glasson Review recommendations, that is correct?
- b) Towns including Geraldton, Mt Gambier, Broken Hill, Mildura and Mt Isa have been identified as candidates for new backhaul Can you guarantee that these towns will be delivered fibre to the premise services under the NBN?

- a) No. The \$250 million allocated in the Budget for the Regional Backbone Blackspots Program forms part of the Government's \$4.7 billion initial investment in the enhanced National Broadband Network. The \$250 million will be funded from the Building Australia Fund.
- b) The Government's objective is to achieve 90 per cent coverage with a fibre to the premises (FTTP) network, with remaining coverage being delivered through next generation wireless and satellite technologies, within the total cost estimate of \$43 billion.

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 42

Program No 1.1

Hansard Ref: Written

Topic: INTERNATIONAL TELECOMMUNICATION UNION – LISBON CONSENSUS Senator Minchin asked:

- 1. According to the Senate Order for contracts BCDE in 2008 paid \$4.8 million for ITU membership (\$4.2 million) and \$651,000 for ITU targeted projects. What does Australia get in return for these sizable contributions?
- 2. Presumably the Government and the Department observe key policy directions and approaches reached in consensus through the ITU?
- 3. Are you aware of the Lisbon Consensus which emerged out of the ITU World Telecommunications Policy Forum?

Answer:

1. The International Telecommunication Union (ITU) is the United Nations agency responsible for the international coordination of telecommunications, broadcasting and radiocommunication services.

Australia's participation at the ITU has enabled us to influence international outcomes that impact on Australia's commercial and consumer interests in the above sectors. Key outcomes in recent years have included decisions relating to the efficient management and allocation of the radiofrequency spectrum and cost savings as a result of improved satellite coordination procedures and associated charges. They have also included the development of open global standards appropriate to Australian needs and the promotion of Australia's trade objectives through the harmonisation of regulatory arrangements and capacity building in developing countries. The ITU has also provided opportunities for accessing global know-how that has strengthened Australian policy making.

Australia's annual contribution to the ITU is recouped from telecommunications carriers as part of the annual charge levied by the Australian Communications and Media Authority and the radiocommunications component is recovered from radiocommunication licence fees.

- 2. Yes. The ITU has responsibility for administering treaty instruments as well as non-treaty level outcomes that are based on consensus. The Department complies with its treaty level obligations under the ITU. Subject to Government policy, the Department seeks to observe key policy directions and approaches reached in consensus through the ITU that are relevant to Australia.
- 3. Yes. The Department attended the World Telecommunication Policy Forum which acknowledged the Lisbon Consensus. The Lisbon Consensus consists of six non-binding opinions related to the far-reaching importance of information and communication technologies in extending the benefits of the information society for all.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 43

Program No. 1.1

Hansard Ref: Hansard Ref: Written

Topic: aUDA REPORTING REQUIREMENTS

Senator Birmingham asked:

What reporting role, if any, does .au Domain Administration Ltd (auDA) have to the Department, ACMA or Minister?

Has the Department or ACMA undertaken any review of auDA's role and/or work?

In how many legal disputes is auDA currently involved?

Answer:

A representative from the Department of Broadband, Communications and the Digital Economy (the Department) generally attends each .au Domain Administration Ltd (auDA) board meeting as an observer. The auDA constitution provides at clause 19.8 that the auDA Company Secretary must give due notice to the appointed Commonwealth observer of each board meeting.

The Department monitors auDA's activities in the administration of the '.au' name space. In 2006 the Department conducted public consultation on the operation of the .au name space. No changes were implemented as a result of this review.

auDA advises that it is currently in one legal dispute.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 44

Program No.: Department 1.1

Hansard Ref: ECA 111

Topic: NBN Company

Senator Birmingham asked:

Will the NBN company be appearing at future Senate Estimates?

Answer:

The NBN CEO will appear at the Supplementary Hearing to the Budget Estimates 2009-10.

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Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 45

Program No. 1.1

Hansard Ref: ECA 86 (26/5/09)

Topic: BACK-HAUL Senator Nash asked:

Could we perhaps have provided for the committee the amount of existing back-haul and the amount of existing services. I know you mentioned penetration. But in 2003 there was \$230 million for 450 kilometres of back-haul. I think that, since then, 2005, there have been another 100 kilometres of underground. I would be interested in knowing how much is already existing and that the government is not going to do before it comes out and claims that it has done the whole thing.

Answer:

Telstra's backbone transmission links connect communities throughout Australia. Other service providers, including Optus, NextGen Networks, AAPT and Soul, and some utilities and rail companies have also deployed links between State capitals and some regional centres. The nature of the transmission services provided varies between service providers and also depends on the type of infrastructure that has been deployed (for example optical fibre or microwave).

While there are many communities that are served by only Telstra transmission infrastructure, there are a number of locations, such capital cities and large regional centres, which have access to alternative optical fibre backbone transmission infrastructure.

The Regional Backbone Blackspots Program Request for Tender was released on 1 July 2009 and closed on 5 August 2009. The program will fund within the \$250 million allocated, the deployment of backbone transmission links to six locations that do not have alternative optical fibre backbone transmission infrastructure, these are:

- Emerald and Longreach, Queensland;
- Geraldton, Western Australia;
- Darwin, Northern Territory;
- Broken Hill, New South Wales;
- Victor Harbor, South Australia; and
- South West Gippsland, Victoria.

Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 46

Program No. 1.1

Hansard Ref: ECA 92, ECA 97

Topic: BLACKSPOTS

Senator Nash asked:

Perhaps the department could provide for the committee those areas of black spots that I know do exist, as the minister has just pointed out, particularly in the outer metropolitan areas; what access they have, if any; and up to what speed. I could then get a very clear picture, comparative to regional areas, how many under served areas exist in metro and outer-metro areas.

Answer:

The Government has commenced its implementation study which will, among other things, work through the detailed network design and rollout schedule for the NBN. It will also investigate the extent of coverage that will be achieved by FTTP, next generation wireless broadband and satellite elements. The implementation study is due for completion in early 2010.

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Broadband, Communications and the Digital Economy Portfolio Department of Broadband, Communications and the Digital Economy

Question No: 207

Program No. 1.1

Hansard Ref: Written

Topic: AUDIO DESCRIPTION Senator Rachel Siewert asked:

- 1. How do Australian levels of audio description on broadcast and subscription television compare with markets such as Canada, the United States and the United Kingdom?
- 2. How much have the DBCDE, ABC and SBS committed in the past three years to the investigation, trial or subsidy of audio description on television broadcasting in the past three years?
- 3. Given that there has been a significant history of Federal Government support for the establishment of key captioning initiatives:
 - 1981 Seed funding for the establishment of the Australian Caption Centre.
 - 1989 Subtitled Video Project grant covering captioning of entertainment videos now used to caption education and community DVDs (around \$134,000 pa).
 - 1990 Special funding for captioning of Australia's first live news program *ABC Late Edition News*.
 - 1997 Special funding for captioning the SBS *World News* and ABC *Evening News* (in every State), a total of \$7m over 4 years.

What support has the Government committed to audio description on television to support blind and vision impaired Australians?

- 1. Australian levels of audio description are below levels in the USA, UK and Canada. There is no audio description on free-to-air or subscription television in Australia.
- 2. The ABC and SBS have not allocated resources for audio description. The Department is currently conducting an investigation into access to electronic media by people with a hearing or vision impairment. Audio description is being considered as part of this investigation. It has been conducted as part of the normal business of the Department and there is no resourcing solely allocated to it.
- 3. The investigation into access to electronic media by people with a hearing or vision impairment is considering the options available to improve audio description levels in Australia.