

Joint Committee on the National Broadband Network

Answers to Questions on Notice

Public Hearing 24 October 2011

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Question No: 9

Hansard Ref: Page 9

Topic: Retail Service Offerings

Mrs D'Ath MP asked:

The Secretary, Department of Broadband, Communications and the Digital Economy, undertook to update the committee on start-up rates for basic packages offered by Retail Service Providers?

Answer:

Retail competition over the National Broadband Network (NBN) has yielded competitive pricing on start up rates for basic packages offered by Retail Service Providers (RSPs).

A number of RSPs have published the details of their mainland NBN plans including Exetel, Internode, iiNet, iPrimus and Optus.

RSP	Standalone Prices (per month):	Speed (Mbps down / up):	Data Allowances from:	Additional Voice Service (per month)
Exetel	\$34.50	12 / 1	20GB	Included
Internode	\$49.95	12 / 1	30GB	Included
iiNet	\$49.95	12 / 1	20GB peak + 20GB off-peak	\$9.95
iPrimus	\$49.95	25 / 5	5GB peak + 10GB off-peak	see below
Optus	\$59.99	25 / 5	50GB peak + 70GB off-peak	see below

Table 1 Source: RSP websites as at 6 December 2011

Both Exetel's and Internode's NBN plans include a basic Voice over IP (VoIP) service at no extra cost. iiNet offers a VoIP service which includes all local and national calls for an extra \$9.95 per month.

iPrimus is offering a phone service for \$24.95 per month, offered in addition to an NBN broadband service, which includes all local and national calls. Otherwise, iPrimus offers a range of NBN broadband and telephone 'bundles' with prices starting from \$44.50 for the first six months and then \$89 per month for a 25/5 Mbps service with a 5GB peak and 10GB off-peak data allowance.

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Optus is offering a home phone and broadband bundle for \$64.94 per month, which includes the standalone broadband plan listed above and \$30 worth of calls. Optus is also offering a broadband service for \$39.99 per month for 12/1 Mbps service with 20GB peak and 20GB off-peak of data allowance, when bundled with Optus mobile plans worth \$19 per month or more.

Eftel/Dodo has indicated that it intends to provide entry-level services on the NBN from under \$40 per month, but has not yet released details of its plans. As of 6 December 2011, Telstra has not released pricing plans.

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Question No: 10

Hansard Ref: Pages 11-12

Topic: Telstra / NBN Co Definitive Agreements

Mr Oakeshott MP asked:

Whether Telstra, or any of the other parties who have entered into agreements and are now being bound by the question of commercial-in-confidence, would be interested in having either further consideration of the public interest test in those commercial-in-confidence questions or in meeting with the committee “in confidence” to allow the Committee, on behalf of the taxpayers, to run that value-for-money question over any of the agreements?

Answer:

The Department is not in a position to answer this for third parties. The Department does note that the Definitive Agreements between Telstra and NBN Co and the agreement between Optus and NBN Co are currently being scrutinised by the Australian Competition and Consumer Commission.

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Department of Broadband, Communications and the Digital Economy

Question No: 11

Hansard Ref: Page 14

Topic: Definitive Agreements

Mr Oakeshott asked:

If there was a change in any way to either of the two underlying government policies relating to the NBN (i.e. to build and operate the NBN to 93per cent of homes, and legislation requiring Telstra to choose between voluntary structural separation or mandatory functional separation), would the ability to renegotiate the terms of the agreement with Telstra still apply?

Answer:

This question deals with a number of hypotheticals, which the Department is not in a position to currently answer.

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Question No: 12

Hansard Ref: Pages 14 and 15

Topic: Telstra Retraining Funding Deed – retraining of call centre staff

Mr Husic asked:

“...Those 300 Telstra employees who have had their jobs moved offshore to India will not have the chance to access this fund in the next six months that you indicated earlier it would take Telstra to prepare that retraining plan... What could be done to get those people retrained so that they have a future in the industry? ...What could be done for those employees to get some access to that retraining?”

Answer:

The Retraining Funding Deed (Deed) does not come into full effect until such time as a number of conditions precedent are satisfied, including Australian Competition and Consumer Commission (ACCC) acceptance of Telstra’s Structural Separation Undertaking and approval of the plan for migrating copper based services and Hybrid Fibre Coaxial (HFC) broadband services onto the National Broadband Network (NBN).

If the conditions precedent are satisfied, Telstra must use the funds to develop and deliver training courses that facilitate the following objectives:

- to support the availability of an appropriately trained workforce for the NBN; and
- to establish a retraining arrangement for Telstra staff who may otherwise have faced redundancy due to the rollout of the NBN.

Telstra has advised that irrespective of the Deed coming into effect, it already has a strong incentive to redeploy staff and actively promotes redeployment opportunities within its business. If jobs become redundant as a result of restructuring, employees can elect to seek redeployment to any suitable vacant jobs within Telstra (or its associated entities) which they have the skills, experience and qualifications to perform, or would have with reasonable training.

Telstra has advised that this financial year, it has engaged industry partners to perform some of its back of house jobs. These industry partners have utilised offshore resources, some of which were located in India. As a result of that initiative, approximately 140 Telstra jobs were made redundant. A significant majority of Telstra employees who elected to participate in Telstra’s redeployment process have been successfully redeployed.

Telstra has also advised that typically, approximately 70 per cent of employees whose jobs have been made redundant choose to receive a retrenchment payment and leave the company. While figures will vary depending on the circumstances at the time, approximately half of employees who chose to participate in Telstra’s redeployment process are successfully redeployed to other jobs in the company.

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Question No: 15

Hansard Ref: Page 20

Topic: Structural Separation of Telstra

Senator Cameron asked:

Are there other elements of the structural separation that do not rely on rollout?

Answer:

Yes, the Structural Separation Undertaking (SSU) will contain a number of measures in relation to transparency and equivalence for regulated services that Telstra provides to its wholesale customers on its legacy copper access network prior to its decommissioning. Subject to consideration by the ACCC, it is expected that these will include:

- a set of measures for new price equivalence arrangements;
- a service level rebate scheme for the payment of service level rebates to wholesale customers in the event that Telstra does not meet a particular service level in its supply of regulated services;
- improved ring-fencing arrangements, including rules about how Telstra's retail, wholesale and network business units deal with each other, including controls on retail marketing activities by field staff who support retail and wholesale services;
- improved information security arrangements to protect wholesale customer information;
- improved access to Telstra exchange buildings and external interconnect facilities;
- a new fast-track dispute resolution process to deal with complaints regarding operational equivalence matters, including the establishment of an ACCC approved independent telecommunications adjudicator to resolve non-price equivalence issues; and
- a reporting and governance framework to monitor Telstra's compliance with the SSU.