

**Senate Standing Committee on Environment and Communications**

**Answers to Senate Estimates Questions on Notice**

**Additional Estimates Hearings February 2014**

**Communications Portfolio**

**NBN Co Limited**

**Question No: 93**

**Program No. NBN Co Limited**

**Hansard Ref: In Writing**

**Topic: Premises passed by HFC**

**Senator Urquhart asked:**

In relation to HFC:

- a. At the hearing Dr Switkowski asserted in relation to premises passed by HFC “I have not done it recently but I am asserting that they could call Telstra or Optus and get a service.” Is it still Dr Switkowski’s contention that every premise passed by Optus’s HFC cable could order a service?
- b. The Frontier Economics Expert report prepared for NBN Co and Optus and submitted to the ACCC as a Supplementary Submission to the application for authorisation of the HFC agreement (ACCC authorisations A91271-A91273) available at <http://registers.accc.gov.au/content/index.phtml/itemId/1005757/fromItemId/565475/display/submission> states (at para 81) “Optus points out in its submission that while its network passes 2.4 million homes, only 1.4 million of those are considered serviceable addresses due to technical or practical difficulties” Does NBN Co accept that not all the premises passed by Optus HFC cable are serviceable?
- c. In response to examples of customers who could not obtain a connection to the Optus HFC Dr Switkowski said “It may have something to do with Optus's diminishing interest in that network, which is not the case with NBN Co.” In the Optus Supplementary Submission to Australian Competition and Consumer Commission on Telstra’s December 2007 Exemption Application for Fixed Line Services in the Optus HFC Area. May 2008 states (at para 2.27) “The key serviceability decisions for the HFC network were made well before the rollout of the DSLAM network. For example, as discussed above the decision not to serve commercial premises was taken in 1999. As discussed in Optus’ previous submission, MDUs were judged to be unserviceable on the basis of commercial analysis undertaken in April 2000.” Does NBN Co accept that one million of the premises passed by the Optus HFC cable have been unserviceable for over 14 years?
- d. At the hearing (Page 38) Dr Switkowski said “The relevant point was that when the cable rollout went out for subscription television, people could order a service and get it.... There was not a category that said 30 per cent of the premises that we pass with the cable rollout cannot be connected. That is what is happening.” Does NBN Co acknowledge that after Dr Switkowski ceased his short stint as CEO of Optus, policy decisions were made that one million premises would be designated unserviceable?
- e. The Strategic Review has proposed that the HFC networks be augmented to make all premises serviceable. What has changed between 2000 and now to make this viable?

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**Answer:**

- a. As a general principle, any consumer within its HFC footprint can order a broadband service from Optus, subject to the then applicable connection policy. Such policies have been known to vary over time since the release of the original HFC network.
- b. Yes.
- c. Whether to connect MDU buildings with HFC is a commercial decision made by a network owner at the time taking into account availability of alternate technologies, the demand for broadband and the organisation's strategic imperatives. By way of contrast, Telstra has successfully installed HFC into MDU buildings. We note as well that NBN Co now has other technology options for servicing MDUs including Fibre-to-the-Basement and Fibre-to-the-Distribution Point.
- d. NBN Co is not privy to Optus' internal policy decisions and can't comment on their decision making processes.
- e. Several factors have changed over the last 14 years that may affect the economics of further HFC deployment, these include the:
  - i. potential use of both HFC networks that would enable NBN Co to take advantage of the installed lead-ins available on both networks;
  - ii. increased installed base of HFC lead-ins driven by take-up and churn of cable TV and cable broadband subscribers over the last 14 years;
  - iii. NBN Co's ability to access alternative access networks and passive infrastructure (ducts, pits, poles, lead-in-conduits) to reduce access costs; and
  - iv. NBN Co's ability to deploy multiple access technologies (FTTN/FTTB/FTTDP) to achieve serviceability at a more economic cost.