

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Budget Estimates May 2017

Communications Portfolio

NBN Co Limited

Question No: 227

NBN Co Limited

Hansard Ref: Page 129, 130-131, 25/05/2017

Topic: 300,000 FTTN premises

Senator Chisholm, Anthony asked:

Senator CHISHOLM: In terms of the announcement that Mr Ryan made, was all that 300,000 fibre to the node or was that a mixture of fibre to the node and HFC, or is the HFC different?

Mr Morrow: That addition was pure fibre to the node replacement.

Mr Rue: It is primarily fibre to node; it is almost entirely.

Senator CHISHOLM: What sort of percentage are we talking about? Is that something you might want to take on notice?

Mr Rue: We will have to take that on notice.

Senator CHISHOLM: Okay. Of those 300,000 fibre-to-the-node premises, how many of those were already in design phase?

Mr Morrow: None.

Senator CHISHOLM: On that same issue, Mr Morrow, was the board asked to agree to expanding the fibre to the curb to a further 300,000 homes?

Mr Morrow: Yes, there was a discussion with the board around the replacement of FTTN with FTTC, recognising that the time it takes to build FTTC is longer than FTTN, so we lose a little of the revenue—that revenue profile, that graph, shifts a little. The board holds us very tight to manage this. We propose it to the board that we think this is a good trade-off, of the longer length of time to be able to stay within the \$49 billion peak funding, keep to the 2020 build and give the best possible network we can within that; hence the board supported us.

Senator CHISHOLM: You hope to get the approval of the board?

Mr Morrow: It is not quite the approval of the board that lets us have technology agnostic authority. But if it differs from a business plan—the financials or the service levels that we have pre-approved from the board—then we have to go back for an approval that is an amendment to that plan. In this case, because that profile changed, we wanted them to endorse the fact that we are going to see something different. But the year-by-year numbers effectively do not change much, but in some cases they do.

Senator CHISHOLM: I understand that. Did you need to get the approval of the board?

Mr Morrow: For the 300,000?

Senator CHISHOLM: Yes.

Mr Morrow: Yes.

Senator CHISHOLM: What date was that decision made?

Mr Morrow: I would have to take that on notice.

...

Mr Morrow: But the board cannot approve a corporate plan. It is a government-approved plan.

Senator CHISHOLM: No, I am talking about the 300,000 houses here and looking for a cost—

Mr Morrow: It is based on the assumption that the government is going to approve the plan.

Senator CHISHOLM: I will ask again: I want to know what the cost of this decision was around the 300,000 homes.

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Mr Morrow: We will take it on notice.

Senator CHISHOLM: You know the answer, and you have not given a reasonable excuse as to why—

Mr Morrow: No, because it is far more involved than what—

Answer:

The Board has been kept regularly informed of proposed approaches and options relating to the FTTC deployment. As Mr Morrow indicated at the hearing, the Board does not necessarily need to approve specific decisions relating to choices of technology, rather they would endorse a plan that includes the proposed approach. In this case, the approach was most recently included in the draft corporate plan, which was considered by the Board on 23 May 2017. Costs related to FTTC will be reported in the nbn 2018 Corporate Plan.