

**Senate Standing Committee on Environment and Communications**

**Answers to Senate Estimates Questions on Notice**

**Supplementary Budget Estimates Hearings October 2015**

**Communications Portfolio**

**nbn**

**Question No: 92**

**nbn**

**Hansard Ref: Page 123 – 124, 22/10/2015**

**Topic: BCR report – NBN Revenue**

**Senator Conroy, Stephen asked:**

Senator CONROY: The Bureau of Communications Research has recently belled the cat on the revenue NBN will lose to the fixed-line competition this government has permitted. The bureau estimates that in FY 2018 four per cent, or 400,000 premises, in the fixed line market will be non-NBN—400,000 sounds like a lot more than not material—and by 2022 it will be six per cent, or about 550,000 premises. Are you familiar with this paper? It was only released last week. These are some fairly frightening numbers.

Mr Rue: I am familiar with the BCR paper; I am not familiar with what that half a million relates to. It may also include, for example, CBD fibre that has already been built out. I am not sure where that 500,000 comes from.

Senator CONROY: It is Henry Ergas and his associates writing the sort of stuff—so I know you will give it a lot of credibility!—but it is actually a departmental—

Mr Rue: What we are saying is that the assumptions of take-up across the whole country, in the fixed line area, are that we would hope to be north of 70 per cent, some of which would be vacant premises, as you know, some of which is the substitution that we talked about, and a very small amount are lost to competition.

Senator CONROY: So you do not believe the 400,000 by 2018 and 550,000 by 2022?

Mr Rue: I would have to look at what they are referring to and if it is the same, but it does not relate to premises that we would lose to competition.

...

Senator CONROY: So if you are 400,000 premises down in 2018, that will be \$17.6 million a month or \$211.2 million for the year that you will not get—that is just working on the basis of that number. The rest is just maths.

Mr Rue: I think I have answered it, that it is not—

Senator CONROY: I appreciate that this is a bit on the fly. If you would like to give us a considered response, that would be helpful.

Mr Rue: You are right in that A times B equals C, but I do not think you are talking apples with apples. There is not a loss of that revenue assumed in our plan to competition.

Senator CONROY: Just so we are clear, based on the same maths, in 2022, assuming the same ARPU, which would be silly but let us just do it for the purposes of the conversation, you are down \$24.2 million a month and \$290.4 million for the year.

Mr Rue: Let us, as you say, take that away and give you a considered response.

**Answer:**

The answer was provided later in the hearing by Mr Rue (see page 126 of the Senate Estimates Hansard, and below).

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Mr Rue: “Given the chair wants to complete the hearing – page 60 of the BCR (Bureau of Communications Research) document you refer to talks about the BCR, and they are the BCR assumptions around non-NBN RFS (Ready for Service) premises and take up rates, which is how they get to their SIOs (service in operation). They refer to some of the things you talked about: the TransAct network, Ballarat, Geelong, Mildura and it also includes greenfields – so it includes Opticomm in there as well. It also includes the South Brisbane Network.”