

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Hearings February 2011
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 278

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Construction model and SMEs

Senator Birmingham asked:

The Government's Statement of Expectations to NBN Co dated 17 December 2010 states that the Government envisages that NBN Co will prepare advice on how SME's can participate in the NBN project. Has the advice referred to in this Statement been prepared? If so, what does it say? What is NBN Co doing to promote participation of SME's?

Answer:

In accordance with the Government's *Statement of Expectations*, NBN Co is working with industry groups to promote opportunities and advise the market of Small and Medium Enterprises (SMEs) who are successful in its procurement process.

There will be many opportunities for SMEs in the deployment and operation of the NBN Co network. The majority of these opportunities will be in the provision of services for construction and ongoing operation of the network in every region of Australia. There will also be some opportunities in manufacturing and supply of components and equipment for the network.

NBN Co is promoting the participation of SMEs in four primary ways:

- Ensuring that large contracts for network construction and operation are structured to drive the use of local SME subcontractors in each region.
- Awarding maintenance and support contracts directly to SMEs, especially in regional areas.
- Awarding supply contracts directly to local SMEs wherever possible. NBN Co's equipment racking contract is an example of this approach.
- Requiring specialised products such as Fibre Distribution Hubs to be manufactured locally using local SMEs to make and finish component parts to international specifications.

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Hansard Ref: In Writing

Topic: Construction model and SMEs

Senator Birmingham asked:

Explain NBN Co's construction model. Is it not the case that NBN Co's construction model is to engage only with large enterprise? How, then, does NBN Co facilitate SME participation?

Answer:

NBN Co's construction model is detailed in section 6 of its Corporate Plan, 2011-2013 (refer pages 77-83).

Facilitation of Small to Medium Enterprise (SMEs) participation is referenced in the answer to Question 278.

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Hansard Ref: In Writing

Topic: Construction model and SMEs

Senator Birmingham asked:

How is value for money ensured in the construction model that has been proposed?

Answer:

“Value for money” is a key element of NBN Co’s procurement process and in-line with the Commonwealth Procurement Guidelines is one of the main selection criteria in the company’s tender evaluation processes. In looking at value for money, NBN Co examines costs from a total cost of ownership (TCO) perspective, and takes into account the added value that may be offered by different models.

Specifically the proposed construction model has a number of features which ensure that high quality work is done while costs are controlled and a continuous improvement environment is maintained. Contractors will be held responsible for the quality of their work and will be paid using a proven “schedule of rates” approach which sets a fair price for each task. Design and construction will be tightly linked to ensure that designs use the best construction methods and ongoing lessons from construction are fed back to improve designs.

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Question No: 281

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless bandwidth

Senator Birmingham asked:

Regarding the announcement on February 17 that the NBN Co has purchased wireless bandwidth from the 2.3 megahertz to 3.5 megahertz spectrum from Austar for \$120 million, are you aware that Optus had arranged to purchase similar spectrum for \$65 million in 2008?

Answer:

Yes. As Mr Quigley noted in his evidence at the February 2011 Senate Estimates hearings, there has been some misunderstanding of the price NBN Co paid for its spectrum when compared to what Optus paid. The Optus deal had both a cash and non-cash component and the latter component was not publicly disclosed but it was received by way of various wholesale arrangements and delivered value to Austar substantially in excess of the cash component paid.

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Question No: 282

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless bandwidth

Senator Birmingham asked:

Why is the spectrum that Optus arranged to buy different from the NBN deal?

Answer:

Refer answer to Question 281.

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Question No: 283

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless bandwidth

Senator Birmingham asked:

Does the value of spectrum licences decrease as the length of time to the licence expires also decreases?

Answer:

The length of time to licence expiry is one factor that can be considered when valuing a spectrum licence.

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Question No: 284

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless bandwidth

Senator Birmingham asked:

Was any consideration given to the Optus deal with Austar when negotiating a fair price for the NBN Co? Was the three years that had lapsed since the Optus deal taken into account?

Answer:

Yes.

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Question No: 285

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless bandwidth

Senator Birmingham asked:

Why did the NBN Co not wait until 2015 to obtain the licence free off the Government when Austar's licence expired?

Answer:

To wait until 2015 to acquire this spectrum would have delayed the rollout of the NBN to regional and remote Australia which would have been contrary to the task that the Government has set NBN Co. When a spectrum licence expires it can be reallocated via a price based method, or renewed to the incumbent.

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Question No: 286

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless bandwidth

Senator Birmingham asked:

Why didn't the NBN Co decide to use spectrum from the 700 megahertz spectrum?

Answer:

NBN Co has been advised by the Government not to compete in the auction of the 700 MHz spectrum. This is referred to in the publicly available *Statement of Expectations* letter dated 17 December 2010 to the Board of NBN Co – refer page 4.

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Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless bandwidth

Senator Birmingham asked:

Would this spectrum have delivered faster speeds for people living further away from base stations? Would the capital costs of building base stations have been less as well? Why didn't the NBN Co acquire bandwidth on the 700 megahertz spectrum?

Answer:

Lower band spectrum provides greater coverage per base station. This would reduce the required number of sites and the total capital cost of building base stations. NBN Co has been asked by the Government not to compete in the auction of the 700 MHz spectrum. This is referred to in the publicly available *Statement of Expectations* letter dated 17 December 2010 to the Board of NBN Co – refer page 4.

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Question No: 288

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless bandwidth

Senator Birmingham asked:

Does NBN Co agree that the wireless market is dominated by a monopoly player like the wholesale fixed line market is?

Answer:

No, nor is the NBN entering into the traditional wireless market.

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Question No: 289

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Wireless bandwidth

Senator Birmingham asked:

Does NBN Co believe that it will be able to deliver cheaper prices for wireless broadband than a private company would have? If so, how much more cheaply?

Answer:

The NBN service delivers a point to point dedicated wireless broadband service, unlike the wireless market today which facilitates roaming between base stations nationally. The NBN service is not comparable to the broader wireless broadband market today.

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Question No: 290

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Alcatel and NBNC

Senator Birmingham asked:

How many current NBN Co executives, employees or consultants were employed by Alcatel or any of its subsidiaries at any time between 2001 and 2006, when the alleged violations of the US Foreign Corrupt Practices Act took place?

Answer:

The skills required to build the National Broadband Network have led NBN Co to hire a number of executives, employees and consultants who have spent a large part of their professional life in the telecommunications industry, both in Australia and overseas.

Based upon the information available from our human resource databases, there are currently 15 staff members employed by NBN Co who had worked with Alcatel-Lucent in the period 2001 to 2006.

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Question No: 291

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Alcatel and NBN Co

Senator Birmingham asked:

Were any of those individuals involved in authorizing, executing or recognising revenue from any Alcatel contracts in Costa Rica, Honduras, Taiwan or Malaysia?

Answer:

To NBN Co's knowledge, no employee was involved in any inappropriate activity relating to the matter raised in the question.

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Question No: 292

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Alcatel and NBN Co

Senator Birmingham asked:

Given Mr Quigley, Mr Beaufret and other NBN Co executives were previously employed by Alcatel, what arrangements did NBN Co directors and management put in place to prevent any conflicts of interest from arising during the process that in 2010 selected Alcatel as the NBN's lead technology contractor?

Answer:

This question was answered in reply to a similar Written Question on Notice by Senator MacDonald following the October Supplementary Budget Estimates Hearings in October 2010.

Strict Probity and Conflict of Interest procedures were adhered to in the consideration of the tender arrangements and decision making on the Alcatel-Lucent contract decision. The only meetings attended by Mr Quigley as part of the Active Equipment supplier selection process were some of the six vendor pre-consultation briefings held in November 2009 prior to issuing the Request for Capability Statements (RCS) on 7 December 2009.

The purpose of pre-consultation meetings is to engage with a pool of industry participants to canvass input in respect of requirements, options and possible solutions prior to engaging suppliers in more formal procurement processes such as RCS or Requests for Proposals (RFP). These meetings provided an opportunity for open exchange of up-to-the-minute perspectives on GPON technologies.

Following release of the RCS, all contact with suppliers was managed formally and no supplier meetings were attended by Mr Quigley or Mr Beaufret until the contract signing event with Alcatel Lucent at the end of June 2010. Mr Quigley and Mr Beaufret were absent from any discussions with potential tenderers, the evaluation process, management's decision-making process and the Board discussions about the procurement decision proposed.

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Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Alcatel and NBN Co

Senator Birmingham asked:

Was any former Alcatel employee directly involved in recommending or approving this decision?

Answer:

No.

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Question No: 294

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Alcatel and NBN Co

Senator Birmingham asked:

What is the dollar value of all existing contracts between Alcatel and its subsidiaries and NBN Co and its subsidiaries as of February 21, 2011?

Answer:

On 24 June 2010 NBN Co announced that it had chosen Alcatel Lucent as its initial supplier of GPON and Ethernet Aggregation equipment and that NBN Co had committed to an initial \$70 million fixed price purchase with the option to buy as much equipment as the company needed as the project grew in scale. NBN Co also announced that it had entered into a \$15 million contract for Alcatel-Lucent to provide services over the next 12 months to assist NBN Co with engineering and testing facilities in the initial deployment of technology for the fibre network.

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Question No: 295

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Pricing

Senator Birmingham asked:

What steps has the board of directors of NBN Co taken to ensure the company's internal controls and financial governance are robust, and the interests of Australian taxpayers are fully and properly protected?

Answer:

An answer to this question has already been provided in a similar Question 103 directed to the Department of Broadband, Communications and the Digital Economy. The answer is repeated below for ease of reference:

The Australian Government endeavours to ensure that NBN Co Limited's (NBN Co) internal controls and financial governance remains transparent and robust in order to ensure the interests of Australian taxpayers are fully protected.

As NBN Co is a wholly-owned Commonwealth company, it has been prescribed as a Government Business Enterprise (GBE). NBN Co is subject to the Commonwealth Authorities and Companies Act 1997 (CAC Act), the Corporations Act 2001 (Corporations Act) and the Governance Arrangements for Commonwealth Government Business Enterprises (June 1997) (Governance Arrangements).

The Governance Arrangements set out the broader policy framework under which GBEs operate and shapes the relationship between NBN Co and the Shareholder Ministers. Key documents to be submitted by NBN Co over a yearly reporting period include: The Annual Reports and Statement of Corporate Intent, which are tabled in Parliament; and the Corporate Plan and Progress reports which are commercially sensitive documents provided to shareholder ministers. Regular reporting ensures that the interests of Australian taxpayers are fully protected.

NBN Co maintains regular reporting to its Shareholder Ministers and as a government-owned company is publicly accountable and subject to Parliamentary scrutiny through a number of Senate committees and audit by the Auditor General.

NBN Co is committed to meeting high standards of corporate governance while meeting its obligations to its Shareholder Ministers and compliance requirements under the CAC Act, Corporations Act and Governance Arrangements.

A number of internal committees have been established to ensure that NBN Co fulfils its governance responsibilities.

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The Audit Committee, consisting of at least three members of the Board - the majority being independent Non-Executive Directors, provides assurance to the Directors that NBN Co is complying with its obligations under the CAC Act and the Corporations Act and provides a forum for communication between the Directors, senior managers and internal and external auditors of NBN Co.

NBN Co also has an Executive Committee, comprised of the Business Function Heads and the Chief Executive Officer. The Executive Committee is the senior management body which advises the Chief Executive Officer on operational matters and reviews strategies, position papers, policies and proposals for referral to the Board.

The Implementation Committee assists the Board in fulfilling its governance responsibilities in connection with the procurement, construction and implementation processes of the NBN. The Committee consists of at least two Non-Executive Directors.

The People and Performance Committee assists the Board in fulfilling its overseeing and governance responsibilities for people management and remuneration policies. The Committee consists of not less than three members of the Board, the majority being independent Non-Executive Directors.

In addition, NBN Co voluntarily adopts the Australian Securities Exchange's Corporate Governance Principles and Recommendations (Second Edition, August 2007 as amended in 2010) as these principles and recommendations deal with ethical behaviour, respecting the rights of shareholders and recognising and managing risk.

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Question No: 296

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Queensland flood infrastructure damage

Senator Fisher asked:

There have been newspaper reports of trenches being dug in Kiama Downs which have not been used. Are you aware of this and why have they not been used?

Answer:

Refer answer to Question 345. The underground conduits laid in Kiama have all been used for the installation of fibre optic cable.

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Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Queensland flood infrastructure damage

Senator Fisher asked:

In some cases, cables have been put in underground and then additional cables strung overhead. What is the reason for this duplication?

Answer:

There is no duplication in the cable rollout. With respect to community consultation and awareness prior to rollout, sessions are held to explain that there may be a combination of overhead and underground cable. In any given area fibre may be deployed both aerially and underground. This is because the fibre optic cable that supplies NBN Co's distribution network is underground whereas the local fibre network connecting from the street to individual premises can be a combination of underground and overhead cable. Both fibre supplies for the distribution and local network are a necessary requirement in rolling out the NBN.

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Question No: 298

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Queensland flood infrastructure damage

Senator Fisher asked:

The NBN Co put out a media release dated February 4 stating that after cyclones in Queensland:

“It has been established that while falling trees have caused significant damage to many of the power poles on which NBN Co’s fibre optic cables were situated, so far it has not been possible to ascertain any damage to the cables themselves. Further tests all the network components, including underground ducts and pits, are ongoing.”

Since then, have you been able to ascertain whether there was any damage to the NBN’s cables?
If not, why?

Answer:

The following information was provided by NBN Co’s CEO, Mike Quigley during his Opening Statement to the Committee on 22 February 2011:

“The impact on our network that we were building when the Category 5 cyclone came through was that some trees did fall and cause damage to many of the power poles in Townsville, some of which of course had our fibre optic cables on them. The fibre optic cables in fact proved to be quite robust. Of over 79 cable segments that we had installed, there were only three segments were damaged beyond repair and they are now being replaced. So it is relatively minor damage.”

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Question No: 299

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Hansard Ref: In Writing

Topic: Queensland flood infrastructure damage

Senator Fisher asked:

Once Ergon has completed the roll-out and passes over responsibility for the network to the NBN Co, will you be liable for falling power poles? What about damaged cables as a result of fallen power poles?

Answer:

As part of Facilities Access Agreement (FAA) between NBN Co and Ergon, NBN Co does not take any ownership of the power poles and is not responsible for their operations and maintenance.

Any work that is required to repair or replace the Fibre Optic Cable that results from a fallen pole, is the responsibility of NBN Co. Liability provisions under the FAA will determine who carries the cost (party at fault pays).

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Question No: 300

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Telstra Heads of Agreement

Senator Fisher asked:

Do you envisage that once you sign a heads of agreement with Telstra and no longer have to rely on partners such as Ergon Energy, more of the NBN will be installed underground using Telstra's infrastructure?

Answer:

The Heads of Agreement was signed last year; this does not provide access to Telstra facilities.

The next milestone in the commercial negotiations with Telstra is the Interim Definitive Agreement. This is expected to be signed in the coming months and will provide interim access to Telstra's facilities pending final agreement of the Definitive Agreements.

Once the Interim agreement is signed, access to the duct and facilities will alleviate some of the need to use the Energy companies' poles and facilities, but NBN Co will continue to utilise the Energy companies' facilities where Telstra facilities are not available or not suitable for use. This approach has been incorporated in, and is consistent with, the NBN Co Corporate Plan 2011-13.

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Question No: 301

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: Telstra Heads of Agreement

Senator Fisher asked:

In cyclone and emergency prone areas such as Townsville, would it not have been better to wait until you have access to Telstra's infrastructure rather than using joint partners such as Ergon who use predominantly overhead infrastructure?

Answer:

The First Release Sites (FRS) rollout that commenced last year was part of a trial process that allowed NBN Co to test design and construction processes. Sites were selected on the basis of geographic location and design and construction complexity. Townsville was selected on the basis of; climate, location, and the opportunity to trial an aerial network design and construction utilising the entire Ergon distribution network. The use of Telstra infrastructure was trialled as part of the FRS build in Brunswick (VIC).

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Question No: 302

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

Why has the NBN Co not publicly released figures on the expected ARPU/ profit and loss statement/ cashflow statements / balance sheets included in its corporate plan?

Answer:

This is commercial in confidence material that is not publicly available.

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Question No: 303

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

The corporate plan notes that construction of the NBN will continue until 2021. Why has the timeline of the roll-out increased from eight years to 11 years?

Answer:

The rollout timetable for deployment of the NBN network has increased from original forecasts due largely to the timing and nature of the decision on Points of Interconnect (POI) and the commercial negotiations with Telstra. These arrangements have been reflected in the forecasts within the company's Corporate Plan 2011-2013 – refer pages 13-14 and 22.

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Question No: 304

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

Can details of the interest rates utilised in determining the interest costs stated in the Summary Financials at Exhibit 10.3 in the NBN Business Plan be provided? What assumptions have been made in terms of future interest rate movements?

Answer:

This is commercial in confidence material that is not publicly available.

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Question No: 305

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

What is the likely financing cost (other than interest rates) in terms of long-term bonds, or other debt instruments, given the relatively higher cost to convert foreign currency borrowings into Australian dollars (\$A)? For example, has the Government made provision for costs such as currency conversion basis swap charges?

Answer:

Estimates of interests costs used in the Corporate Plan 2011-2013 modelling are inclusive of fees and margins and foreign exchange risks and associated costs.

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Question No: 306

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

Can NBN Co provide the Net Present Value (NPV) calculations utilised in determining the NBN Project's financial viability?

Answer:

NBN Co's objective is an expected rate of return that should, at a minimum, be in excess of the long term public debt rates, not a Net Present Value. This is referenced at page 12 "Key Objectives" of NBN Co's Corporate Plan 2011-2013.

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Question No: 307

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBNC Co Business Case

Senator Fisher asked:

Through the use of a Capital Asset Pricing Model it would appear that even when the lowest beta value is used in calculating a required rate of return on equity funding, the minimum required return on equity of 8% would still be above the IRR of 7.04% stated in the NBN Business Plan. Given the conservative values used under the CAPM, is NBN Co. concerned that the project will not secure an adequate rate of return?

Answer:

Capital Asset Pricing Model does not equate to an Internal Rate of Return; these are two different metrics used in modelling.

The Government has indicated the rate of return of 7.04% stated in NBN Co Corporate Plan 2011-13 is acceptable to it as it will allow the Government to cover the costs of investment and earn a modest return.

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Question No: 308

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Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

Has NBN Co. assessed the likely impact of Optus expanding its wireless network and/or the cost of procuring Optus' agreement to transfer its customers and infrastructure to NBN Co. in a similar manner to Telstra? If yes, what would the likely cost of securing the transfer of Optus customers to NBN Co's network?

Answer:

This is commercial in confidence material that is not publicly available.

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Question No: 309

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

What assumptions have been made in determining the \$56 entry price point for NBN services in relation to the likely EBITDA of the Retail Service Providers? NBN Co. appears to think that the RSP's will be satisfied with a 10-20% EBITDA. This is unlikely given that Optus and Telstra currently earn 25-40%.

Answer:

Current retail margins relate to integrated telecom companies that have to invest significant amounts of capital to develop their networks. An EBITDA less Capital Expenditure margin would be a more appropriate metric to use as a comparison.

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Question No: 310

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

The key assumption that increased data usage will deliver increased revenue to NBN Co, and ensure the viability of the business plan, poses a massive question mark. Connectivity Virtual Circuit (CVC) is said to represent up to 30% of total NBN revenue by 2025. Can such an assumption of take-up of increased data usage be justified? What is the basis for such an assumption? Has the assumed increase in data use and the sophistication thereof been determined against a viable benchmark?

Answer:

The basis of NBN Co's modelling and benchmarking of speed and usage growth is explained in its Corporate Plan 2011-2013 at pages 120-121.

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Question No: 311

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

In its business case, NBN Co estimates that 70 per cent of all homes will be connected to the NBN by 2025. Does this include homes that will not browse the internet and will only rely on a home phone service?

Answer:

Yes, NBN Co estimates include voice-only services.

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Question No: 312

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

A further 16.3 per cent of homes are estimated to be wireless-only. Can you explain the devices that will access wireless services? Does this also include mobile phone services?

Answer:

Wireless-Only homes as described in NBN Co's Corporate Plan are homes or premises with no fixed-line connection.

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Question No: 313

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

Did the NBN Business case take computer ownership into account when modelling its financial predictions?

Answer:

Yes, computer ownership was taken into account in the modelling process.

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Question No: 314

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

The Australian Bureau of Statistics estimates that only 78 per cent of homes currently have a computer. However, the NBN business plan assumes that 86.3 per cent of homes are going to be connected to the internet through the NBN or through wireless by 2025. Can NBN Co outline what research this is based upon, and how quickly the growth is expected to occur?

Answer:

NBN Co has assumed that 70 per cent of premises passed by the fibre network will take-up a service by 2025. NBN Co's revenue plan is based on assessments of the addressable market, products and pricing, expected take-up of the Basic Services and speed and usage profiles.

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NBN Co Limited

Question No: 315

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

The Business Plan assumes that there will be no wireless-only businesses. Can NBN Co explain the reasons behind this assumption?

Answer:

The assumption about wireless-only businesses is based upon the outcomes of research compiled by the Australian Communications and Media Authority (ACMA) which finds high fixed line penetration and its importance for the business market.

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Question No: 316

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

Given the opportunities available for mobile businesses using wireless, how can NBN Co justify assume that no business will be wireless once the NBN is rolled out?

Answer:

Refer to answer to Question 315.

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Question No: 317

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

Does the 12.4 per cent of premises that are estimated to be either vacant or unconnected include business premises?

Answer:

Yes. Refer page 116 of NBN Co's Corporate Plan where it states in paragraph 1 "...this implies a vacancy rate of approximately 12.4% for both residential and business premises."

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Question No: 318

Program No. NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Business Case

Senator Fisher asked:

The business case states that the basic wholesale price for an NBN service offering a 12 mbps connection and a home phone line will be \$24. Will this price be reviewed and changed periodically, or is it set in perpetuity?

Answer:

The Access Price (AVC) does not have to be set in perpetuity. Future decisions on pricing will incorporate many inputs such as feedback from customers (ie. Access Seekers), NBN Co's objectives as set by Government and the regulatory environment within which the company operates.