

**Senate Standing Committee on Environment and Communications**  
**Answers to Senate Estimates Questions on Notice**  
**Additional Estimates Hearings February 2013**  
**Broadband, Communications and the Digital Economy Portfolio**  
**Department of Broadband, Communications and the Digital Economy**  
**Question No: 262**

**Program No. 1.1**

**Hansard Ref: page 97, 98 (12/2/2013)**

**Topic: Telstra payments**

**Senator Senator Birmingham asked:**

**Senator BIRMINGHAM:** I think the value that has been put to Telstra is around \$2 billion. I gather that is not all cash payments. But could the department outline the quantum that does relate to cash payments; which agencies are responsible, if it is not TUSMA; and when those payments are made and where they are in the budget?

**Mr Harris:** Mr Heazlett will do that.

**Mr Heazlett:** You have categorised it as three main components of payments. There are the TUSMA payments, which involve payments for the continued provision of fixed-line copper services in areas outside the NBN fibre footprint. Then there are some ancillary payments associated with that with regard to continued provision of payphones. They are the payments to Telstra. Then there is a retraining payment grant that was made to Telstra. That was made last financial year. It is certainly disclosed in the grants payments that we make. In terms of the actual budget documents, it was included in the contingency reserve so it would not have been apparent because of the contingent nature of that at the time of the budget in terms of meeting conditions precedent.

There was also another payment to Telstra, which had a net present value to Telstra of \$190 million, which was a payment to balance the agreed value. The actual payment, which was made in March last year when the agreements became effective, was a number slightly in excess of \$300 million. I would have to check what the precise number was, but that was also disclosed in our disclosure of grants payments and, again, was in the contingency reserve prior to that.

**Mr Harris:** The latter two payments have now been made and have appeared in the budget documents. The former is the TUSMA arrangements, which cover, as Mr Heazlett said, not only the ongoing maintenance of copper in the seven per cent—the area that is not going to be covered by NBN fibre—but also other payments that will be undertaken for maintenance of public phones, the transfer effectively of USO obligations. The concept behind TUSMA, as I think I have explained here a number of times, is that if the network is to be given up by Telstra then the USO obligations that go with the network have got to go to somewhere else. They do not go to NBN Co. because it is a broadband-providing company. They go to now an entity called TUSMA. This creates some classic transparency opportunities, and contractual obligations have been put in place to give those clarity. There are review structures attached to them and formalised arrangements now in place. TUSMA has been up and running for six or so months.

**Senator BIRMINGHAM:** So the slightly greater than \$300 million—and you will get us the exact figure, Mr Heazlett—constitutes those two areas of payments?

**Mr Harris:** Yes.?

**Answer:**

The exact amount of the payment by DBCDE to Telstra to balance the agreed value was \$353,710,410.64 (GST inclusive).

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**Question No: 263**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: Medical devices**

**Senator Birmingham asked:**

1. How many people in greenfield estates who require a working connection for their medical alarms or personal response services do not have a connection due to NBN Co failing to rollout in greenfields developments? Is the department aware that this is a potentially life threatening situation?
2. Has the department consulted PERSA, the Personal Emergency Response Services Association?
3. Is the department aware that many medical devices require an analogue port?
4. Is the department aware that there is no mandatory requirement for RSPs to support UNI-V ports as required by medical devices?

**Answer:**

All answers have previously been provided to the same questions in the October 2012 Senate Estimates questions on notice (refer to Q.83).

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**Question No: 264**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: NBN Battery Back Up**

**Senator Birmingham asked:**

1. What does the Department expect the cost/saving of retrofitting battery backups where requested to be?
2. How does this compare with the cost universal installation to start with?

**Answer:**

1 & 2.

During 2012 the government determined that the future deployment of battery backup in the fibre footprint must include provision for customers to make an active and informed decision to accept or not accept the installation of a battery backup unit.

NBN Co is currently working with its customers (the Retail Service Providers) to implement the government's policy.

As the optional battery backup policy is yet to be deployed, there is no data available which would allow us to model the cost of retrofitting these units at a time separate to the initial installation.

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**Question No: 265**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: Contingent Liabilities**

**Senator Birmingham asked:**

Please provide an update on estimated contingent liabilities associated with NBN contracts.

**Answer:**

The Government's contingent liabilities are published as part of the Statement of Risks in the Budget papers. As at 31 December 2012, NBN Co's termination liabilities were estimated at \$3.01 billion.

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**Question No: 266**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: End user prices**

**Senator Birmingham asked:**

1. On January 18 Telstra provided a submission to the ACCC regarding the NBN Co SAU. Among Telstra's criticisms of the SAU were: "The proposed CPI-X price control is likely to lead to very high end-user prices" (page 64) ... "There is no meaningful constraint on new product prices" (page 65) ... and "NBN Co would face weak incentives for cost efficiency leading to higher prices for consumers" (page 65). Should consumers of broadband and telephony services accept such warnings at face value? If not why not?
2. Has DBCDE conducted any analysis of the SAU to evaluate the accuracy of Telstra assertions? If so, what did it show?
3. Telstra's submission states under proposed NBN Co pricing, "using the more realistic assumption that usage increases by 30 per cent per annum, the CAGR for the basket of AVC and CVC services purchased by end-users is 19 per cent" (page 67-68). Telstra estimated the nominal monthly cost of wholesale broadband (across a basket of plans) would rise from \$28 in 2013 to \$145 in 2028. Has DBCDE conducted similar analysis, and did it result in similar projections over that timeframe?
4. Does DBCDE agree with Optus that "rate of return regulation creates a systematic bias favouring excessive expenditure?" If not, what controls and/or oversight will prevent over-investment by NBN Co akin to that we've seen by electricity distributors?
5. Does DBCDE agree with Telstra that the proposed CPI-1.5 per cent price control "will translate into higher retail price increases for end-user"?
6. Does the Department agree with Telstra the NBN SAU terms may have an adverse impact on margins and potentially even the viability of retail service providers?
7. Does DBCDE agree with both carriers that if current usage trends continue, under NBN Co's current pricing schema real prices will increase substantially for end users?
8. According to a January 18 submission from Optus to the ACCC regarding the SAU: "NBN Co's price control mechanism does not provide an adequate disincentive against excessive capital investment"... and "risk of excessive capital investment mirrors recent concerns relating to retail price increases in electricity in Australia." (page 6). Can DBCDE explain how (or whether) end users of the NBN will be protected from real price increases arising as a direct consequence of NBN Co's currently estimated capital expenditure and operational losses, and provisions in the SAU for recovery over time of these uplifted costs from end users?

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9. Does DCBDE agree with those who argue the CVC element of NBN Co's pricing, which rapidly increases the cost of broadband plans as data download volumes grow, inhibits consumer use of the very attributes of fibre that led the Government to prescribe it for 93 per cent of premises?
10. A former Telstra economist, Mr John de Ridder, has argued all users should receive 100 megabits per second for a flat rate to encourage uptake and more innovative use of network capabilities. What is your response? Do you agree current proposed pricing discourages such innovation?

#### Answer:

1. Both NBN Co's proposed special access undertaking (SAU) and its Corporate Plan provide for significant decreases in unit prices for its services in real and nominal terms. The SAU contains a number of mechanisms to achieve this outcome, for example the CPI-1.5 per cent cap on service prices and the nominal price freeze on key service inputs until 2017. Unit prices will decrease in real terms.

On 15 February 2013, NBN Co responded to an ACCC request for further information on the company's forecast revenues, expenditure, prices and demand. In this response, NBN Co indicated that if it increased prices to the maximum extent allowable, as assumed by Telstra's submission, this would reduce demand for services and also NBN Co's revenues. NBN Co supported this conclusion by stating that:

*...the cumulative effect of the maximum price increases is modelled to lead to an adverse demand response that would be manifested in:*

- *fewer subscribers to the NBN (primarily due to increased wireless-only substitution);*
  - *lower average access speeds (as end-users take up more entry-level and lower speed services than they would otherwise have done); and*
  - *lower average data use (as only smaller data quotas are affordable).*
2. DBCDE has assessed NBN Co's pricing in the proposed SAU and Telstra's analysis. This assessment indicates that wholesale prices on the NBN decline in real terms over time, but as end users elect to take up higher speeds and download more average revenue per user increases.
  3. See the answers above to question 1 and 2.
  4. Rate of return regulation has been demonstrated to favour inefficient substitution of capital expenditure for operating expenditure. This is called the Avers-Johnson effect and is dependent on the assumption that the regulated firm is a profit-maximising firm. This assumption does not apply to NBN Co, whose incentives are to maximise its subscriber base.
  5. No.
  6. No.

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7. No.
8. See response to question 4, above.
9. No.

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**Question No: 267**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: Cost of NBN Rollout**

**Senator Birmingham asked:**

- 1) What information can the Department provide to the Senate about the capital cost per premise passed of the fibre rollout to the end of 2012, by which time more than 72,000 premises had allegedly been passed?
- 2) Do you agree the per-premise cost of the rollout is an important influence on the economics of the current NBN, and the prices consumers are likely to face over time?
- 3) In the absence of real world data from NBN Co, does the Department have an internal estimate or projection of this cost so far?
- 4) If no information about the average per premise cost of the fibre rollout has been provided to this point by NBN Co, why hasn't the Department asked for this data?
- 5) Given NBN Co has not made actual data on fully allocated capital costs per fibre premise passed so far public, has DBCDE obtained such estimates via non-public disclosures?
- 6) If not, does DBCDE have any internal estimates or projections of this cost over the rollout to date?
- 7) In a recent note dated 22 January, telecoms analyst Andrew Levy from Macquarie Bank used an estimate of average capital costs of \$4000 per FTTP premise passed, compared to the \$2700 or so embodied in the NBN Co's revised Corporate Plan. Why would Mr Levy use a higher figure than the NBN Co has estimated?
- 8) Given analysts such as Mr Levy are plainly skeptical about NBN Co's ability to roll out the NBN within the budget set out in the Corporate Plan, surely it is in NBN Co's interests to reveal its investment per fibre premises passed so far? Wouldn't such data demonstrate its plan is credible?

**Answer:**

- 1) Please see information tabled by NBN Co at the 19 April 2013 public hearing of the Joint Committee on the National Broadband Network.
- 2) See answer to QoN 266 (question 1) and the information tabled by NBN Co at the 19 April 2013 public hearing of the Joint Committee on the National Broadband Network.
- 3) See answer 1.
- 4) See answer 1.
- 5) See answer 1.
- 6) See answer 1.
- 7) The Department cannot comment on the approach taken by Mr Levy.
- 8) See answer 1.



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**Question No: 268**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: Fibre Overbuilds**

**Senator Birmingham asked:**

1. How many premises currently have, or are estimated to have, existing fibre or HFC networks passing them?
2. How many applications have been received, accepted or refused classification as 'adequately served'?
3. In a speech last year, NBN Co chairman Harrison Young said, "Having multiple suppliers of natural monopoly services is socially wasteful. They make inefficient use of an economy's resources." If having two superfast networks service in a community is socially wasteful as Mr Harrison argues, why is the department both giving cherry picking exemptions to companies to build out alternative networks to the NBN and then refusing them adequately served status so the NBN must overbuild them?
4. In the DBCDE's discussion paper it lists stakeholders consulted over adequately served status. They include: AAPT, Amcom, Clubcom, the Competitive Carrier's Coalition, Internode, Macquarie Telecom, NBN Co, Nextgen Networks, OptiComm, Optus, Pipe Networks, Pivit, Primus, Telstra and TransACT. How many of these companies have applied for adequately served status?
5. Roughly what percentage of current fibre connections in the Australian market does this account for?
6. Did the NBN Co begin to overbuild any superfast networks before the September 30 deadline for operators to declare any adequately served networks, for instance in Crace, ACT?
7. If NBN Co meets its rollout targets, what is the total number of locations across Australia where existing fibre or HFC networks will be overbuilt by the end of 2013? What number of premises where construction has commenced or been completed will be in these areas?

**Answer:**

1. At 30 June 2012, there were 917,000 existing HFC connections and 52,000 existing fibre connections (Australian Bureau of Statistics report 8153.0 – Internet Activity, Australia). Although the HFC networks pass over two million premises, many homes are unable to access it due to technical constraints.

2. A number of applications to the adequately served process were received by the application close date of 30 September 2012. As the applications are still in the assessment stage, none have been accepted or refused classification as adequately served at this point in time. Applications are received by the department on a commercial in confidence basis.
3. Parts 7 and 8 of the *Telecommunications Act 1997* require owners and operators of new, upgraded, altered or extended fixed-line superfast networks built after 1 January 2011 that predominantly serve residential and small business purposes to offer a Layer 2 bitstream service on a wholesale-only and open-access basis. The requirements ensure end users have access to similar service outcomes on the NBN, regardless of network provider, and help NBN Co to operate on a more level playing field. Exemptions from Parts 7 and 8 may be granted by the Minister and to date the Minister has granted exemptions to Telstra and TransACT for network builds that were already underway at the time Parts 7 and 8 came into effect. Such exemptions enable the networks to proceed consistent with original assumptions.

The granting of an exemption from Parts 7 and 8 relates to these provisions only. It has always been open to carriers to deploy competing networks in a locality.

The adequately served policy provisions are to deal with superfast networks already in existence at 1 January 2012. Applications received under the adequately served process are still in the assessment stage, and none have been accepted or refused classification as adequately served at this point in time.

While it is generally the case that a single customer access network is constructed in a residential area, in some instances the NBN may need to deploy its own infrastructure because the alternative network will not provide NBN equivalent outcomes (e.g. in terms of choice of Retail Service Providers or pricing) and it is efficient in the context of NBN Co's overall rollout to service the area. It is always open to alternative network operators to come to a commercial agreement with NBN Co in relation to the servicing of the area.

- 4 – 5. The policy paper '*Adequately served: criteria and assessment process to facilitate the rollout of the National Broadband Network (NBN)*' specifically advised applicants to the process to identify any information they wanted kept confidential.

The department considers that answering questions regarding the identity and location data of the applicants to this process would divulge information that the applicant(s) consider commercially sensitive information.

6. No.
7. Given that a number of networks are under consideration to potentially be determined as adequately served, definitive data on this issue cannot be provided until this process is complete.

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**Question No: 269**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: Fibre Precondition for Adequately Served**

**Senator Birmingham asked:**

1. Is it correct that superfast networks offering up to 100 Mbps speeds cannot be counted as adequately served if they are not FTTP connections?
2. Can DBCDE identify one application that a customer on a fibre connection with download speeds of 100 megabits per second and upload speeds of 40 megabits per second can access that a customer on a HFC or VDSL network on those same speeds can't access?
3. Can DBCDE identify any externalities that having a fibre connection of 100/40 Mbps will deliver that a connection of that same speed on HFC won't deliver?
4. Has DBCDE sought to quantify the benefits of having a fibre connection offering 100/40 Mbps and weighed those against the costs of overbuilding these networks?

**Answer:**

1. A network in a residential estate may be considered to meet the 'adequately served' criteria if the network was in existence at 1 January 2012 and has all of the following characteristics:
  - a. The network is a FTTP network capable of delivering broadband download speeds of 100 megabits per second and upload speeds of 40 megabits per second to end users.
  - b. The network is capable of keeping up with NBN technology over time, particularly in relation to speeds, described in NBN Co's Corporate Plan 2011-13.
  - c. The network supports the delivery of standard telephone services to the equivalent of the quality provided over the NBN and features a battery backup capability.
  - d. Where the network is not subject to the level playing field provisions under Parts 7 and 8 of the Tel Act, the network must provide a layer-2 wholesale service on an open-access and non-discriminatory basis.
  - e. Where the network is not subject to the level playing field provisions under parts 7 and 8 of the Tel Act, the network must provide wholesale service prices equivalent to NBN Co's prices for comparable services.
  - f. The carrier commits to becoming the infrastructure provider of last resort (IPOLAR) – that is, the carrier commits to offer a connection for services to all customer premises in its nominated footprint.

2-3.

There are no HFC or VDSL networks, in Australia or anywhere else in the world, that are capable of delivering the speeds and reliability of fibre to the premises networks. For your information, NBN Co has announced that it will begin delivering services of 1,000mbps down and 400mbps up on its GPON network by the end of this year, without any changes or upgrades required to existing equipment.

4. The government is committed to providing all Australian homes and businesses in the fibre footprint access to the best broadband access technology available—fibre to the premises. The Government is also committed to ensuring that NBN equivalent outcomes are delivered to all Australians, no matter where they live or do business.

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**Question No: 270**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: Premises passed**

**Senator Birmingham asked:**

- 1) Does DBCDE have an estimate for the percentage of all premises (including households or businesses in multi-unit dwellings or lots situated in greenfield estates) that NBN Co cites as 'passed' by fibre in its latest half-year which are currently occupied, and whose occupants could obtain active [services] over the NBN within two days if they so wished?
- 2) Given NBN Co's rollout, costs and economic viability are a likely to be an important issue at the Federal Election, has DBCDE sought agreement from NBN Co for the release of such data monthly during 2013? If so, has NBN Co agreed to do so? Will any data released on such as basis be of equivalent integrity to the data contained in half-yearly reports to the JCNBN?
- 3) If the election falls on September 14, what is the last date for which NBN Co will supply figures on its rollout (premises passed and customers connected) and its financial performance (capital spent on the three networks to date, and revenue)?
- 4) Answers to questions on notice suggest the NBN serves only 137 premises in MDUs. Not until December 2012 were contracts signed for the provision of fibre inside MDUs. Has DBCDE indicated any concern over what at face value appears to be a negligent lack of planning for taking the NBN to the 34 per cent of Australians who work or live in MDUs? If so, on what dates were such concerns communicated to NBN Co, and in what form?

**Answer:**

1. No. The department notes that this would vary on a daily basis.
2. NBN Co, as a Government Business Enterprise (GBE), is subject to ongoing reporting requirements under the GBE guidelines, *Commonwealth Authorities and Companies Act 1997* and the *Corporations Act 2001*. NBN Co is periodically releasing deployment metrics and will release more deployment data in due course.
3. See answer to 2) above.
4. These figures relate to the number of MDU buildings, not individual premises. The 21 December 2012 announcement of successful multi-dwelling unit (MDU) contractors was for the wide-scale rollout of the NBN to approximately 17,600 MDUs.

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**Question No: 271**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: National Disaster Management**

**Senator MacDonald asked:**

- a. What measures are being taken by the Department and the NBN Co to ensure continuity of services in the event of natural disasters?
- b. How will the NBN Co comply with service-level agreements in the event of catastrophic system failures where network maintenance is substantially in the hands of third-party contractors who may, themselves, be inoperative as a result of the events that caused the system failure?
- c. What redundancies is the NBN Co building into its network footprint to protect vulnerable regional citizens from catastrophic system failures?

**Answer:**

- a. The Attorney-General's Department has responsibility for coordinating the whole-of-government approach to critical infrastructure resilience, with support from other relevant Australian Government agencies.

The Department of Broadband, Communications and the Digital Economy manages the Communications Support Group (CSG) as part of the Trusted Information Sharing Network (TISN). This comprises representatives from the telecommunications, broadcasting, international submarine cable, and postal sectors, as well as from relevant Commonwealth, state and territory agencies.

The TISN includes seven sector groups and two expert advisory groups through which critical infrastructure owners and operators share information and collaborate on appropriate measures to mitigate risk and enhance resilience.

The CSG has developed best practice approaches to mitigate communication vulnerabilities. It works to improve industry coordination, and provides tools and guidance which businesses can use to enhance communications service continuity.

Further, the customer safeguards established through the Customer Service Guarantee also include requirements for telephone service providers to publish information relating to service disruptions in the event of a natural disaster or extreme weather conditions.

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NBN Co is designing the national broadband network and associated network operations to restore services in the event of a fault or outage, including consideration for natural disasters.

As part of the design of the NBN architecture, NBN Co has focussed on those aspects of the network architecture required to ensure that the network is capable of meeting a very high network service availability objective from the end user premises to the nominated point of interconnect.

To achieve this objective, a number of network elements are duplicated providing network diversity. This ensures service continuity in the event of equipment failure or malfunction.

NBN Co is designing the network using a ring architecture in both the transit and access networks. This means that if there is a break in one part of a fibre ring, traffic can continue to be carried to other parts of the ring.

Further, the network characteristics of the NBN fibre network provide greater protection against some natural disasters such as flooding.

- b. Catastrophic system failures caused by natural disasters have always been a challenge for telecommunications and other service providers in Australia and across the world. This is an issue that NBN Co takes very seriously and as part of the design of the NBN architecture, NBN Co has consulted widely with industry and RSPs regarding aspects of network resiliency, disaster recovery and business continuity.

This has primarily been focussed on the aspects of the network architecture required to ensure that the network is capable of meeting the objectives for achieving a very high level of network service availability from the end-user premises to the nominated point of interconnect.

In order to ensure the network service availability objective a number of network elements are duplicated providing network diversity that ensures service continuity in the event of equipment failure or malfunction. Where duplication is not feasible, NBN Co is working with stakeholders to ensure appropriate planning and design of disaster recovery and business continuity solutions.

- c. As part of the design of the NBN architecture, a number of network elements are duplicated providing network diversity. This ensures service continuity in the event of equipment failure or malfunction.

The main levels of network diversity within the NBN Co network architecture are:

- Optical fibre transit network linking Fibre Access Node (FAN) sites to their respective Point of Interconnect (POI) site;

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- Electronic equipment housed within the FAN sites (card-level protection within each chassis) and POI sites (chassis-level protection);
- Distribution optical fibre in the fibre access network linking the FAN site to the Fibre Distribution Hub that services up to 200 premises within a Fibre Distribution Area; and
- Centralised equipment for fixed wireless and satellite signalling and data processing are duplicated across different geographic sites.



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**Question No: 272**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: Barcoo Diamantina Optic Fibre Project**

**Senator Macdonald asked:**

The Barcoo and Diamantina Shire Councils will be provided NBN internet services as part of the Satellite footprint. This service will be inferior to the fixed-fibre and fixed-wireless services enjoyed by 97% of Australians.

This will mean that Barcoo and Diamantina will be the *only* local authorities in Australia that do not have a fixed optic fibre connection to their main administration facility, and that do not have the bandwidth to operate mobile phone facilities.

To facilitate a connection, approximately 700km of optic fibre would be required at a cost of around \$22/m (\$15.4million).

- a. What response has the Department provided to representations from the Barcoo/Diamantina Shire Councils?
- b. Will the Department or NBN Co be addressing the evident need at these remote locations?
- c. Does the Minister believe it is satisfactory that two shire councils in western Queensland remain as the only local authority administration centres that do not have sufficient bandwidth to receive high-grade internet signals or operate a mobile telephony service?

**Answer:**

- a. The Minister has responded to the representations of the Barcoo/Diamantina Shire Councils. Information provided included details of NBN Co's interim and long term satellite services, the council's engagement with NBN Co's network extension policy and the role of the Telecommunications Universal Service Management Authority (TUSMA) in ensuring the ongoing availability of basic telecommunications services.
- b. The NBN will deliver improved broadband services to all communities in Australia. Regional Australia is a priority for the NBN rollout and many areas will realize improvements before urban locations. As of 31 December 2012, nearly 83 per cent of the brownfields fibre rollout was in non-metropolitan areas. Fibre will be rolled out to more than 70 per cent of homes and businesses in regional areas.
- c. The long term satellite service is being purpose built to enable deployment of commercial grade services, including next generation ground equipment and acceleration techniques to maximise broadband performance in regional and remote Australia. From the start of operation of the service in 2015, the speeds available will be 25 megabits per second download and 5 megabits per second upload, which is better than what is available on ADSL in our cities today.

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**Question No: 273**

**Program No. 1.1**

**Hansard Ref: In Writing**

**Topic: Transfers to Telstra via TUSMA**

**Senator Birmingham asked:**

TUSMA last year entered into a number of contracts with Telstra for the provision of the Universal Service Obligation and similar public interest services. According to AusTender (Reference: [CN1004881](#)) the nominal dollar value of TUSMA's contractual obligations to Telstra over the next 20 years is \$6.38 billion.

1. Is this figure consistent with nominal dollar TUSMA expenses in the current forward estimates?
2. Telstra contributed proportionately to the industry levy which historically funded the USO. Has the annual contribution from Telstra to the levy materially changed under the TUSMA arrangements? If so what is DBCDE's estimate of the net change aggregated over the current forward estimates?
3. Has the annual contribution from non-Telstra carriers to the levy materially changed under the TUSMA arrangements? If so what is DBCDE's estimate of the net change aggregated over the current forward estimates?
4. What total contribution, if any, is it estimated that NBN Co will make to TUSMA via the industry levy in each of the current forward estimate years (assuming NBN Co's rollout, customer acquisition and revenues progress according to the forecasts in the 2012-2015 Corporate Plan)?
5. What total contribution, if any, is it anticipated NBN Co will make to TUSMA via the industry levy in 2022-23, after the NBN is completed (assuming forecasts in the Corporate Plan are achieved)?
6. What total contribution, if any, is it anticipated Telstra and other RSPs will make to TUSMA via the industry levy in 2022-23 (again assuming projections in the NBN Corporate Plan are achieved)?
7. What total contribution, if any, is it anticipated the Federal Budget will make to TUSMA via the industry levy in 2022-23?

**Senate Standing Committee on Environment and Communications**  
**Answers to Senate Estimates Questions on Notice**  
**Additional Estimates Hearings February 2013**  
**Broadband, Communications and the Digital Economy Portfolio**  
**Department of Broadband, Communications and the Digital Economy**

**Answer:**

1. Yes, this figure is consistent with the nominal dollar TUSMA expenses in the current year and forward estimates.
2. The forward estimates do not list individual carriers' contributions to the Telecommunications Industry Levy (TIL). The forward estimates cover TUSMA's estimated liabilities and the total TIL amounts to be collected. Each carrier with eligible revenue of more than \$25 million contributes to the TIL in proportion to its share of total industry eligible revenue. A carrier's share of total industry eligible revenue may vary from year to year and final figures must be determined by the Australian Communications and Media Authority (ACMA) under the *Telecommunications Universal Service Management Agency Act 2012* ('the TUSMA Act'). Consequently, it is not possible to estimate the TIL contributions of individual carriers before revenue is earned.
3. See answer to 2. Note also that for the first two financial years of TUSMA's operation, the aggregate TIL contributions of non-Telstra carriers would be held at the aggregate contribution of those carriers to the USO and NRS levies in 2011-12.
4. NBN Co's 2012-15 Corporate Plan includes estimates of NBN Co's contribution to the TIL. The Australian Communications and Media Authority (ACMA) is currently in the process of making an eligible revenue determination for current forward estimate years.
5. Each carrier's contribution to the TIL reflects its share of total industry eligible revenue. It is not possible to estimate individual carriers' contributions to the TIL before that revenue has been earned and the ACMA has determined eligible revenue and TIL contributions.
6. See answer to question 5.
7. See answer to 2. The Federal Budget does not contribute to an industry levy.