

Joint Committee on the National Broadband Network

Answers to Questions on Notice

Public Hearing 19 April 2013

Broadband, Communications and the Digital Economy Portfolio

Department of Broadband, Communications and the Digital Economy

Submission 10.2
Rec'd 17May13 @ 5.44pm

Question No: 2

Hansard Ref: In Writing

Topic: NBN rollout – completion of the rollout

The Committee asked:

In its current form will the NBN be completed by 2021?

Answer:

Yes.

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Question No: 3

Hansard Ref: In Writing

Topic: NBN rollout – completion of the rollout

The Committee asked:

Will millions of Australians be waiting more than a decade for better broadband?

Answer:

No.

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Question No: 4

Hansard Ref: In Writing

Topic: National Broadband Network rollout - funding

The Committee asked:

Will the required public funding to complete the NBN Co be more than the stated \$37.5 billion?

1. Could funding exceed:
 - a. \$90 billion?
 - b. \$80 billion?
 - c. \$70 billion?
 - d. \$60 billion?
 - e. \$50 billion?
 - f. \$40 billion?

Answer:

None of the above. As set out in NBN Co's 2012-15 Corporate Plan, the Government's equity contribution (public funding) to the National Broadband Network is \$30.4 billion and the capital expenditure to rollout the NBN is \$37.4 billion. In a statement to the JCNBN hearing on 19 April 2013, NBN Co CEO, Mr Mike Quigley, noted that "based on contracted rates negotiated with delivery partners and on actual costs to date, NBN Co's total estimated capital costs to FY2021 remains within the \$37.4 billion forecast in the 2012-15 Corporate Plan, including a contingency of 10%".

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Question No: 8

Hansard Ref: In writing

Topic: Return on investment

The Committee asked:

Will taxpayers receive a fair return on funds invested?

Answer:

Yes. NBN Co's 2012-2015 Corporate Plan confirms that taxpayers will get their investment back with interest and Australians will gain access to the infrastructure required to compete in the 21st century. NBN Co's projected Internal Rate of Return of over 7 per cent means that the National Broadband Network is a sound investment, even before taking into account the vast productivity, economic and social benefits that the new network will deliver.

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Question No: 9

Hansard Ref: In writing

Topic: Return on investment

The Committee asked:

In its current form is the NBN Co commercially viable?

Answer:

Yes. NBN Co's 2012-2015 Corporate Plan confirms that taxpayers will get their investment back with interest and Australians will gain access to the infrastructure required to compete in the 21st century. NBN Co's projected Internal Rate of Return of over 7 per cent means that the National Broadband Network is a sound investment, even before taking into account the vast productivity, economic and social benefits that the new network will deliver.

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Question No: 36

Hansard Ref: In writing

Topic: National Broadband Network – reporting

The Committee asked:

Can the NBN Co report to Parliament on rollout and end user take-up on a monthly basis at present and can this information be updated to the NBN Co website on a weekly basis?

Answer:

NBN Co recognises the importance of providing quality information to the Committee to inform its review of the National Broadband Network (NBN) rollout. The government, in consultation with NBN Co and the Joint Committee on the National Broadband Network (the Committee), has established a reporting framework which provides for the development of six monthly progress reports on the NBN. These reports provide the Committee with an update on the status of the NBN rollout based on information provided by NBN Co covering the six months to the end of June and the end of December.

Now that NBN Co has reached volume rollout, NBN Co is considering what additional information can be provided on an ongoing basis. NBN Co already provides updates on deployment metrics in public releases, parliamentary reporting processes and regular rollout information provided on its website for the use of access seekers.

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Question No: 13

Hansard Ref: In writing

Topic: Demand for FTTP

The Committee asked:

Is there a clear economic case or mainstream consumer demand for FTTP in most areas today?

Answer:

Yes. Current take up and usage trends on the National Broadband Network (NBN) indicate strong demand for FTTP services.

As NBN Co announced on 9 April 2013, the average take-up rate in locations where the network has been operating for more than 12 months is 34.4 per cent.¹ In some communities such as Kiama (NSW) and Willunga (SA), more than 60 per cent of premises passed are already using the NBN.

The McKinsey/KPMG Implementation Study released by the Government in May 2010 confirmed a take-up rate of 6-12 per cent per year was needed to make the NBN viable.

Further, more than 30 per cent of end users connected to NBN fibre services are taking up the top speed tier (100/40 Mbps). NBN fibre households are downloading more than double the Australian average (50 Gigabit (Gb) download compared with 23Gb download).

A key reason for the demand for FTTP is upload speeds. Existing broadband access technologies (e.g. HFC or copper-based xDSL) are extremely limited when it comes to uploads, but fibre has no such technological constraints. For example, NBN fibre households are uploading between four and nine times the Australian average (18Gb upload compared to an estimated 2-to-4Gb upload for other fixed broadband technologies).

See also the take up information tabled by NBN Co at the April 2013 public hearing of the JCNBN.

¹ <http://www.nbnco.com.au/about-us/media/news/australians-demonstrate-growing-appetite-for-superfast-broadband.html>