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MEDIA RELEASE

More hot air from Careless Clare

15 December 2015

Labor's Shadow Minister for Communications Jason Clare has made some extraordinary claims regarding the nbn that are full of hot air and careless of the well known facts.

CARELESS CLARE CLAIM: *A year ago today, Malcolm Turnbull bought back the old copper network that John Howard sold last century. On the same day he also bought an old HFC network that Optus planned to decommission years ago.*

FACT: Reports that under the Coalition Government NBN Co paid a single dollar more for the copper or HFC assets it has acquired are incorrect.

In June 2011 it was the former Labor Government which oversaw binding deals with Telstra (\$9 billion) and Optus (\$800 million) — to stop using these networks.

The underlying intention was to pay the telcos to migrate their fixed line customers across to the nbn and stamp out competition which would have been detrimental to the economics of the rollout.

Despite paying these companies to stop using their networks, Labor did not negotiate any rights for NBN Co to access or acquire this infrastructure.

CARELESS CLARE CLAIM: *12 months on it is very clear that these were both bad decisions made without proper due diligence.*

FACT: When the Coalition came to Government, the value of Labor's deals had to be maintained but a renegotiation ensured **nbn** could actually get to use the abandoned HFC and the copper connections into homes to deliver high-speed broadband quickly and cost-effectively.

The Coalition didn't have to spend one extra dollar to get these existing assets which — with the support of upgrades and remediation to deliver

higher speeds — will deliver millions of Australians ultrafast broadband this decade.

The differential in the construction cost per premises is stark.

The 2016 Corporate Plan forecasts the cost per premises for the Coalition's Fibre to the node (FTTN) at around \$2,300 compared to the current all-fibre (FTTP) cost of \$4,400 a premises. For other fixed line upgrades using existing HFC (Pay TV cables) the cost is even lower at \$1,800 a premises.

The FTTP rollout took **nbn** about 15 months to get the first 1,000 premises connected. In the FTTN areas, it has taken just 51 working days to get 1,000 premises connected. By the end of this financial year, around 500,000 homes and business will be able to access this technology.¹

CARELESS CLARE CLAIM: *A leaked NBN Co internal document revealed that the cost of fixing up the old copper network to make it work has blown out by more than 1,000 per cent. In December 2013 Malcolm Turnbull said the cost to repair the copper would be \$55 million. This leaked document reveals it has now blown out to \$641 million.*

FACT: All costs associated with upgrades, extensions and remediation work on the nbn fixed line network have already been accounted for within the 2016 Corporate Plan peak funding range that was released in August.

Overall changes to peak funding estimates between December 2013 (\$41 billion) and August 2015 (\$46-\$56 billion) reflect the nbn management's greater understanding of the costs and revenue projections for the network. The latest Corporate Plan is the most detailed and accurate guide to the peak funding required to complete the nbn under the multi-technology mix. As forecasting is inherently difficult, the company has expressed the peak funding in a range from \$46 billion to \$56 billion to account for long term uncertainties, with a base case of \$49 billion. By comparison, the company also applied the same rigorous assumptions to the alternative of switching to a fibre-to-the-home rollout again. This approach had a funding range of \$74 billion to \$84 billion and a complete date of 2026 to 2028.

The Australian Labor Party is relying on inappropriately obtained and selectively misused internal working documents for its key claims despite these documents being out of date and unsourced.

nbn has reiterated that, based on its experience in the field, which for FTTN now extends to more than 600,000 homes in construction and more than 40,000 homes ready for service, its cost per premises for FTTN as outlined in the Corporate Plan in August is proving accurate.

¹ **nbn** 2016 Corporate Plan. Pages 60 & 67 -

<http://www.nbnco.com.au/content/dam/nbnco2/documents/nbn-corporate-plan-2016.pdf>

As **nbn** noted on its website:

“**nbn** has found no serious copper remediation required in its FTTN deployment so far. The only remediation work required on copper has been performing cross-connect work at the pillars – a necessary part of building an FTTN network”.

It is disappointing that certain people are willing to undermine the obvious success of the current **nbn** rollout and also compromise the hard work of thousands of employees within the organisation.

Under the Coalition, the **nbn** has been meeting or exceeding its rollout targets and funding forecasts for five consecutive quarters.²

CARELESS CLARE CLAIM: *Three weeks ago another leaked NBN Co internal document revealed that the Optus HFC network that Malcolm Turnbull acquired 12 months ago today is not "fit for purpose" and NBN Co will need to spend hundreds of millions of dollars to fix it up or overbuild it.*

FACT: NBN has [publicly confirmed its HFC trial in Queensland](#) is proving to be a great success and that the key claims asserted regarding Optus's HFC network are untrue. There are 4,500 premises involved in the trial and users have been receiving speeds of around 100Mbps/40Mbps. **nbn** has not found any unexpected technical issues with the Optus network in the Redcliffe area. There was a simple explanation for the matters canvassed in the internal planning document. As any commercially-focussed business would, NBN Co thoroughly and regularly reviews its strategy and forward plans. Modelling a range of scenarios to determine where there are risks or potential cost savings is commonplace. **nbn** also confirmed the unsourced material had not even been seen by the executive management yet the Labor Opposition continues to seek to carelessly peddle inaccurate claims, with disregard for the reputations of both Optus and **nbn**.

² **nbn** Annual Report 2014-15 - <http://www.nbnco.com.au/content/dam/nbnco2/documents/FY15-annual-report.pdf>