



Policy costing

Make quality telecommunications affordable for all Australians, including in regional areas	
Party:	Australian Greens
Summary of proposal: The proposal has four components. <ul style="list-style-type: none">• Component 1 – Provide capped funding of \$250 million, spread evenly over three years from 2020-21 to 2022-23, to support the migration of vulnerable consumers to the National Broadband Network (NBN).• Component 2 – Replace the Telephone Allowance with a Federal Telecommunications Concession (starting at \$60 per quarter from 1 July 2020), payable to all holders of a Department of Human Services (DHS) Health Care Card. The payment would be indexed annually to the communications group consumer price index (CPI).• Component 3 – Expand the Australian Competition and Consumer Commission (ACCC) Broadband Performance Monitoring Program to include fixed wireless and satellite services. Funding would be provided from 1 July 2020 to 30 June 2022.• Component 4 – Provide capped funding of \$100 million per year from 2020-21 to 2022-23 to extend the Mobile Black Spot Program. The proposal would have effect from 1 July 2020.	

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$1,775.2 million over the 2019-20 Budget forward estimates period. This impact reflects an increase of \$1,733.0 million in administered expenses and an increase of \$42.2 million in departmental expenses over this period.

Component 2 of this proposal would be expected to have an impact which extends beyond the 2019-20 Budget forward estimates period. Detailed financial implications for the proposal over the period to 2029-30 are included at [Attachment A](#).

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-8.7	-589.3	-589.3	-588.1	-1,775.2
Underlying cash balance	-8.7	-589.3	-589.3	-588.1	-1,775.2

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- Departmental expenses for Component 1 reflect the profile for a program of comparable complexity.
- All recipients potentially eligible for the Federal Telecommunications Concession (Component 2) would claim it.
- The cost of expanding the Broadband Performance Monitoring Program (Component 3) would be provided on similar commercial terms to the existing program, scaled to account for the number and geographical distribution of fixed wireless and satellite broadband service customers.

Methodology

The following methodologies were adopted to estimate the financial impact of each component.

- Component 1 consists of a specified capped amount for administered expenses. The estimated departmental expenses reflect the profile of a similar program, scaled by the specified capped administered expense. Administered and departmental expenses apply over three years from 2020-21 to 2022-23.
- Component 2 was calculated by subtracting the baseline expenditure (Telephone Allowance) from the proposed estimated expenditure (Federal Telecommunications Concession).
 - Baseline Telephone Allowance expenditure was calculated by multiplying the projected number of eligible recipients by the applicable rate, grown by the CPI over the medium term.
 - Estimated expenditures under the Federal Telecommunications Concession was calculated by multiplying the projected number of eligible DHS Health Care Card (the Health Care Card and the Commonwealth Seniors Health Card) holders by the annual specified concession value, grown by the communications group CPI.
 - Departmental expenditures include ongoing expenses over the medium term to 2029-30.
- Component 3 reflects the estimated cost of establishing a performance and monitoring program, scaled by the number and geographical distribution of fixed wireless and satellite broadband service customers. Departmental expenditures were calculated based on the cost of system changes and support required to cater for additional recipients.
- Component 4 reflects specified capped amounts.

All estimates were rounded to the nearest \$100,000.

Data sources

The Department of Social Services provided the estimated number of DHS Health Care Card holders as at the 2019-20 Budget.

Department of Finance provided indexation parameters as at the 2019 Pre-election Economic and Fiscal Outlook.

The Treasury provided population projections and additional indexation parameters as at the 2019 Pre-election Economic and Fiscal Outlook.

Australian Bureau of Statistics, No. 6401.0 *Consumer Price Index, Australia, Dec 2018*, Canberra: ABS. [Online] Available at: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6401.0Main+Features1Dec%202018?OpenDocument> [Accessed 17.04.2019].

Commonwealth of Australia, 2017. *2017-18 Budget Papers*, Canberra: Commonwealth of Australia.

Australian Bureau of Statistics, No. 8153.0 *Internet Activity, Australia, June 2018*, Canberra: ABS. [Online] Available at: <https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8153.0Main+Features1June%202018?OpenDocument> [Accessed 17.04.2019].

Department of Human Services, 2018. *Telephone Allowance*, Canberra: DHS. [Online] Available at: <https://www.humanservices.gov.au/individuals/services/centrelink/telephoneallowance> [Accessed 17.04.2019].

Attachment A – Make quality telecommunications affordable for all Australians, including in regional areas

Table A1: Make quality telecommunications affordable for all Australians, including in regional areas – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
Expenses													
<i>Administered</i>													
<i>Component 1 – Migrating vulnerable consumers to the NBN</i>	-	-83.3	-83.3	-83.3	-	-	-	-	-	-	-	-250.0	-250.0
<i>Component 2 – Introducing a Federal Telecommunications Concession</i>	-	-394.3	-394.6	-394.2	-393.3	-391.8	-390.3	-388.4	-386.4	-384.1	-381.5	-1,183.0	-3,898.8
<i>Component 4 – Extending the Mobile Black Spot Program</i>	-	-100.0	-100.0	-100.0	-	-	-	-	-	-	-	-300.0	-300.0
Total – administered	-	-577.6	-577.9	-577.5	-393.3	-391.8	-390.3	-388.4	-386.4	-384.1	-381.5	-1,733.0	-4,448.8
<i>Departmental</i>													
<i>Component 1 – Migrating vulnerable consumers to the NBN</i>	-	-0.8	-0.7	-0.7	-	-	-	-	-	-	-	-2.2	-2.2
<i>Component 2 – Introducing a Federal Telecommunications Concession</i>	-8.7	-9.9	-9.9	-9.9	-9.8	-9.8	-9.8	-9.7	-9.7	-9.6	-9.5	-34.5	-102.4
<i>Component 3 – Expanding the ACCC’s Broadband Performance Monitoring Program</i>	-	-1.0	-0.8	-	-	-	-	-	-	-	-	-1.8	-1.8
Total – departmental	-8.7	-11.7	-11.4	10.6	-9.8	-9.8	-9.8	-9.7	-9.7	-9.6	-9.5	-42.5	-110.4
Total – expenses	-8.7	-589.3	-589.3	-588.1	-403.1	-401.6	-400.1	-398.1	-396.1	-393.7	-391.0	-1,775.2	-4,558.9

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.