

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee hearing 15 August 2018

Department of Communications and the Arts

Question No: 3

Department of Communications and the Arts

Topic: Regional Broadband Levy

Mr Stephen Jones, MP asked:

Mr STEPHEN JONES: Thank you for your attendance. I have a couple of questions on the regional broadband levy—a matter that's before the other place at the moment. Has the department modelled the revenue expected to be raised from the RBL out to 2040 under the legislation that's currently before the Senate?

Mr Madsen: The scheme is designed to recover the forecast loss that has been calculated that we expect NBN to incur out to that period. In effect, it's calculated to recover the net present value of that \$9.8 billion loss, and to recover that both from NBN and the other service providers in the industry.

Mr STEPHEN JONES: Has the modelling been done? I understand the scheme is designed to cover the losses and to account for the losses, but my understanding is that the RBL levy won't entirely cover the losses. Has the revenue from the levy been modelled out to 2040?

Mr Madsen: Yes, it has. There are projections for revenue in the budget papers, which provide the detailed figures. Beyond that it relates to longer-term projections regarding take-up, but, as I said, it is over the long-term intended to—

Mr STEPHEN JONES: It's kind of unusual. There's no other area that I can think of where you would model out to 2040.

Mr Madsen: The long-term nature of it was to accommodate the very lumpy capital investment that we would expect to see, particularly with replacement of satellite assets. Assets, particularly the satellites themselves, have a life span of around about 15 years, so in trying to model over a shorter space of time, the assumptions around replacement could have a very significant effect. Hence, when the modelling was undertaken, a long period of time was adopted in order to reflect that and for it not to distort the figures.

Mr STEPHEN JONES: Thanks for that. What year has the modelling assumed that the NBN satellites, the Sky Muster satellites, will have to be replaced?

Mr Madsen: I'd have to take that on notice. From memory, it is in the 10- to 15-year assumed lifespan for a satellite.

Mr STEPHEN JONES: From now or the launch?

Mr Madsen: From their launch date. Perhaps NBN will be in a better position to give an accurate response on the expected lifespan for the satellites.

Mr STEPHEN JONES: And is the modelling assuming the replacement of both satellites or just one of them?

Mr Madsen: I'd have to take on notice to check.

Mr STEPHEN JONES: They weren't launched at the same time.

Mr Madsen: No, they weren't. It would be better to take on notice to confirm the values attributed to replacement of the satellite.

Answer:

The Bureau of Communications and the Arts Research (BCAR) publication *NBN non-commercial services funding options: Final report*, sets out the assumptions made by BCAR in relation to satellite replacement on page 38. BCAR's capital assumptions included that 'two replacement high-capacity satellites are deployed in FY2031'.