

SENATE ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Inquiry into the Telecommunications Legislation Amendment (Competition and Consumer) Bill 2017 and Telecommunications (Regional Broadband Scheme) Charge Bill 2017

Question on Notice

Department of Communications and the Arts

Question No: 5

Department of Communications and the Arts

Hansard Ref: Page 20, 10/08/2017

Topic: Regional Broadband Scheme

Senator Urquhart asked: Can you provide a clear table to the Committee which sets out every networking company impacted by the proposed bill, the best estimates for each network or company on the number of services to which the levy will be applied, and the best estimates on how much tax they will pay annually in the first five years and the sixth year?

Answer:

The Department is not able to provide a comprehensive response as the majority of the information held by the Department was provided by carriers on a commercial-in-confidence basis. The Department has considered information in the public domain (including evidence given by OptiComm and TPG to the Committee Hearing held on 10 August 2017) to indicate the anticipated revenue collected by the Regional Broadband Scheme in year one.

A number of carriers potentially subject to the charge will be below the concessional threshold of 25,000 small business and residential premises, and will pay no charge in year one. Based on information included in the Australian Competition and Consumer Commission's (ACCC's) *Superfast Broadband Access Service declaration inquiry: Final decision (July 2016)*, the Department expects that carriers including Comverge Networks, Optic Network and Red Train are likely to be below the concessional threshold (a copy of the ACCC's decision can be found at <https://www.accc.gov.au/regulated-infrastructure/communications/superfast-broadband-access-service-declaration-inquiry/final-decision>). In addition, based on its public submission to the ACCC, Clublinks is expected to be totally exempt from the charge as it had approximately 1,600 customers in December 2015, meaning that it is likely to be below the permanent exemption threshold of 2,000.

At the Committee hearing, OptiComm and TPG provided indicative network numbers. OptiComm stated: "We are currently servicing about 70,000", and TPG stated that it had "in excess of 115,000 apartments ... individual units within buildings—so addressable premises". Based on these indicative network numbers, in year one, OptiComm would have an effective monthly contribution of around \$4.50 per premises, and TPG an effective monthly contribution of around \$5.50 per premises. In year six, when the concessional period ends, both would pay the full charge per premises, which would be \$7.10 indexed annually to the consumer price index (CPI).

As of 17 August 2017, nbn has approximately 2.5 million premises that would potentially be subject to the charge. For the Committee's information, the following table gives an indication of the effective monthly contribution and total contribution per annum on a premises basis for networks of different sizes.

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Network size (active premises)	Year 1	
	Effective monthly contribution per active premises¹ (\$)	Total contribution per annum (\$'000s)
0 – 25,000	0.00	0.00
25,001 – 50,000	0 – 3.55	0 – 2,130
50,001 – 100,000	3.55 – 5.33	2,130 – 6,390
100,001 – 200,000	5.33 – 6.21	6,390 – 14,910
200,001 – 1,000,000	6.21 – 6.92	14,910 – 83,070
1,000,001 – 2,000,000	6.92 – 7.01	83,070 – 168,270
2,000,001 – 3,000,000	7.01 – 7.04	168,270 – 253,470

¹ Based on \$7.10 charge, factoring in the impact of the concessional threshold of 25,000 residential and small business premises.