

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Budget Estimates Hearings May 2014

Communications Portfolio

Department of Communications

Question No: 604

Program No. Corporate

Hansard Ref: In Writing

Topic: Budget media releases

Senator Urquhart asked:

- a. When the Department provides assistance to the Minister in the preparation of media releases does the Department check the accuracy of the statements in the release?
- b. Did the Department provide any assistance to the Minister in relation to media releases issued in relation to the 2014-15 Budget?
- c. Is a \$43 increase on a retail price of \$75 an 80% increase?
- d. Can the Department identify any scenario in the Strategic Plan that concludes there is an “up to 80% increase” in end user prices rather than wholesale prices? Can the Department identify any scenario in the Strategic Plan that concludes there is an “up to 80% increase” in end user prices rather than wholesale prices?

Answer:

- a. Yes.
- b. Yes.
- c. No. The Strategic Review noted that the minimum price increases needed to deliver a 7.1 per cent internal rate of return would be in the order of 50-80 per cent.
- d. The Strategic Review only modelled the revenue that NBN Co would receive under the various scenarios. It did not undertake detailed modelling of the likely offering that a retail service provider would make available to end users. The discussion of increases in pricing required to meet a 7.1 per cent internal rate of return only considered where a retail service provider passed price increases through dollar-for-dollar without adding any margin. Prices made available to end users are a commercial decision for retail providers.