

Senate Estimates on the National Broadband Network

Answers to Questions on Notice

Public Hearing 20 November 2014

Communications Portfolio

Department of Communications

Question No: 220

Program No. NBN Co

Hansard Ref: In writing

Topic: CBA – Page 77-79

Senator Urquhart asked:

Chapter 6.2 (pp. 77 to 79) provides some discussion of studies into business willingness to pay, and then assumes that “based on the results on these studies, business WTP for each connection has been valued at 150 percent relative to each household connection.”

- (a) Why did the Cost Benefit Analysis panel not separately model business WTP?
- (b) Did the Cost Benefit Analysis panel request that the Centre for International Economics model WTP for business? If not, why not?
- (c) Was the Centre for International Economics instructed not to model WTP for business?
- (d) Did the Cost Benefit Analysis panel request that Choice model WTP for business? If not, why not?
- (e) Was Choice instructed not to model WTP for business?

Answered by the Department of Communications (Program 1.1):

- (a) The CBA considers business willingness to pay with the approach outlined on pages 77-79, section 6.2. As noted in section 6.2, the panel considered a variety of factors when determining its approach to business willingness to pay including consideration of the expected benefits to business from broadband services as it varies for industry, structure and size of business. The panel also considered available data on current broadband use and demand by businesses as well as published studies on willingness to pay and other factors such as business’ ability to relocate, if needed.

The panel has taken a methodical and rigorous approach that has drawn from numerous reports and sources to provide independent advice. The panel consulted on the Analytical Framework in May 2014 and appointed specialist advisers to assist the panel’s work in a number of areas. The panel also commissioned expert advice and submitted the work for peer review by Australian and international specialists.

- (b) The Institute for Choice was engaged to specifically consider household willingness to pay because this was the task that the panel considered was required.
- (c) As above.
- (d) As above.
- (e) As above.