

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 1328

Topic: National Broadband Network - Wholesale Network

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Senator CORMANN asked:

Senator CORMANN: Lowest price for consumers. There is obviously a range of elements across a continuum that make up the ultimate retail price and obviously the wholesale arrangements are a significant part of that. So, if you have got a monopoly at the wholesale end, whatever the competition at the retail end, you have got a floor along the way, do you not?

Mr Murphy: Yes, but my understanding was that there is going to be sort of a fixed price at the wholesale end, but I would have to check on that.

Senator CORMANN: Like a government fixed price?

Mr Murphy: I think NBN had to, but I will have to check on that. So, I think that is why I was thinking competition would be better at the retail end.

Answer:

The Government's uniform national wholesale pricing policy means that retail service providers will pay the same wholesale price on the NBN across Australia for the same broadband service over the three technologies of optic fibre, fixed wireless and satellite. This policy involves NBN Co administering a cross-subsidy so that retail service providers face the same NBN wholesale costs when providing products in regional or metropolitan Australia. A wholesale only network with uniform pricing is expected to generate greater competition amongst retail service providers.

Detail on NBN Co's product offering and pricing structure can be found in the document 'Product and Pricing Overview for Service Providers (December 2011)', which is available at <http://www.nbnco.com.au/assets/documents/product-and-pricing-overview-dec-11.pdf>.