

MANDATORY DATA RETENTION REGIME: COSTINGS

PJCIS BRIEFING

Introductory Comments

I thank the Committee for its time today. We are committed to assisting the Committee with its inquiry into the data retention bill. As the Committee is aware the Department has sought to cost the implementation of data retention in consultation with industry. This is both consistent with regulatory impact assessment frameworks for measures with a regulatory impact, and will also inform the Government in delivering on its commitment to make a reasonable contribution to the capital costs of implementation.

The Department has engaged specialist expertise to support that costing work. PricewaterhouseCoopers was selected from a Department of Communications panel, and was briefed to undertake a costing assessment based on consultation with a sample of affected industry participants.

I will briefly outline both the approach taken and key findings of that work. We would be happy then to answer any questions the Committee may have, including further details regarding the consultation methodology.

Key findings

PwC estimates the upfront capital cost of the regime to all of business to be between **\$188.8 million** and **\$319.1 million**, which is less than 1 per cent of the \$43 billion in revenue generated by the industry annually.

The retention period will have only a modest impact upon the costs. PwC have estimated that should the retention period *increase* by 12 months, the cost to industry would increase between \$11.4 million and \$20.9 million.

Alternatively, reducing the retention period by 12 months would decrease the costs between 5 per cent and 6 per cent. This amounts to a decrease in costs of between \$11.4 million and \$16.6 million.

Explaining the wide range

PwC has advised that this range represents a reliable and appropriate cost figure that they are reasonably confident in based on the robustness of its calculations.

The Department is of the view that costs for the majority of the industry has been captured.

Funding model

As the Committee is aware, the Government has committed to make a reasonable contribution to the capital costs of implementing data retention for existing providers. The quantum of that contribution and funding model is a matter for Government.

However, it may assist the Committee to note that the Department is taking into account a range of considerations in developing the possible parameters for a funding with a view to ensuring it is fair and equitable to industry participants.

The Department has sought expert assistance in developing options with particular focus on the appropriate elements to include in the formula drawing on available industry data.