

**JOINT COMMITTEE ON THE NATIONAL BROADBAND NETWORK**

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Question placed on notice by Mr Oakeshott MP, Chair, in reference to the Fourth, Six Monthly Review of the Rollout of the National Broadband Network and further to the 14 August 2012 Public Hearing

**Mr Oakeshott MP asks Mr Sims:**

Could the ACCC clarify how uniform wholesale pricing under the NBN will impact on broadband retail pricing generally? Is there likely to be an increase in prices across the board or only for particular segments of the market?

**Answer**

The ACCC understands that NBN Co is setting its initial wholesale prices with reference to current wholesale prices, such that retailers will be able to provide comparable broadband services on the NBN at similar retail prices to those offered today. NBN Co is also proposing that the revised Special Access Undertaking that it will lodge will include commitments to reduce these prices over time in real terms.

Uniform wholesale pricing means that NBN Co's wholesale prices will be the same in all regions of Australia — if NBN Co changes prices in one region, it must change prices in other regions in the same way. This by definition involves an internal cross-subsidy from users in lower cost-to-serve areas to users in higher cost-to-serve rural and regional areas.

The impact of such changes on retail prices in particular market segments will depend on how retailers respond. Retailers have over the last decade, however, generally priced on a national basis. In addition to wholesale prices, retail prices are impacted by a range of other factors, including retailers' input costs (for example, for backhaul transmission and marketing), the vigour of competition in retail markets and consumers' willingness to pay. Wholesale NBN prices are therefore just one factor that will impact broadband retail prices.