

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Supplementary Budget Estimates Hearings October 2015
Communications Portfolio
Department of Communications and the Arts

Question No: 17

Program 1.1

Hansard Ref: Written, 22/10/2015

Topic: Fixed wireless and satellite networks – Turnbull blog post

Senator Urquhart, Anne asked:

On 12 December 2014, Malcolm Turnbull published a blog post where he said QUOTE: “The Government estimates that over the 30 years to 2040, the fixed wireless and satellite networks (covering the 7% outside the fixed line footprint) will cost about \$13.16 billion in capital expenditure and \$9.45 billion in operating expenses for a total cost of \$22.6 billion. Against that will be revenue of only \$5.36 billion resulting in a total loss of \$16.8 billion, more than half a billion dollars a year. That massive loss is cross subsidised by city broadband users and amounts to about \$6.70 per user per month for every city customer.”

- (a) What is the source for this estimate?
- (b) Is this estimate nominal or NPV? If the latter, what discount rate was used to arrive at the estimate?

Answer:

The estimate is based on analysis undertaken by the Department of Communications and the Arts in 2014, based on NBN Co figures. The estimate is nominal.