



Regional Broadband Scheme

June 2020

The Government has established the Regional Broadband Scheme to ensure transparent and sustainable funding for essential broadband services to regional, rural and remote Australians.

The Scheme will start on 1 January 2021.

Investing in regional Australia

The National Broadband Network (NBN) provides significant economic and social benefits in regional communities. The investment boosts productivity, employment and innovation, and enables regional Australians to fully participate in the digital age. However, providing quality broadband services to regional Australia is very expensive. Modelling by the Bureau of Communications and the Arts Research estimated that NBN Co Limited's (NBN Co) fixed wireless and satellite networks will incur a net loss of around \$9.8 billion over 30 years. Previously, these losses have been funded from an opaque internal cross-subsidy from NBN Co's profitable fixed-line networks. The Regional Broadband Scheme makes this existing cost transparent and spreads it across all NBN-comparable networks, with NBN Co continuing to pay around 95 per cent of the cost.

How does the Regional Broadband Scheme work?

The Regional Broadband Scheme applies to all NBN-comparable networks. Under the Scheme, carriers will be required to pay \$7.10 per month for each premises on their network with an active high speed superfast broadband service provided over a local access line. It is intended that carriers would pay a charge for all premises serviced by fibre-to-the-premises (FTTP), fibre-to-the-node (FTTN), fibre-to-the-basement (FTTB), fibre-to-the-curb (FTTC) and hybrid fibre-coaxial (HFC) networks. The Scheme also includes a concession period that exempts the first 25,000 residential and small business premises on each carrier's network, or the first 55,000 'recently connected greenfield premises' for carriers operating greenfield networks, for the first five financial years. This will support market competition and will help smaller carriers and operators of greenfield networks transition to paying the charge. Carriers with fewer than 2,000 premises are exempt from paying the charge.

How will the Regional Broadband Scheme affect consumers?

Once the NBN rollout is complete, NBN Co is expected to have around 95 per cent of the fixed-line broadband market, meaning it will continue funding the bulk of the net losses for providing broadband services to regional Australia. Customers on NBN Co's network will not experience price rises as the costs of the fixed wireless and satellite networks are already embedded in NBN Co's business case. For the remaining 5 per cent, many of these networks service medium and large businesses, which will for the first time contribute to funding regional broadband. It will be up to carriers serving the remaining 5 per cent of premises to decide whether some or all of the charge is passed on to their customers.

Oversight

Broadband technology is constantly evolving. To ensure the funding base for the Regional Broadband Scheme remains appropriate, the legislation requires that a review is undertaken in the first four years.

The Australian Competition and Consumer Commission (ACCC) will review the charge amount at least once every five years to ensure it accurately reflects the size of the fixed-line broadband market and the reasonable costs of NBN Co's fixed wireless and satellite networks. The legislation also requires the ACCC to immediately commence a review of the modelling used for the Scheme and to publicly report its findings in October 2020.