

Independent Cost-Benefit Analysis and Review of Regulation Terms of Reference

The purpose of the *Independent cost-benefit analysis and review of regulation* is to analyse the economic and social costs and benefits (including both direct and indirect effects) arising from the availability of broadband of differing properties via various technologies, and to make recommendations on the role of Government support and a number of other longer-term industry matters.

Information flowing from the *NBN Co Strategic Review* should be considered as input to this analysis/review.

The review is to report to the Government within six months of these terms of reference being received on the following questions:

1. What is the direct and indirect value, in economic and social terms, of increased broadband speeds, and to what extent should broadband be supported by the government?
 - a. This should consider the economic and social benefits of bringing forward improvements in broadband speed and the respective benefits of alternative / potential technologies.
 - b. It should also consider the extent to which market pricing mechanisms can capture the value of benefits (including benefits to Australian governments).
2. What are the optimal long-term ownership and regulatory arrangements for NBN Co?
 - a. This should include coverage of the requirements of the statutory review of the telecommunication industry access arrangements required under the *Competition and Consumer Act 2010*.
3. How should the activities of NBN Co be constrained given its mandate to efficiently build, operate and maintain a wholesale-only access network?
 - a. This should include consideration of the issues associated with infrastructure based competition and the economic benefit of alternatives.
 - b. Recommendations should be made on the structure of the Australian wholesale broadband market, including regulatory arrangements.
4. How should NBN Co's capital investment, products and pricing be reviewed and regulated?
 - a. This should consider advice on how products should be structured to promote efficiency, consumer choice and competition.
 - b. This should also consider, in the context of NBN Co's proposed pricing structure, the extent to which retail price controls should be continued.