

Department of Communications  
Canberra ACT 2600

*6<sup>th</sup> February 2017*

### **Introduction**

1. The Australian Taxpayers' Alliance (ATA) welcomes the opportunity to make a submission on the Telecommunications Reform Package and the Telecommunications (Regional Broadband Scheme) Charge Bill 2017 and thanks the Department for the opportunity to provide this submission.
2. The ATA is a grassroots, free-market advocacy group, consisting of over 25,000 members nationally. The ATA stands for the principles of limited government, personal responsibility and removing the regulatory burdens upon individuals or businesses.
3. The ATA submits that the impact of regulations need to be minimised upon consumers and businesses to maintain a strong and competitive economy in a global market.
4. The ATA notes previous inquiries such as the IT Pricing Inquiry conducted by the federal government that showed Australian consumers are already paying more for electronic goods than customers in other countries.<sup>1</sup>
5. The ATA also submits that the increased costs of broadband access risks creating an even more uncompetitive environment for consumers and businesses.

### **Response to the Draft Legislation**

6. In response to Independent Cost-Benefit Analysis and Review of Regulation conducted by the Bureau of Communications Research (BCR), which forms the basis of the Draft Legislation, the ATA submits that the Analysis and previous research is too limited in its scope and flawed in its methodology.
7. In regards to the scope, the research conducted by the BCR explicitly excludes consideration of various approaches to the issue of cross subsidisation of the basis of the Terms of Reference. The final

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<sup>1</sup><http://www.news.com.au/technology/australian-government-releases-its-report-into-it-pricing/news-story/d94bc5968b2dd690b2070cac903c3e58>

consultation paper produced by the BCR for example excludes covering costs from spectrum licence fees or general taxation.<sup>2</sup>

8. In regards to the methodology, the research presented in the final report recommends an option in part based on higher accountability and cost incentives for NBN Co. However, there is no comparative analysis to alternative accountability mechanisms that could be used in lieu of cost incentives. In addition, further analysis is required on whether the cost incentives proposed would be sufficiently effective compared to the additional cost imposed.<sup>3</sup>
9. Furthermore, the limitation of the cross subsidisation increases the cost per user and also impacts the competitiveness of the high speed networks.

### **Recommendations**

10. The ATA therefore submits that further consideration and research be conducted into alternative models for cross subsidisation that reduce the cost to the consumer as well as alternative accountability mechanisms for NBN Co.
11. Should the government wish to implement this legislation, the ATA submits that the government fund the cross subsidisation from a broader base or from alternative sources of funding that minimise the cost to the user.

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<sup>2</sup> BCR, NBN non commercial services funding options. Final Consultation Paper. October 2016.

<sup>3</sup> BCR, NBN non commercial services funding options. Final Report. March 2016., p. 93