# Industry weighs in on proposed NBN levy

Mixed reviews over new legislation

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Industry feedback has already started rolling in over the Federal Government's proposed National Broadband Network (NBN) industry levy, which could see network providers cough up millions each year.

The government revealed its proposed Regional Broadband Scheme (RBS) draft legislation on 12 December, outlining its plan to charge non-NBN network providers a levy to financially prop up the multibillion-dollar fixed wireless and satellite NBN rollout.

It is expected that the scheme will raise at least $40 million from non-NBN networks in its first year, which is slated to begin on 1 July 2017 if the legislation is passed by Parliament.

The legislative reforms would implement key aspects of the government's policy response to the NBN Market and Regulation Report conducted by the National Broadband Network Panel of Experts, known as the Vertigan Review.

Likewise, the design of the RBS has been informed by the final report of the Bureau of Communications Research on funding regional Australia's access to superfast broadband.



According to the government, the draft legislation is aimed at providing sustainable funding for the long-term costs of regional and remote Australia's NBN satellite and fixed



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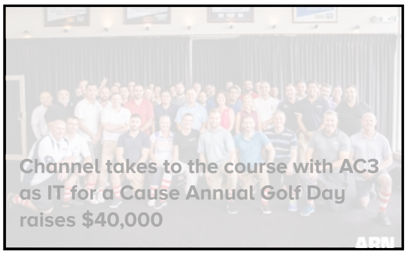

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The scheme is also intended to provide a mechanism to formalise the government's commitment to ensuring all Australian premises can access a superfast broadband connection through the Statutory Infrastructure Provider (SIP) regime.

The purpose of the SIP regime is to help guarantee that all Australians will have access to



appropriate".

In its current form, the proposed legislation will ultimately see non-NBN broadband network infrastructure providers, such as TPG, pay a base component charge of $7.09 per line, per month in the scheme's first year.


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This will go up over time, as the base component per month after the first year equates to the previous base component indexed to the Consumer Price Index (CPI).

For each month of the financial year, the base and administrative cost component for the month is to be multiplied by the number of chargeable services associated with a local access line a carrier has in the month.

Non-NBN fixed-line networks are currently estimated to provide 10 per cent of fixed-line services in operation.

Additionally, the draft legislation proposes two sets of carrier reporting obligations: a once-off reporting obligation and an annual reporting obligation. Failure of network applicable network carriers to fulfil their reporting obligations could result in a $9000 fine.


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However, the draft legislation also introduces powers for the ACCC to exempt operators with a very small retail customer base. The exemption would be limited to operators with fewer than 2000 retail residential customers on all fixed-line networks.

The draft bill also provides that the statutory exemption could be extended, by regulation, to include operators (or groups) with up to 20,000 retail residential services.

The industry has already started to provide feedback on the proposed levy, with one of the country's newest optical fibre infrastructure players, Fiber Corp, giving the draft legislation a mixed review.

"We're happy to pay the $7 as an NBN toll for aggregation of retailers to be enabled on no- nbn-built networks. Right now the nbn network is being accessed by only those that can afford the interconnect, like Telstra," Fibre Corp managing director, Sam Scoutas, told *ARN* in a statement.


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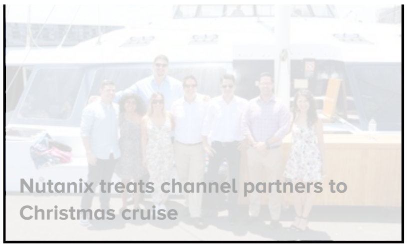
"Yet again, the NBN is hitting Australian businesses similar to the way they keep leaning on the Australian taxpayer to fund their policy changes while not actively trying to work with other super-fast speed carriers. Something has to give," he said.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The move to apply a levy to non-NBN network carriers comes as the government's Productivity Commission recommends scrapping Telstra's Universal Service Obligation (USO) arrangement with the Federal Government, which sees the company receive funding to maintain fixed line voice services and public payphones.

The agreement sees Telstra receive a combined total of around $297 million worth of subsidies per year, drawn from both taxpayer dollars and an annual levy of around $197



The Productivity Commission suggested that the current USO model could be scrapped, instead favouring the use of the NBN to ensure Australians have access to telecommunications services, no matter where they are.

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However, if the NBN levy legislation comes into effect, any reprieve Australia's telcos receive as a result of the proposal to scrap the USO levy is likely to be offset by the new proposed levy to support the NBN's fixed wireless and satellite services.

Consultation on the draft legislation is open until 3 February 2017.



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