



**Australian Government**  

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**Department of Communications**

Mr Jason McNamara  
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Dear Mr McNamara

**OBPR ID 18456: Telecommunications in New Developments Policy – Regulation Impact Statement**

Thank you for your letter of 10 April 2015 in relation to the formal assessment of the Regulation Impact Statement (RIS) for the Telecommunications in New Developments Policy.

In your letter you acknowledged that the RIS addressed the seven RIS questions but considered the RIS required further information in order to meet best practice, particularly in relation to the clarity of the impact analysis and a review timetable. In this context, you noted ten particular points. In light of these comments, we have amended the RIS to provide additional background and explanation, a clearer impact analysis and a plan and timeline for review of the policy.

In relation to your more detailed suggestions we have made the following amendments.

- 1. Depth and explanation of the impact analysis including the difference between options*  
Pages 8 to 14 of the RIS now have an expanded discussion of the relative impacts of the five options and the main differences between them.
- 2. Where markets are likely to be competitive and NBN Co's ability to exert market power*  
These points are addressed in a discussion on page 2.
- 3. Comparison with the installation of other utilities in new developments*  
On pages 2 and 3, there is a description of the arrangements for the installation of other services including water and electricity in new developments, drawing largely on the work of the Productivity Commission.
- 4. Enhancing the Objectives section to draw out additional policy objectives*  
Pages 3 and 4 now draw out the other objectives for the policy in addition to competitive neutrality. As noted, the policy seeks to provide an overall package that balances a number of competing objectives and stakeholder interests.

5. *Additional information on Option 2*

Pages 4 and 5 include additional information on NBN Co's costs of providing infrastructure. Revisions note that in markets where NBN Co does not face competition but is obliged to provide infrastructure as the infrastructure provider of last resort it would have significant market power and its costs would drive its pricing, raising affordability issues for developers and consumers. Page 10 contains further analysis of this matter.

6. *Charges NBN Co will charge under the policy*

Page 6 contains a detailed explanation of how the charges under the policy were developed but some of this information is not suitable for publication for commercial reasons.

7. *Role of charges as price caps and price floors*

Page 6 includes a discussion of how the charges have been set at a level that developers have indicated they can bear (thus acting as a cap). They have also been set at a level that is consistent with charges levied by other providers (thus acting as a floor) in order to enable alternative providers to compete more effectively, particularly taking into account NBN Co's potential ability to price below these levels given its scale and scope of operations and Government funding. Some of this information is not suitable for publication for commercial reasons.

8. *Impacts of Option 3*

On pages 10 and 11 the discussion of the impacts of option 3 now includes explanation of the impact on competition of partial cost recovery by NBN Co.

9. *Noting that option 5 is an election commitment.*

This has been included on page 8.

10. *Review arrangements*

The RIS now indicates on page 19 that the operation of the policy will be subject to ongoing monitoring and, if it has not happened before then, the Department envisages the policy being fully reviewed three years after implementation. These review processes will have particular regard to charging levels.

In light of OBPR's feedback and these further revisions, I am satisfied that the RIS is fully compliant and meets best practice as defined in the *Australian Government Guide to Regulation*.

I submit the RIS to the OBPR for a second pass final assessment.

As the Minister for Communications is seeking to finalise and release the policy in the near future, I would appreciate OBPR's urgent consideration of this revised RIS.

Yours sincerely



Ian Robinson  
Deputy Secretary  
Infrastructure

22 April 2015