



MEDIA RELEASE

SENATOR THE HON NICK MINCHIN

Shadow Minister for Broadband, Communications
and the Digital Economy

Thursday, 9 April 2009

LABOR BROADBAND TO COST CONSUMERS AT LEAST \$200 A MONTH – MAJOR TELCO CEO

Under the most "optimistic case" broadband users will have to pay at least \$200 a month to use Labor's \$43 billion fibre to the premise broadband network, the CEO of Australia's third largest telecommunications company has predicted, Shadow Minister for Broadband, Communications and the Digital Economy Senator Nick Minchin said.

Last night AAPT CEO Paul Broad provided ABC's Lateline Business program with the type of detail about the likely costs of using Labor's network, which the Government is either unable or unwilling to provide.

Mr Broad told Lateline: *"Well if you project yourself 10 years ahead, you have a \$43 billion investment. On any sort of reasonable return, say of 10 per cent, you've got to generate \$4.3 billion just to make a return on the investment. And you add up all the bits to run a wholesale and retail business, you'll see that the average punter will be paying something like \$200 a month for this service."*

Mr Broad also told Lateline: *"We couldn't see the economics stacking up for a fibre to the node, so we obviously don't see the economics stacking up for fibre to the home."*

"Mr Broad is just the latest authoritative voice to question the commercial viability of Labor's broadband proposal," Senator Minchin said.

"The reality is Labor cannot guarantee that Australians, in sufficient numbers, will be prepared to pay premium prices to use this service, in order to make a \$43 billion project viable, while taxpayers will carry the bulk of the risk."

- Melbourne Business Schools Paul Kerin said Labor's plan *"represents an incredible waste of money"*.
- Ovum research director David Kennedy said roll out of such a network *"would take up to 20 years"*, not eight as claimed by Labor.
- Commentator Terry McCrann said of the plan: *"It's not crazy, it's insane"*.
- Former Optus executive Paul Fletcher said: *"They may wonder where the traffic will come from to fill up the new network and generate the revenue streams necessary to earn a return on the \$43 billion."*

"Without any detail or projections from the Government about likely take-up rates and costs the only information we have to go by is from the industry experts and analysts," Senator Minchin said.

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