



**MEDIA RELEASE**

16 August 2010

Our Ref: GOV90

**RECEIPT OF REQUEST FOR COSTING OF  
ELECTION COMMITMENT**

The Department of Finance and Deregulation has been asked by the Prime Minister to cost the following election commitment under the *Charter of Budget Honesty Act 1998*:

**Sale of rights to use 2.5 GHz spectrum.**

The costing will be completed in accordance with the *Charter of Budget Honesty: Costing Election Commitments* guidelines issued on 11 June 2010. The guidelines are available at [www.electioncostings.gov.au](http://www.electioncostings.gov.au).

The costing request is attached to this media release. A further media release will be issued when the costing has been completed.

A handwritten signature in black ink, appearing to read 'David Tune'.

David Tune  
Secretary  
Department of Finance and Deregulation

Contact: Clive Hawkins  
Telephone: 02 6215 3929

<b>Name of policy:</b>	<b>Sale of rights to use 2.5 GHz spectrum</b>
Person requesting costing (Prime Minister/Leader of the Opposition):	Prime Minister
Date of public release of policy:	15 August 2010
Date of request to cost the policy:	16 August 2010
Summary of policy (please attach copies of relevant policy documents):	A re-elected Gillard Labor Government will auction the rights to use the 2.5GHz spectrum band in 2012-13. This is expected to raise at least \$200 million in 2012-13.
Intention of policy:	To allow allocation of spectrum to the most valuable use.
<b>Description of policy</b>	
<b>What are the key assumptions that have been made in the policy including:</b>	
Please note that where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request.	
Is the policy part of a package? <ul style="list-style-type: none"> <li>If yes, list and outline components and interactions with proposed or existing policies.</li> </ul>	No
Where relevant, is funding for the policy to be demand driven or a capped amount?	NA
Will third parties, for instance the States/Territories, have a role in funding or delivering the policy? <ul style="list-style-type: none"> <li>If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</li> </ul>	No
Are there associated savings, offsets or expenses? <ul style="list-style-type: none"> <li>If yes, please provide details.</li> </ul>	No
<b>Description of policy (continued)</b>	
<b>What are the key assumptions that have been made in the policy including:</b>	
Does the policy relate to a previous budget measure? <ul style="list-style-type: none"> <li>If yes, which measure?</li> </ul>	No

<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program. Will funding/cost require indexation?</p> <ul style="list-style-type: none"> <li>• If yes, list factors used.</li> </ul>	<p>NA</p>
<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>The sale will improve the underlying cash and fiscal balance by:</p> <ul style="list-style-type: none"> <li>• 2010-11: Nil</li> <li>• 2011-12: Nil</li> <li>• 2012-13: \$200 million</li> <li>• 2013-14: Nil.</li> </ul>
<p>What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?</p>	<p>Sale proceeds from the spectrum licences occur wholly in 2012-13. Sale proceeds may be considerably higher.</p>
<p>Has the policy been costed by a third party?</p> <ul style="list-style-type: none"> <li>• If yes, can you provide a copy of this costing and its assumptions?</li> </ul>	<p>No</p>
<p>What is the expected community impact of the policy?</p> <ul style="list-style-type: none"> <li>• How many people will be affected by the policy?</li> <li>• What is the likely take up?</li> <li>• What is the basis for these impact assessments/assumptions?</li> </ul>	<p>Increased efficiency in the telecommunications sector.</p>
<p>NOTE: it will be up to the professional judgment of the relevant Secretary as to whether these assumptions are adopted in a Treasury or Finance costing of the policy.</p>	
<p><b>Administration of policy</b></p>	
<p>How will the policy be administered: who will administer the policy (for example, Australian Government Agency, States, non-government agency)?</p>	<p>Broadband, Communications and Digital Economy portfolio</p>

<p>Should Departmental expenses associated with this policy be included in this costing?</p> <ul style="list-style-type: none"> <li>• If no, will the Department be expected to absorb expenses associated with this policy?</li> <li>• If yes, please specify the key assumptions, including whether Departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).</li> </ul>	<p>No. Costs of administering the sale will be absorbed by the Broadband, Communications and Digital Economy portfolio.</p>
<p>Intended date of implementation.</p>	<p>Auction would take place in 2012-13.</p>
<p>Intended duration of policy.</p>	<p>2012-13</p>
<p>Are there transitional arrangements associated with policy implementation?</p>	<p>No</p>
<p>List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).</p>	<p>NA</p>
<p>Are there any other assumptions that need to be considered?</p>	<p>No</p>