

Total Households from BoS

8070 Target Premises

10000 Difference

1930

The following section is based on statistics from the Beuro of Stats., to show the % of internet takeup in total and in each wage bracket.

Wage in '000	% with Inet	No. In Wage Bracket	Evenly distribute Unknown wage bracket	% in wage bracket	Adj. No. To Target	No. With Inet
<40		37%	2473	2886 0.357621	3576.208178	1323.197026
40-80		68%	1905	2318 0.287237	2872.366791	1953.209418
80-120		83%	1105	1518 0.188104	1881.040892	1561.263941
>120		93%	935	1348 0.167038	1670.384139	1553.457249
?		68%	1652		Total	6391.127633

% of households with inet Total premises with Inet

64%

7000000

Round it up to 70% for some future proofing

70%

The following section is based on an estimate by Optus, who calculated around \$100/month. We use their figures for maintenance and expected retail overhead.

Optus based: expected wholesale price (with ~60% connected households) [\$]

50

Optus Based: Expected retail price [\$]

108

Optus Based: Retail Overhead [\$]

58

More realistic: Retail Overhead: This is an unrealistic figure - There are plenty of cases where internet connections are < \$50 total. A more realistic figure is \$5

5

Optus Based: Total debt cost per household per month with 30 year term, 5% interest and 100% NBN marketshare [\$]

230830000 (Used web Calculator - 30 year term 5% interest)

32.97571429 (Monthly Interest / Total premises with Inet)

Optus Based: Monthly per household (with 100% NBN marketshare) - Wholesale overhead for Maintenance and Staff

17.02428571

Optus Based: Monthly Total - Wholesale overhead for maintenance and staff

119170000

Interest Rate	Loan Term (Years)	Monthly Wholesale Running Costs (NBN)	Fixed Retail Markup
5.0%	30	119170000	5
Total User Market (No. of Households)		Monthly Wholesale Running Costs (Wireless)	
7000000		119170000	

Description	Debt. Offset	NBN Marketshare	NBN Subscribers	Monthly Interest (Non-compounding)	House Interest Burden	Monthly Principle	House Principle Burden	Wholesale Running Costs Per Household	Fixed Retail Markup	House Monthly Cost
FTTH - Full Market	33000000000	100%	7000000	137500000	19.64285714	91666666.7	13.09524	17.02428571	5	54.76238
LTE, WiMAX, etc..	30000000000	100%	7000000	12500000	1.785714286	8333333.33	1.190476	17.02428571	5	25.00048
FTTH - Half Market	33000000000	50%	3500000	137500000	39.28571429	91666666.7	26.19048	34.04857143	5	104.5248
LTE, WiMAX, etc..	30000000000	50%	3500000	12500000	3.571428571	8333333.33	2.380952	34.04857143	5	45.00095

Summary

- * Market rate divid ends payed to 49% stake holders (FTTH only) not considered and has huge influence
- * I would consider maintaining "above ground" equipment cheaper, this is not benefitted to the Alts. as it should
- * FTTH needs 100% market share to have \$54.80 / month prices
- * Businesses need to also pay that much, but they're not using the heaviest appliaction - HD Video Streaming - which domestic users are which means domestic users will be paying the higher cost
- * Other alternatives will still exist which are <\$50, such as HSPDA so around 37% (<\$40 k market) of the market may choose such a more cost effective solution, futher driving up domestic prices and further contributing to lost NBN market share.
- * A 50% penetration is more likely especially for the first 5 years or so
- * Even less are willing to pay \$100 / month opting for cheaper alternatives
- * So the FTTH cost is very dangerous, especially because success depends on 100% market share which cannot be assured when an average of \$54.80 / month is required.