

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2010

Finance and Deregulation Portfolio

Outcome 2, Program 2.1

Topic: National Broadband Network

Question reference number: F81

Type of Question: Written QoN, 26 May 2010

Date set by the committee for the return of answer: 9 July 2010

Number of Pages: 1

Senator Macdonald asked:

- a) Would the Department please calculate the net present value of the NBN, using the data and assumptions contained in the Implementation Study, and based on a calculation of the weighted average cost of capital in accordance with the usual principles applied by the DoFD in relation to public capital expenditure.
- b) Has the DoFD been asked by the Government to do this work?

Answer:

a) A cost benefit analysis of the National Broadband Network (NBN) was not undertaken as part of the Implementation Study. The Implementation Study undertook a detailed financial analysis, including detailed revenue and cost modelling, and has been publicly released.

The calculation of the net present value (NPV) of the NBN would usually be done as part of a cost benefit analysis. The Government has not undertaken a cost-benefit analysis and does not intend to do a cost-benefit analysis.

b) The Department of Finance and Deregulation has not been asked by the Government to calculate the NPV of the NBN.