



JOINT STANDING COMMITTEE ON THE NATIONAL BROADBAND NETWORK

Public hearing on Thursday 14 June 2018 (Brisbane)

Questions on Notice—Department of Communications and the Arts

Questions 8-9

Number	Question	Page no.	Answer
8	<p>Senator KETTER: Moving on to the issue of MYEFO for the 2018-19 budget. It seems to have a different debt profile for this financial year. Last year's budget was that \$9.2 billion in debt would be drawn down. The corporate plan revised this down to \$9 billion. MYEFO then revised to \$8.8 billion and the most recent budget paper has revised it to \$6.6 billion. Are we seeing an underspend due to rollout delays?</p> <p>Mr Madsen: The loan arrangement that's in place provides discretion for NBN to draw down funding as it is required. Any adjustments that we make to the profile reflect those adjustments from the company. During any given period there can be a number of factors that could influence NBN's decision to change that profile. They could be related to the rollout or they could be related to other factors within the business. It may be that some of the decisions around the rollout have influenced that, but I think there would be other factors as well.</p> <p>Senator KETTER: Do they communicate those reasons to you?</p> <p>Mr Madsen: They provide us with advice as they draw funds down on what those funds are being expended on. They can adjust the profile from time to time. We don't seek an explanation of all those adjustments.</p> <p>Senator KETTER: You don't seek it, but you are saying there is probably some advice there from them about this? If it is a material change, one would have thought there would be some</p>	42	Since the 2017-18 Budget, there has been a shift in the deployment profile for build activity into 2018-19 and 2019-20 with an associated shift in the debt profile for the company, as less financing is required in the 2017-18 year. The company has reduced debt requirements in 2017-18 as it is taking on debt later than was originally forecast, and the amounts are shifting to increase in 2018-19 and 2019-20 as this is when the majority of the cash will be required under the current build program. The nbn are still forecasting to drawdown \$19.5 billion and complete the build by 2020.

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	<p>advice.</p> <p>Mr Madsen: As I indicated I believe that as they draw down each monthly payment we receive an account for the use of that expenditure. But on the profile overall we of course keep in contact with the company and we discuss business activity with them. Through that process we would have an understanding of any major adjustments. But as they update the overall profile there is not an explanation of how that profile has changed in detail.</p> <p>Senator KETTER: Are you able to provide, on notice, the explanation as to why this profile has changed materially over the last 12 to 18 months?</p> <p>Mr Madsen: Yes, we'd be happy to provide some more information on notice.</p>		
9	<p>CHAIR: Thank you. I have a broad question to the Department of Communications on fixed wireless and satellite. What has been or will be the total cost of the rollout for each of these services and what would the expected annual revenue be from the services?</p> <p>You can either take it on notice or just give a broadbrush answer; it doesn't need to be precise.</p> <p>Mr Windeyer: I can give you a high level broadbrush answer around the capital expenditure on the fixed wireless and the satellite. That is that it's expected that there will be \$2.1 billion in capex for the fixed wireless network and approximately \$1.9 billion on the satellite network. What I don't have—and we can take it on notice to see if we've got anything—is what the expected projected revenues are from those two technologies.</p>	43	<p>As the NBN fixed wireless network and satellite services compete with other broadband networks in some areas, this information is likely to be commercially sensitive to NBN Co Limited (nbn) and accordingly this question should be addressed to the company. The Department notes that on pages 18 and 21 of BCAR's October 2015 <i>NBN non-commercial services funding options – final consultation paper</i>, the Bureau provided assumptions regarding the proportion of nbn's revenues expected to be generated by fixed wireless and satellite services between FY2015 and FY2018.</p>