

Joint Standing Committee on the National Broadband Network

Answers to Questions on Notice

Committee Hearing 4 November 2020

NBN Co Limited

Question No: 6

Division: Joint Standing Committee on the National Broadband Network

Hearing name: Business case for the NBN and the experience of small businesses

Topic: HFC CAPEX to 2023

Question type: Hansard Ref: Page 20, 04/11/2020

Ms Templeman asked:

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Ms TEMPLEMAN: Are you able to provide, on notice, the cumulative HFC capital expenditure until financial year 2023?

Mr Rue: Yes, we can.

Ms TEMPLEMAN: Thank you.

Answer:

NBN Co has completed the initial build and has moved into a more mature operational phase within a complex commercial environment. The Company has to compete with other providers, negotiate with suppliers, delivery partners and retailers and, now that it has received all of the Commonwealth equity contributions and drawn down the full amount of the Commonwealth loan, NBN Co is looking to the debt markets to secure funds. This is an important step to repay the Commonwealth loan and to make further investments in the network. NBN Co expects to make multiple approaches to the markets over the next few years and since this QoN was taken, NBN Co has approached the market. NBN Co is mindful of the fact that Lenders may have regard to the information provided by NBN Co of a forward looking nature in its Corporate Plan, notwithstanding that the Corporate Plan is not provided for that purpose and is not updated or refreshed in a manner that would support any reliance by investors.

As a GBE, NBN Co recognises the need to carefully balance the requirement for high levels of transparency against any commercial harm that could arise from releasing certain information, such long-term forecasts, which are by their nature highly uncertain. With that balance in mind, in the 2021 Corporate Plan NBN Co provided four-year forecasts of premises Ready to Connect, Activations, Revenue, EBITDA, NPAT and capex. It is important to note that reporting these financial measures as a four-year projection goes beyond the guidance that an ASX company would normally provide to investors. Taking all those considerations into account the company determined that it would not be commercially prudent to release some information that may have been provided in previous Corporate Plans and this approach was agreed with Shareholder Ministers.