

Senate Standing Committee on Environment and Communications
Answers to Environment and Communications Legislation Committee Questions on Notice
Telecommunications (Regional Broadband Scheme) Charge Bill 2018
Telecommunications Legislation Amendment (Competition and Consumer) Bill 2018
Public Hearing, January 2020
NBN Co Limited

Question No: 1

NBN Co Limited

Hansard Ref: Verbal, 30/01/2020

Topic: Vertigan review

Senator Urquhart, Anne asked:

It is my understanding that there was a request to implement accounting separation for regional networks that was made to **nbn** following the Vertigan review. I am not sure if Ms Crichton could confirm that if you can't?

Answer:

NBN Co can confirm that was the case.

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Question No: 2

NBN Co Limited

Hansard Ref: Verbal, 30/01/2020

Topic: CAPEX table in the Corporate Plan

Senator Urquhart, Anne asked:

Why was the CAPEX table dropped from the most recent corporate plan despite it being included in the four previous Corporate Plans?

Answer:

This question was addressed by Mr Rue directly on 22 October 2019 during the Environment and Communications Legislation Committee's Estimates hearing. Please refer to page 174 of the Hansard transcript.

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Question No: 3

NBN Co Limited

Hansard Ref: Verbal, 30/01/2020

Topic: Fixed Wireless CAPEX

Senator Urquhart, Anne asked:

There was a clear reduction in [Fixed Wireless CAPEX in] 18-22 of \$2m, that was shown in NBN CO's own figures. Mr Rue claimed that the funding shifted to FY 23. However, I think you have just confirmed that this was impossible because his explanation assumed the existing capital expenditure for FY23 is zero. So can you please explain that to me?

Answer:

Please refer to Question 7 Fixed Wireless CAPEX and funding

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Question No: 4

NBN Co Limited

Hansard Ref: Verbal, 30/01/2020

Topic: Broadband Tax

Senator Urquhart, Anne asked:

Can you tell me why the government is proposing to introduce a broadband tax of \$85 p/a to create a regional funding mechanism if **NBN CO** is reducing the regional funding in parallel?

Answer:

It is simply not correct to suggest that NBN Co is in any way reducing its commitment to regional Australia. NBN Co is building and maintaining a network that will provide broadband to premises in all parts of Australia, including those in regional areas. This has come at significant historical and ongoing cost, some of which will be recovered through the levy.

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Question No: 5

NBN Co Limited

Hansard Ref: Verbal, 30/01/2020

Topic: RBS Levy account

Senator Urquhart, Anne asked:

Is there an internal **NBN CO** account that the [RBS Levy] money would be held?

Answer:

Administrative issues related to the levy would be finalised in due course

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Question No: 6

NBN Co Limited

Hansard Ref: Verbal, 30/01/2020

Topic: Fixed Wireless and Satellite Accounting Statements

Senator Urquhart, Anne asked:

Would **nbn** have any concerns about tabling financial accounting statements for its Fixed Wireless and Satellite networks?

Answer:

FW and Satellite have not been established as separate statutory entities for **nbn**, and therefore we are currently not in a position to prepare or table separate financial statements for these networks in accordance with Australian Accounting Standards.

For the purpose of statutory financial statements, **nbn** has determined that assets (including Fixed Wireless & Satellite) that form the **nbn** access network work together to achieve the delivery of products and services in order to generate cash inflows. As a result, **nbn** has determined that the ubiquitous broadband network is a single cash generating unit, and as a result there is no statutory requirement for disaggregated segment reporting.

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Question No: 7

NBN Co Limited

Hansard Ref: Verbal, 30/01/2020

Topic: Fixed Wireless CAPEX and funding

Senator Urquhart, Anne asked:

I want to return to an issue that I put earlier, **NBN Co** figures in the 2019 corporate plan showed regional capital spending as \$2b over the financial year 18-22. The 2020 corporate plan without explanation dropped that table that contained that information. That table just disappeared. However, the senate obtained that data through a question on notice, we wrote, and got a question on notice. The Question on Notice to the senate shows a \$1.8b in FW CAPEX over the financial year 2018-22, so that's a \$200 mil reduction. You said that there wasn't a reduction, but after contradicting his own spokesman, and then contradicting himself, Mr Rue then claimed in Senate Estimates that the \$200m in funding was shifted to FY23. So, you confirmed earlier that that was implausible, because Mr Rue's explanation assumed the existing FW CAPEX for FY 23 was zero. So I am just trying to get to the point of where that \$200m reduction, why it didn't show up.

- a) Where is the 200m
- b) Why was the CAPEX table dropped in the 2019 Corporate Plan

Answer:

a) It is important to remember this is a 6% variation in total projected FW capex cost to FY22. As we have said publicly, nbn spent less on FW Capex in FY19 than anticipated, but forecast spending more in FY20. Forecasts for the later years will be re-assessed as we go through the detailed planning for the next corporate plan. This may see increases in the forecast spend for FY21-24. These forecasts have also varied previously, with both increases and decreases seen across different corporate plans. These sorts of variations in timing of spend, against a prior forecast, are normal and should be expected given the large range of factors that determine both the demand for investment and the cost drivers.

b) This question was addressed by Mr Rue directly on 22 October 2019 during the Environment and Communications Legislation Committee's Estimates hearing. Please refer to page 174 of the Hansard transcript.