

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Spill-over hearing March 2017
Communications Portfolio
Department of Communications and the Arts

Question No: 304

Program 1.1

Hansard Ref: Page 50-51, 24/03/2017

Topic: MBSP – underspends percentage in fund

Senator Urquhart, Anne asked:

Senator URQUHART: Mr Patterson, in response to a question at last estimates you told us that any underspends from the program go into a fund.

Mr Patterson: That is correct.

Senator URQUHART: What fund is that, and what percentage of the grant is currently in that fund?

Mr Patterson: Unfortunately, the percentage of the funding in that fund I will have to take on notice. The way the fund operates, though, as I touched upon a moment ago, is that when there is an underpayment from a base station coming in below the funding, that money is put in that fund. We have not taken any money out of that fund yet for base stations that are over cost. I might just explain that one of the strong rationales for establishing that fund is that a lot of these base stations have quite substantial state contributions. Rather than lose those state co-contributions, we have set up a mechanism where we can leverage that state money to maybe build additional base stations.

Answer:

- The fund referred to is the ‘Unspent pool’ under the Funding Deed between the Commonwealth and each participating mobile network operator (MNO).
- Each MNO is required to keep a record of the balance of cost underruns and cost overruns for all base stations, and the portion of each parties financial commitment (MNO, Commonwealth, State).
- The current balance of the unspent pool reflects the difference between the funding estimate provided for each base station and the actual cost of the base station at completion. The current unspent pool only includes amounts from those base stations for which an Asset Completion report has been accepted by the Commonwealth.
- The Commonwealth portion of the Unspent pool is currently \$2.1 million (GST inclusive).
- Under the Funding Agreements between the Commonwealth and the MNO’s, the balance of the Unspent pool can be:
 - used to fund sites where there are cost overruns;
 - used to build additional sites; or
 - returned to the Commonwealth (the Commonwealth portion of the Unspent Pool).