

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Spill-over Hearing March 2017
Communications Portfolio
NBN Co Limited

Question No: 347

NBN Co Limited

Hansard Ref: Written, 31/03/2017

Topic: Contingency allocation

Senator Urquhart, Anne asked:

1. How much contingency was set aside in the base case for the remainder of the NBN rollout in the 2014-17 Corporate Plan?
2. How much contingency was set aside for the remainder of the NBN rollout in the 2016 Corporate Plan?
3. What contingency was set aside for FY19 and FY20 in the 2016 Corporate Plan?
4. How much contingency was set aside for the remainder of the NBN rollout in the 2017 Corporate Plan?

Contingency allocation – 2017 Corporate Plan

5. Table 3 in the 2017 Corporate Plan provides a contingency outlay for FY16-FY20. This column adds to a total of \$2.5 billion. On page 54 it provides “Management are forecasting a base case peak funding of \$49 billion, which includes a contingency of \$2.9 billion for unforeseen risks.” Please explain the difference between the \$2.9 billion figure and the contingency figures in Table 3.

Contingency allocation – increase in HFC CPP for 4 million homes

6. Please confirm how much of NBN Co’s contingency allocated was used up by the CPP increase from 1,800 in the 2016 Corporate Plan to 2,300 in the 2017 Corporate Plan got 4 million HFC premises?

Contingency Allocation – how has it been used?

7. Page 68 of the 2016 Corporate Plan indicates that \$4.6 billion in contingency was included as part of the base case funding figure. Please outline how much contingency remains as of 1 April 2017.
8. What decisions have absorbed the contingency allocation since 1 July 2015? Please outline each decision/cost-increase and the amount of contingency allocation it absorbed

Answer:

1. The 2014-2017 Corporate Plan published in November 2014 used strategic review scenario 6 – Multi-Technology Mix, which included a 20% contingency on all Capital Expenditure.
2. \$4.6 billion of contingency was set aside from FY16 to FY22 in the 2016 Corporate Plan.
3. The contingency set aside for FY19 and FY20 in the 2016 Corporate Plan was \$1.6 billion.

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4. \$2.9 billion of contingency was set aside from FY17 to FY22 in the 2017 Corporate Plan. (page 54)
5. \$0.4 billion is the difference between the \$2.9 billion on page 54 and \$2.5 billion in Table 3 reflecting the remaining contingency in FY2021.
6. Contingency is for overall unforeseen risks. Since the 2016 Corporate Plan, nbn has updated numerous costs and revenues assumptions as more information has come to hand which has allowed for these reallocations to be made.
7. Current status on contingency will be reported in the upcoming Corporate Plan to be released by the Shareholder Departments by the end of August.
8. Since 1 July 2015, nbn has received more information on costs and revenue assumptions and therefore allowed contingency to be updated and reallocated to reflect the ongoing uncertainties of an infrastructure build of this scale and timeframe, including uncertainties of revenue timing.