

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Budget Estimates Hearings May 2014

Communications Portfolio

Department of Communications

Question No: 549

Program No. 1.1

Hansard Ref: In Writing

Topic: NBN Co Strategic Review

Senator Urquhart asked:

The NBN Co Strategic Review at page 38 states:

“The Revised Outlook assumes the existing Equity Funding Agreement between NBN Co and its shareholders remains in place and all funding beyond \$30.4 billion would be funded by debt. Accordingly, it is assumed that the increase to the revised funding requirement of \$28.5 billion will be entirely funded by debt;”

Has the assessment of the Strategic Review assumed any greater debt exposure for the Commonwealth than the Corporate Plan?

Answer:

NBN Co Limited’s (NBN Co) 2012-15 Corporate Plan estimated peak debt funding of \$13.7 billion (page 73 refers).

Some scenarios assessed in NBN Co’s Strategic Review assumed greater peak debt funding compared to the 2012-15 Corporate Plan, although the preferred scenario 6 did not. The table below shows the approximate peak debt funding for the different scenarios (page 17 refers):

	Scenario 1: Revised Outlook	Scenario 2: Radically Redesigned FTTP	Scenario 3: FTTN short loop, FTTB large MDUs	Scenario 4: HFC in HFC footprint	Scenario 5: FTTN & HFC	Scenario 6: Optimised Multi- Technology mix
(\$ billion)						
Peak funding (equity and debt)	~73	~64	~59	~51	~43	~41
Government equity	30.4	29.5	29.5	29.5	29.5	29.5
Peak debt	~42.6	~34.5	~29.5	~21.5	~13.5	~11.5