

**Senate Standing Committee on Environment and Communications**

**Answers to Senate Estimates Questions on Notice**

**Supplementary Budget Estimates Hearings November 2014**

**Communications Portfolio**

**NBN Co Limited**

**Question No: 108**

**Program No. NBN Co**

**Hansard Ref: Page 27**

**Topic: Financial Outcomes – Fixed wireless and Satellite**

**Senator Ludlam asked:**

**CHAIR:** We will go back to Mr Rue. Senator Conroy will obviously ask you about the differences and where the peer review deviated from the findings of the original leaked document. Did you find it, Mr Rue?

**Mr Rue:** I refer you to page 13 of the May 2014 report called *Fixed wireless and satellite review*.

**Senator LUDLAM:** It may surprise you to know that I do not have that in front of me, so I will take your word for it.

**Mr Rue:** That is okay. There is a table there called 'Exhibit 1-1: Financial Outcomes'. It combines the satellite and fixed wireless. I do not have the split that you mentioned. It says that, in steady state, the revenues would be between \$240 million and \$310 million. Annual operating expenditure would be \$260 million<sup>i</sup>. Annual capital expenditure would be between \$280 million and \$290 million. That gives you the indicative cash flow on an annual basis.

**Senator LUDLAM:** So nobody in their right mind would buy that business. You would have to offer them some very strange guarantees for that to be a saleable entity. Could you pass that back to some of the people who are proposing to spool off these entities as separate businesses? Thank you for finding those figures for us. If it is possible to disaggregate the two, could you get that information for me, please? Somebody, somewhere must have aggregated those numbers?

**Mr Rue:** Again, it is before my time, so I do not know off the top of my head.

**Senator LUDLAM:** If it is possible to provide us, on notice, with the disaggregated figures for each of the two, that would be good—because they will be substantially different.

**Mr Rue:** I will have a look at that.

**Answer:**

Splitting by technology the numbers from Exhibit 1-1: Financial Outcomes of the Fixed Wireless and Satellite Review, the following amounts have been modelled for FY28 under Scenario 2:

***Fixed Wireless***

Revenues \$100 – 150 million

Operating expenditure \$180 million

Capital expenditure \$80 – 90 million

***Satellite***

Revenues \$70 – 90 million

Operating expenditure \$60 million

Capital expenditure \$200 million

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<sup>i</sup> Note that the totals in Exhibit 1-1 of \$260 million for operating expenditure also include amounts for FTTN outside the fixed line footprint and for additional revenue opportunities which are not included in the Fixed Wireless and Satellite amount above.