

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Supplementary Budget Estimates Hearings October 2016
Communications Portfolio
NBN Co Limited

Question No: 145

NBN Co Limited

Hansard Ref: Written, 31/10/2016

Topic: NBN Corporate Plan 2017 and 2016

Senator Urquhart, Anne asked:

1. For every table in the 2017 Corporate Plan which contains a row representing aggregated data for FTTN please disaggregate this into figures for FTTN, FTTB, FTTdp for each relevant cell:

This includes, but is not limited to:

- Table 2 (premises covered) — disaggregate FTTN/B/dp row
- Table 4 (RFS profile) — disaggregate FTTN row
- Table 5 (Activations profile)— disaggregate FTTN row
- Table 7 (Capital Expenditure)— disaggregate FTTN row

2. What impact (%) did the upwards revisions to revenue forecasts in the 2017 Corporate Plan (relative to the 2016 Corporate Plan projections) have on IRR?

Please complete the following table for each individual year:

Corporate Plan	FY16	FY17	FY18	FY19	FY20
2016 CP revenue projection					
2017 CP projections					

3. The 2016 Corporate Plan contained the passage: “Management estimates that an all-FTTP fixed line rollout could be completed by 2026 but possibly as late as 2028, with a peak funding range of \$74-84 billion (vs. \$46-56 billion for MTM)”
 - (a) What FTTP CPP was used to inform this estimate?
 - (b) Did this cost estimate assume the starting point for pursuing an all FTTP rollout was September 2013? If not, from what point in time did it assume the pursuit of an all FTTP rollout?
 - (c) What amount of contingency capital was estimated for each year in the forecast?
 - (d) Please detail assumptions and present figures in table format.
4. Please provide the relevant numerical data in table format, for each FY, underlying the following graphs in the 2017 Corporate Plan:
 - Exhibit 11—Wholesale speed tier mix
 - Exhibit 8—State based rollouts
 - Exhibit 9—Underserved premises

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5. Please provide the following information on FTTB:
 - (a) In term of inputs to the 2017 Corporate Plan how many FTTB premises were RFS as of 30 June 2016?
 - (b) In term of inputs to the 2017 Corporate Plan how many FTTB premises were activated as of 30 June 2016?
6. With respect to the 2017 Corporate Plan why are FTTB connections reported in terms of number of buildings and not the number of premises?

Answer:

1. As advised previously, forecasts in respect to FTTB are included in the Corporate Plan 2017 FTTN numbers. To disaggregate these would reveal nbn's strategic business direction to potential infrastructure competitors, and the information is therefore commercial in confidence.
2. The upwards revisions to revenue forecasts in the 2017 Corporate Plan increased IRR by 0.40%. As IRR is a financial calculation covering both past and future financial returns an individual financial year calculation of IRR is not relevant. In respect to revenue projections for FY16 to FY20, nbn has reported the relevant projections in the Corporate Plan 2016 and Corporate 2017 in accordance with our external reporting obligations.
3. nbn's response to the Shareholder Ministers on cost estimates for an all FTTP rollout has previously been shared in redacted form by the Department of Finance, under FOI 15/130 Document 1. In light of the redactions made by the Department of Finance we are unable to provide further details on assumptions applied to this cost estimate.
4. Exhibit 11—Wholesale speed tier mix

Connections ('m)	FY16	FY17	FY18	FY19	FY20
12/1	0.4	0.7	1.1	1.5	1.7
25/5	0.5	1.2	2.4	3.6	4.2
25/10	0.0	0.0	0.1	0.1	0.2
50/20	0.0	0.1	0.3	0.4	0.5
100/40	0.1	0.3	0.6	1.2	1.5

Exhibit 8—State based rollouts

The percentages shown in this table are approximate and latest premise volumes should be sourced from the publicly available Quarterly rollout publication.

Exhibit 9—Underserved premises

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(Premises, %)	Pre FY17	FY17	FY18	FY19	FY20
Underserved RFS	22%	51%	80%	100%	100%
Non-underserved RFS	19%	40%	73%	92%	100%

5. nbn faces competition in respect to the rollout of FTTB, and in its marketing efforts to drive premises activated in those buildings. This information is therefore commercial in confidence.
6. In order to protect nbn's commercial interests, the number of buildings is referenced in the Corporate Plan to help the readers' understanding of the scale of the FTTB rollout, without disclosing information that is commercial in confidence.