

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2010

Finance and Deregulation Portfolio

Outcome 2, Program 2.1

Topic: National Broadband Network

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Senator Ryan asked:

Senator RYAN—Mr Quigley indicated that the NBN business case shows: We will recover our yearly costs, including capital costs, within a few years after the end of construction period. That means we will be net income positive for that period. The government has previously indicated that the construction period was eight years. If I take ‘a few years’ to mean three, which I do not think too many people would disagree with, that means that this would not be net income positive until at least 2020.

Mr Tune—I think what the implementation study says—and Mr Quigley is probably more au fait with it than I am—is that NBN would be cash-flow positive by year 6, it would be able to raise commercial debt by year 6 and it would be able to start paying dividends by year 11. That is in the scenario without doing a deal with Telstra. I may stand corrected on that and I am happy to check that.

Answer:

According to the Implementation Study’s base case assumptions, NBN Co could be cash flow positive by year six, could have the capacity to raise commercial debt off its balance sheet by year six, be in a position to return up to \$20 billion in equity by year fifteen and pay dividends in year 11.