



## **Response to Questions on Notice**

### **JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT**

Inquiry on Commonwealth Financial Statements – Auditor-General report No.24 (2017-18) *Audits of the Financial Statements of Australian Government Entities for Period Ended 30 June 2017.*

**Australian National Audit Office**

#### **GENERAL COMMENTS**

Nil

#### **SPECIFIC QUESTIONS ON NOTICE**

##### **Question #1**

At a point in time now, or at the most recent point where data is available, how much equity has been put in and what is the total of government's contributions (both equity and all the other contributions such as loans that have been drawn down) to the NBN, and what is the valuation of the NBN?

##### **Response**

As at 30 June 2018, the Government's investment in the NBN Co Limited (NBN) was \$13.247 billion as reported in the Department of Communications and the Arts (Communication's) 2017–18 financial statements for the financial year (see Note 4.1C at page 138 of

[https://www.communications.gov.au/sites/g/files/net301/f/doca\\_annual\\_report\\_17-18.pdf](https://www.communications.gov.au/sites/g/files/net301/f/doca_annual_report_17-18.pdf)).

As at 30 June 2018 equity funding of \$29.500 billion had been provided to NBN and reported as contributed equity in NBN's financial statements for the 2017–18 financial year (see the Statement of Financial Position on page 108 of

<https://www.nbnco.com.au/content/dam/nbnco2/2018/documents/media-centre/nbn-co-annual-report-2018.pdf>).

As at 30 June 2018 NBN had drawdown \$5.531 billion of funds from the Government loan to NBN. The NBN funding arrangements are outlined in Note E of NBN's financial statements for the year ended 30 June 2018 (see pages 130-131 of

<https://www.nbnco.com.au/content/dam/nbnco2/2018/documents/media-centre/nbn-co-annual-report-2018.pdf>).

**Question # 2:**

Prospectively, based on what is known, what is the projected draw-down of the loans and contribution of equity to the NBN, and is there any sense of the likely valuation as that occurs?

**Response**

Through an equity funding agreement the Government agreed to provide NBN contributed equity of \$29.5 billion. The Government has also entered into a loan agreement with NBN to make up to \$19.5 billion available to NBN for the period from 1 July 2017 to 30 June 2024. The Government recently agreed to extend the tenor of its loan from 30 June 2021 to 30 June 2024 and to allow NBN to access up to \$2 billion of private sector debt. (see page 64 of the 2019–22 NBN Corporate Plan at <https://www2.nbnco.com.au/content/dam/nbnco2/2018/documents/media-centre/corporate-plan-report-2019-2022.pdf>).

The valuation of NBN will be reassessed annually as part of the financial statements preparation and audit processes and will be dependent on the key judgements and assumptions in place at the time of the valuation.