

**Question on notice no. 189**

**Portfolio question number: 189**

**2018-19 Supplementary budget estimates**

**Environment and Communications Committee, Communications and the Arts Portfolio**

**Senator Anne Urquhart:** asked the NBN Co. Ltd on 23 October 2018—

In a recent hearing of Senate Estimates the NBN Chairman engaged in the following exchange:

**Senator KENEALLY:** You seem to be asserting that there are plausible scenarios where the **NBN achieves a market sale price of \$51 billion**. But you do accept that there are others who reasonably assert that, with a rate of return at three per cent, the multi-technology mix has near zero prospect of achieving that sale price?

**Dr Switkowski:** Again, it depends on how the privatisation process is configured and, obviously, the way the business is running in the early 2020s, the outlook for pricing and the commitments that the former owners—in this case, the government—might make around regulatory and other matters. So, while there is downside risk, the current valuation is supported by our four-year projected numbers. Unlike in most corporations, they are public. So people can look at them, they can challenge them and they can model around them and get the numbers that they get. **I could certainly generate and do generate figures around \$50 billion for the value of this enterprise in the early 2020s.**

(a) Has NBN Co received external advice from any advisory firm, investment bank, market analyst, or suitably qualified professional, to support the Chairman's assertion that there are scenarios where the multi-technology mix could achieve a sale value of \$51 billion?

If yes, please name them.

If no, can the NBN Chairman please present his analysis to illustrate how he generated figures to assert a \$50 billion sale value?

**Answer —**

a) No. NBN Co has not sought advice from any organisation on matters of sale valuation or privatisation.

b) Calculating the value of NBN Co would involve making a range of assumptions to be used in various valuation scenarios. These scenarios would be modelled based on

the projections of future revenues and cash flows outlined in NBN Co's Corporate Plan 2019-2022 generating valuation outcomes in excess of \$50 billion, depending upon the ownership and structure of the organisation as well as the regulatory and competitive environment.