



8 May 2015

The Hon Malcolm Turnbull MP
Minister for Communications
Parliament House
CANBERRA ACT 2600

Senator the Hon Mathias Cormann
Minister for Finance
Parliament House
CANBERRA ACT 2600

Dear Ministers,

Long-term Financial Forecasts and Updated Cost Estimates for FTTP rollout

I refer to your letter dated 28 April 2015 to Dr Switkowski concerning these matters.

Long-term Financial Outlook

We note your request for **nbn** to provide a best estimate of the Company's long-term financial performance out to 2040.

As you appreciate in a market as dynamic as telecommunications, the ability for Management or the Board to accurately forecast the long term financial prospects is inherently uncertain. **nbn** has limited factual and operational bases for financial projections, with uncertainty in the long term market and competitive landscape, customer usage, Australian Government policy, technological innovation and potential for other disruptive events giving rise to a wide range of possible financial outcomes.

For this reason, **nbn**, its officers and employees do not give any guarantee or assurance that the results, performance or achievements expressed or implied by the outlook will actually occur. As such, the outlook should not be relied upon as a forecast or considered to be a representation of what will happen. Nevertheless, we have made the best estimate that we can to 2040, using the assumptions beyond FY22 outlined below, as we understand your requirements that your departments require long term financial projections to inform the Commonwealth's budget accounting treatment for **nbn**.

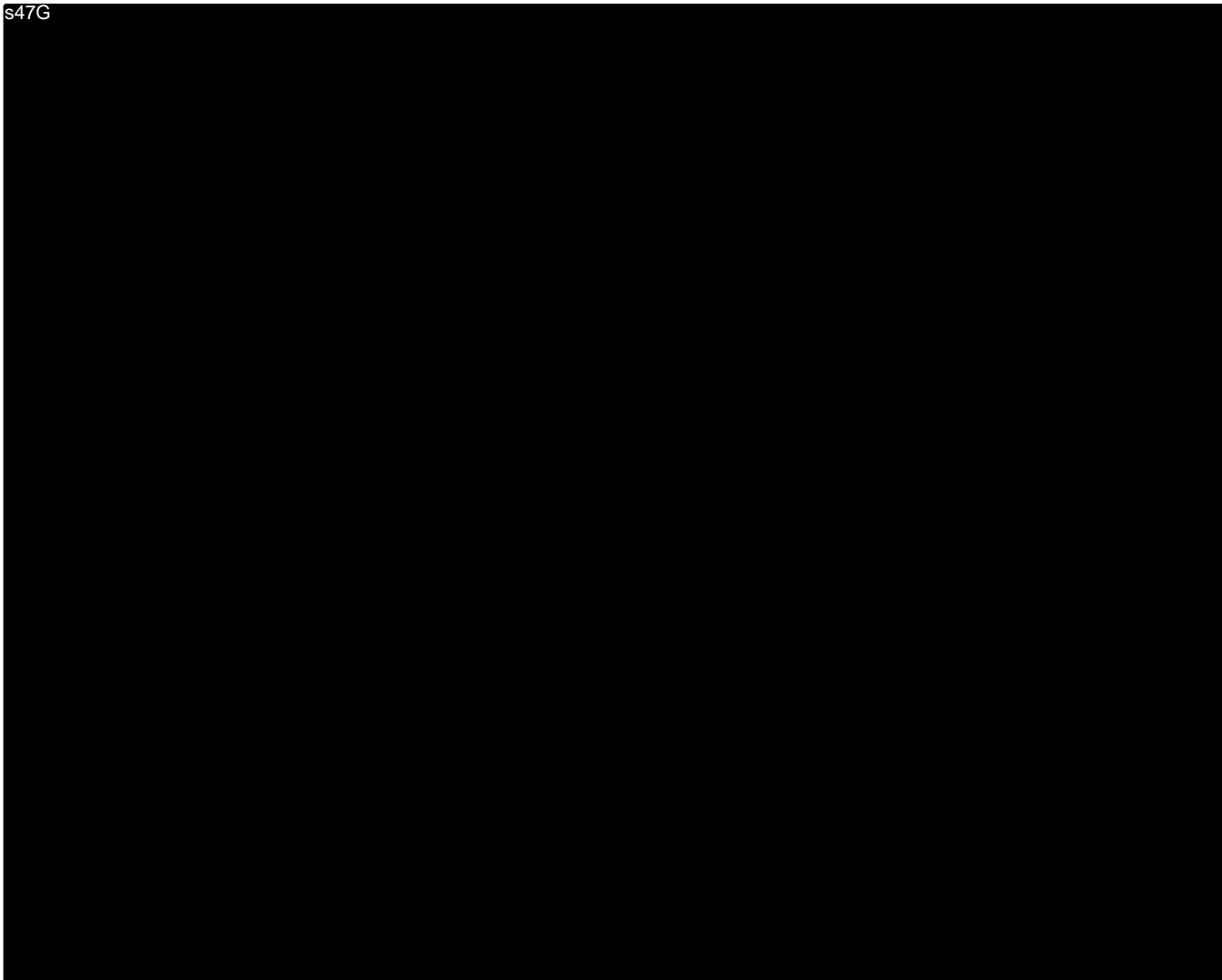
Because the current **nbn** business plan (Integrated Operating Plan) addresses the period FY15-FY22 only, Management and the Board have not taken a view on assumptions beyond that time, and no better estimates exist than the assumptions applied in the Strategic Review dated December 2013.

We have therefore provided a pro-forma long term outlook to your departmental representatives and advisors based on our current FY15-FY22 business plan, and assumptions for FY23-FY40 from the 2013 Strategic Review.

The outlook includes the s47G



s47G



Yours sincerely,

A handwritten signature in black ink that reads 'Stephen Rue'. The signature is fluid and cursive, with the first name 'Stephen' being more prominent.

Stephen Rue
Chief Financial Officer

Copied to:

Dr Ziggy Switkowski AO, Chairman, nbn co ltd
Mr Drew Clarke, PSM, Secretary, Department of Communications
Ms Jane Halton, PSM, Secretary, Department of Finance
Mr Bill Morrow, Chief Executive Officer, nbn co ltd
Mr Brad Whitcomb, Chief Strategy and Transformation Officer, nbn co ltd