

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Budget Estimates Hearings May 2014
Communications Portfolio
Department of Communications

Question No: 520

Program No. 1.1

Hansard Ref: Page 45 (29/5/2014)

Topic: NBN Co debt

Senator Urquhart asked:

Senator Urquhart: Just in terms of that previous question about the shareholders being responsible for debt or having debt exposure, can you just double-check that? If you have to take it on notice, I am happy for you to.

Mr Clarke: In the absence of an explicit guarantee; that was your question.

Senator Urquhart: The fact that NBN Co is a company, would that then mean that shareholders are more exposed to the debts of NBN? I think your question was that they would be exposed.

Mr Robinson: What I mean by that is that if the government does not directly guarantee the borrowings of a Commonwealth trading enterprise, it is certainly the case that they are not exposed to a direct guarantee of that debt. But my point was that there is nonetheless an exposure because the Commonwealth is a shareholder of the entity. As I understand it, the entity itself, in a sense, is, of course, liable for the debt, and the Commonwealth is a shareholder. So there are two elements to the answer. But I am certainly happy to check.

Senator Urquhart: I am not sure that that really answers the question I asked. Could you take it on notice to provide a more detailed response?

Mr Robinson: I am happy to take it on notice.

Senator Urquhart: Is peak funding of just equity? What is meant by unlevered? If you need to ask someone, I am very happy for you to ask that.

Mr Robinson: I have asked someone, Senator. I will take it on notice. We just do not have the staff—

Senator Urquhart: So there is no-one here that can answer?

Mr Robinson: Not at the moment. One of our officers was intending to be here today but is not. But we will take it on notice and get you a better answer.

Answer:

Refer answer to QON518 with regard to the differences between levered and unlevered funding.

NBN Co is a wholly Government owned business enterprise but Government has not provided an explicit debt guarantee.