



Australian Government
Australian Office of Financial Management



7 June 2010

Mr John Hawkins
Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Hawkins

BUDGET ESTIMATES HEARING

At the Committee's Budget Estimates hearing last Thursday I referred to the use of Aussie Infrastructure Bonds for the Government's funding of NBN Co. I would like to clarify what I said then by providing the following fuller statement.

On 7 April 2009, the Government announced that its investment in the National Broadband Network would be funded partly through the Building Australia Fund and partly through the issuance of Aussie Infrastructure Bonds.

In the 2009-10 Budget, the Government made provision for an initial investment of \$4.7 billion. This includes \$4.45 billion in equity injections into the NBN Company and \$250 million for the Regional Backbone Blackspots Program.

As outlined by Mr David Tune, Secretary of the Department of Finance and Deregulation, at the Estimates hearings before the Senate Committee on Finance and Public Administration on 26 May 2010, by the end of 2009-10, the Government will have made a \$312 million equity investment in NBN Co.

The total contribution from the BAF in 2010-11 will be \$2.054 billion. As outlined on page 7-12 of 2010-11 Budget Paper Number 1, in 2010-11 a further \$300 million will be raised from the sale of Aussie Infrastructure Bonds.

The 2010-11 Budget also notes that a further provision has been made in the contingency reserve for future equity investments in the NBN. The provision has been included in the Budget estimates pending decisions by the Government on specific recommendations in the Implementation Study and specific proposals from NBN Co.

I will advise any corrections that should be made to the Hansard report of Thursday's hearing when the draft becomes available.

Yours sincerely

Neil Hyden
Chief Executive Officer