

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

2017 - 2018

**Division/Agency:** Social Policy Division

**Question No:** 180

**Topic:** Budget Measure 17/18 - National Housing Infrastructure Facility:  
Concessional Loans

**Reference:** Written

**Senator:** Cameron, Doug

**Question:**

1. Please explain the opportunities and conditions under which local governments can presently borrow funds for infrastructure?
2. Isn't it the case that local governments already have access to cost-effective debt finance for infrastructure investments?
3. If so, why would local governments need concessional loans from the Commonwealth and what advantages would accrue to local governments from taking up concessional loans from the Commonwealth as opposed to borrowing?

**Answer:**

1. There are significant differences in the opportunities and conditions under which local governments can borrow funds for infrastructure in each State. Some local governments access finance through state borrowing authorities while others access finance through commercial arrangements with banking institutions.
2. The National Housing Infrastructure Facility (NHIF) is a national program and provides local governments with the opportunity to access an alternative financing mechanism for infrastructure that will aid in boosting housing supply. Some state and territory governments provide financial support to local governments for essential infrastructure. However, these programs vary across the states and territories.
3. The NHIF will provide a suite of financing options that are expected to deliver a level of concessionality to local governments and will complement funding by state and territory governments.