

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Social Policy Division

Question No: 270

Topic: Budget Measure 17/18 - National Housing Infrastructure Facility: Equity Investments

Reference: Written

Senator: Cameron, Doug

Question:

1. An equity investment usually involves a return on funds invested. Will NHIF equity investments in local government infrastructure be required to make a return on the investment?
2. What would be an acceptable rate of return on equity investments in local government infrastructure?
3. What investment rules will apply to equity investments by the NHIF?
4. If equity investments by NHIF in local government infrastructure aren't required to make a return on equity, aren't they more accurately described as grants?
5. Please provide examples of the type of local government infrastructure which would be suited to equity investments by NHIF.

Answer:

1. Financial instruments such as equity investments will enable the Government to invest in productive capital projects and receive returns.
2. Further details will be informed through consultations which will take place in 2017-18.
3. See above.
4. It is expected that equity investments will enable the Government to invest in productive capital projects and receive returns.
5. The type of infrastructure and site preparation works that are likely to be supported by the NHIF include:
 - transport links such as roads;
 - water infrastructure such as wastewater/sewerage and stormwater;
 - power and electricity network infrastructure; and
 - site remediation works.