

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2012-2013

Finance and Deregulation Portfolio

Department/Agency: Department of Finance and Deregulation

Outcome/Program: 1/1.1

Topic: Funding of equity injections

Senator: Cormann

Question reference number: F32

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Date set by the committee for the return of answer: Friday, 30 November 2012

Number of pages: 2

Question:

Senator CORMANN: No, that is not my question. My question is: how is the Commonwealth currently funding its equity injections?

Senator Wong: You mean the Australian infrastructure bonds?

Senator CORMANN: That is right.

Mr Tune: The breakdown between general borrowing and Australian infrastructure bonds—is that the question?

Senator CORMANN: Yes, that is the question.

Mr Tune: I am not sure that we have that.

Senator Wong: Could we take this on notice, Senator? I have some figures here, but I just mentioned them to Ms Mason and she looked—

Ms Mason: I think we need to check that. We need to take it on notice.

Senator CORMANN: That is fine. For the purposes of our discussion I want to give as high a level of indication—is it like fifty-fifty or twenty-eighty?

Mr Tune: No, I think it is more biased towards general borrowing and from the—

Senator Wong: I am not sure. If we could take that on notice, we will check that. So you want, over the forward estimates period, what proportion of the government's equity contribution is going to be met through the issue of AIBs?

Senator CORMANN: Yes, if we can do it looking back and looking forward that would be right.

Answer:

As at 9 November 2012, NBN Co has been provided with total equity injections of \$3.778 billion, including \$946 million in the 2012-13 financial year.

In April 2009, the Government announced that its investment in NBN Co would be partly funded through the issuance of Aussie Infrastructure Bonds (AIBs). A full breakdown of the funding of equity injections provided to date is below at Table 1.

AIBs were not required prior to 2011-12, as the Government's equity contributions were met in full with funds from the Building Australia Fund (BAF).

In 2011-12, all of the Government's \$1.47 billion equity investment in NBN Co was financed through AIBs, through the wholesale issuance of Commonwealth Government Securities as part of the Australian Office of Financial Management's overall debt program.

In 2012-13, it is expected that \$4.3 billion of the Government's \$4.67 billion equity investment in NBN Co will be financed through AIBs in the same manner. The remaining \$366 million has been financed through the BAF.

From 2013-14, all equity investments are expected to be financed through AIBs.

Table 1 – Breakdown of Funding of NBN Co Equity Injections to 9 November 2012

NBN Co Equity	2008-09 (\$m)	2009-10 (\$m)	2010-11 (\$m)	2011-12 (\$m)	2012-13 YTD (\$m)	Total (\$m)
Total	10	302	1,050	1,470	946	3,778
BAF	10	302	1,050	0	366	1,728
AIBs	0	0	0	1,470	580	2,050