

**Senate Standing Committee on Environment and Communications**

**Answers to Senate Estimates Questions on Notice**

**Additional Estimates Hearings May 2014**

**Communications Portfolio**

**NBN Co Limited**

**Question No: 271**

**Program No. NBN Co Limited**

**Hansard Ref: In Writing**

**Topic: Strategic Review**

**Senator Urquhart asked:**

The Strategic Review in section 2.5.4 states that interest rates for all scenarios used the interest rates used for the NBN Co Corporate Plan. Do the interest rates on debt assume, consistent with the Corporate Plan, that debt is raised without explicit guarantees from the Shareholder Ministers? Were explicit guarantees provided by the Commonwealth would the interest rates on debt be lower than those that apply without explicit guarantees?

**Answer:**

The interest rates assumed by the Strategic Review were unchanged from those included in the 2012-15 Corporate Plan.

Any guarantee provided by the Commonwealth would be taken into consideration by financial institutions and rating agencies when assessing potential funding options for NBN Co. NBN Co is unable to comment on how financial institutions and ratings agencies may account for a Commonwealth guarantee when determining terms for debt funding and how this would impact potential loan margins and whether this would represent a cost to the Commonwealth (also depending on the form and terms of this explicit guarantee).

It is also very likely that third party financiers will take into consideration a level of implied Government support based upon NBN Co's Government Business Enterprise (GBE) status when assessing NBN Co's standalone credit profile.