

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

BUDGET ESTIMATES 2017-18

Finance Portfolio

24-25 May 2017

Department/Agency: Finance

Outcome/Program: 2/2.1

Topic: ARTC dividends

Senator: McAllister

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Number of pages: 1

Question:

Senator McALLISTER: You mentioned the need for the ARTC to borrow against its own balance sheet to pursue the project.

Senator Cormann: And against the value of this asset that they are building.

Senator McALLISTER: And against the value of the asset that they are building, and the equity injection that is being provided. Will the government provide any additional support to underwrite that borrowing in the form of a guarantee, a letter of comfort, or any other kind of support?

Senator Cormann: We have not made any such decisions. We have not made any decisions to do any of these things.

...

Senator Cormann: ... But our position at present is that we believe the project is fully funded on the back of a combination of \$8.4 billion worth of equity from the Commonwealth, further borrowings from access through the Australian Rail Track Corporation and a public-private sector funding component.

Senator McALLISTER: And your view that it is fully funded through these three mechanisms is not contingent on the provision of further support of the kind I just described—

Senator Cormann: No, that is right. Our view that this is the case is based on firm advice from the external consultants that provided us expert advice in relation to this project.

Senator McALLISTER: Who were they, by the way? I am sure this has been revealed previously, but—

Senator Cormann: It is Macquarie.

Senator McALLISTER: Does this have an impact on ARTC's dividends to the Commonwealth?

Senator Cormann: Over time, it will improve them, I would expect.

Senator McALLISTER: What is the profile of that? Do we have a projection for that?

Senator Cormann: I will have to take that on notice.

Senator McALLISTER: Can you take it on notice in relation to the medium term as well as the forwards?

Answer:

Inland Rail represents a long-term investment by the Government. As per the GBE Governance and Oversight guidelines, the level of estimated dividends and forecast payout ratio for a GBE is to be agreed annually between directors and Shareholder Ministers through the Corporate Plan. The Australian Rail Track Corporation (ARTC) revenues are forecast to increase as a result of completing Inland Rail. This is expected to have a positive impact on dividends received over the long term.