

# Senate Standing Committee on Economics

## ANSWERS TO QUESTIONS ON NOTICE

### Treasury Portfolio

### Additional Estimates

23 – 24 February 2011

Question: AET 179

Topic: SBT 238

Habsard Page: E 115

Senator Bushby asked:

**Senator BUSHBY**—I have no further questions on that. In answer to question on notice SBT 238 on debt financing, I asked some questions about the interest payments received and the interest payments that were paid out. I note that there are other financing costs here which you list as, ‘Other financing costs mainly comprises finance lease payments and certain public debt transactions that are regarded as financial transactions and not as interest.’ What I am interested is in 2008-09, they were \$1.8 billion but they were only \$0.8 billion in 2009-10. I was wondering why there was a greater than 100 per cent difference between the two years—over a billion dollars?

**Mr Ray**—I think that is going to a level of detail for which we would have to go back and look at some very detailed spreads.

**Senator BUSHBY**—It is a billion dollars.

**Mr Ray**—That billion dollars is probably made up of a lot of small numbers and we would need to go back and check. But we are happy to take it on notice to see what more detailed information we can provide you.

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#### Answer:

The government paid \$4.0 billion in interest payments in FY2008-09 and \$6.4 billion in FY2009-10. Of these amounts, 'Other financing costs' were \$1.8 billion in FY2008-09, and \$0.8 billion in FY2009-10.

As shown in the table below, GGS 'Other financing costs' mainly comprises finance lease payments and certain public debt transactions that are regarded as financing transactions.

	FBO 08-09 (\$m)	FBO 09-10 (\$m)
Finance leases	481	88
Sw ap interest paid	1,266	64
Interest (PDI and Non PD)	96	657
Dividend paid	1	1
<b>Total cash payment - other financing</b>	<b>1,844</b>	<b>810</b>

The main driver of the change in 'Other financing costs' was a decrease in aggregate swap interest payments from FY2008-09 to FY2009-10. This was a result of the winding down of the AOFM's interest rate swap program.

As AOFM's swap program was wound down, the total level of aggregate interest payments on these financial products fell. These financial products also attracted interest receipts that are not included in this financial table, which fell from \$1.1 billion in FY2008-09 to \$0.1 billion in FY2009-10.