

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 81 (AOFM)

Topic: Snowy Hydro debt

Hansard Page: E13

Senator SHERRY asked:

What is the total debt? There is an actual interest bill for 2005-06 of almost \$3.5 million; for 2006-07, it is \$2 million.

Mr Hyden—The total amount is \$20 million.

Senator SHERRY—This would be a policy decision, obviously, but you could pay off the debt or pay it out from sale proceeds, couldn't you? That is up to the government to decide.

Mr Hyden—We have no particular reason to do so at present.

Senator SHERRY—Yes. Other than that the Snowy is being sold.

Mr Hyden—The sale of the Snowy does not affect our commitment.

Senator SHERRY—I understand that, but the debt that is being carried could be paid out?

Mr Hyden—It could be.

Senator SHERRY—That is a decision for government. What is the interest rate on that debt?

Mr Hyden—I do not recall, but I see the budget estimate for next year is \$2 million, so that sounds as though it is about 10 per cent of the amount on issue.

Senator SHERRY—It does seem to be a fair rate of interest, doesn't it?

Mr Hyden—This is a debt that was contracted some years ago.

Senator SHERRY—Yes, by the Snowy.

Mr Hyden—Yes. I do not know the actual coupon rate, but presumably it is about that.

Senator SHERRY—Could you just take that on notice for me, please, and give me the actual interest rate on the debt? There may be different chunks of debt, or components with different rates, but if you could find that out for me, please do. I do not have anything else.

Answer:

The Snowy Hydro debt held by the Commonwealth was assumed by the Commonwealth on 27 June 2002, pursuant to section 18 (1) of the *Snowy Hydro*

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Corporatisation Act 1997. The remaining components of that debt and the amount outstanding and applicable interest rates are set out below.

Rate (per cent)	Maturity Date	Face value outstanding at 31 May 2006
Fixed Coupon		
10.2% semi annual	7 July 2007	16,000,000.00
8.25% semi annual	12 July 2008	4,000,000.00
	TOTAL	20,000,000.00