

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

Finance and Deregulation Portfolio

**Department/Agency: Department of Finance and Deregulation**

**Outcome/Program: 1/1.1**

**Topic: Interest paid on NBN Borrowings**

**Senator: Cormann**

**Question reference number: F8**

**Type of question: Hansard, F&PA Committee page 26, 23 May 2012**

**Date set by the committee for the return of answer: Friday, 6 July 2012**

**Number of pages: 1**

**Question:**

What is the breakdown over the forward estimates of the interest that will be paid on the NBN borrowings and what interest rate was used to calculate those estimates?

**Answer:**

The Australian Office of Financial Management undertakes a single Public Debt Interest (PDI) calculation on the basis of the Government's overall financing task. PDI costs associated with individual policies are not typically calculated nor disclosed.

PDI estimates are calculated using the contract interest rates incurred on existing Commonwealth Government Securities (CGS) when issued, and technical assumptions based on prevailing market rates across the yield curve, for yields on future CGS issuance.

The resultant weighted average yield on new issuance at the time of the 2012-13 Budget was forecast to be around 3.3 per cent across the forward estimates.