QTON No. 13

Legislative Assembly for the Australian Capital Territory
Standing Committee on Public Accounts and Administration

Inquiry into Annual and Financial Reports 2023–2024

Answer to question taken on notice

Asked by: MR ED COCKS MLA

Addressed to: MR CHRIS STEEL MLA, TRESURER

In relation to: DEBT FINANCING

Hearing: 13 February 2025
Uncorrected Proof Transcript pp 10
Transcript provided: 20 February 2025
Answer Due: 27 February 2025

Mr Cocks: And what proportion of that debt financing over the past four years has been interest only versus principal and interest?

Mr Steel: I do not know. Do you want to comment on that?

Mr Campbell: We can come back to your question on notice on that. I will take that on notice.

MR CHRIS STEEL MLA, TREASURER: The answer to the Member's question is as follows:

Capital is raised by the Territory through the issuance of Australian dollar debt securities in the Australian capital markets including medium term notes (bonds), inflation-linked bonds and short-term money market securities pursuant to the Territory's A$ Domestic Debt Issuance Programme.

Australian Government and Semi-government bonds are debt securities with medium to long-term maturities that carry an annual rate of interest (coupon) fixed over the life of the security, with interest paid semi-annually and principal repaid at maturity.

This is the most common form of debt security issued by the Australian Government and Semi Governments. This type of debt security more easily allows for investors to buy and sell these bonds in the Australian capital markets.

While there is a diverse range of debt securities available to investors, the issuance of longer-term debt securities (bonds) by Governments that include the ongoing payment of interest as well as the pay down of principal over time are not common.

All new capital raised by the Territory over the past four years has been via the issuance of debt securities that repay principal at maturity.

Approved for circulation to the Standing Committee on Public Accounts and Administration

Signature: Date: 3/3/25

By the Treasurer, Chris Steel MLA