



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Brendan Smyth MLA (Chair), Mary Porter AM MLA (Deputy Chair), Nicole Lawder MLA,
Yvette Berry MLA

Inquiry into proposed Appropriation (Loose Fill Asbestos Insulation Eradication) Bill 2014-15
ANSWER TO QUESTION TAKEN ON NOTICE
[Public hearing of 28 November 2014]



Asked by **Jeremy Hanson MLA**:

MR HANSON: You said that there was also the cost of interest to the Commonwealth in addition to the \$366 million. How much is that?

Mr Barr replied: It will be \$12.47 million in the current fiscal year and around \$35 million annually.

Mr Smyth asked the Under Treasurer: Is there a reason why you did not include the interest in [the financial modelling provided]?

Mr Miners replied: That one does not have interest in it, but we can certainly provide that.

Andrew Barr MLA: The answer to the Member's question is as follows:—

The \$35 million a year interest payments referenced were gross amounts, ie the amount payable to the Commonwealth on a loan of \$1 billion, based on the interest rates prevailing at the time the question was answered (28 November 2014). Net actual interest costs associated with the program will be determined by the actual interest rate the loan will be borrowed at and the net cash flows of the program. As such, it will only be possible to determine the exact impact over the 10 year term of the program once the actual cash flows from the program are known.

Since November 2014, the following matters have been settled:

- The initial drawdown of \$750 million was on 29 January 2015.
- The interest rate for this drawdown is 2.605 per cent.
- The second drawdown of \$250 million is expected on 15 July 2015.

Based on the agreement, the interest cost of the \$750 million that has been drawn down is \$8.2 million in 2014-15 (partial year impact) and the equivalent full year impact (from 2015-16) is \$19.5 million.

Approved for circulation to the Standing Committee on Public Accounts

Signature: *Andrew Barr*

Date: *31.3.2015*

By the Treasurer, Andrew Barr MLA