



SENATOR THE HON MATHIAS CORMANN

Minister for Finance
Leader of the Government in the Senate

THE HON PAUL FLETCHER MP

Minister for Communications, Cyber Safety and the Arts

JOINT MEDIA RELEASE

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NBN Co secures \$6.1 billion in private sector funding

The Morrison Government is pleased to announce that NBN Co has secured \$6.1 billion in debt finance on external markets, demonstrating strong support for NBN Co's outlook.

The new credit facilities each have a five-year term and represent NBN Co's inaugural long-term borrowing from private debt markets.

Finance Minister Mathias Cormann said that the strong interest on private debt markets to support the future financing needs of NBN Co demonstrated that there was strong support in the market for the NBN business plan and outlook.

"The Government had flagged some time ago that it expected NBN Co to pursue debt financing through external markets, including in order to start the process of re-financing its loan with the Commonwealth.

"NBN Co approached the bank market with a request for an initial \$2.0 billion, as foreshadowed in its 2020-23 Corporate Plan. Given the positive response from the market, NBN Co has secured additional lines of credit totalling \$4.1 billion at very competitive prices," Senator Cormann said.

"There is no requirement for NBN Co to draw down on these additional facilities immediately, but the Government agrees with the company that it makes sense to have these facilities in place, to give it flexibility and given current economic conditions."

Minister for Communications, Cyber Safety and the Arts, the Hon Paul Fletcher MP, said that NBN Co is at a pivotal point as it nears network build completion and prepares for its next phase of operations as a self-sustaining telecommunications wholesaler.

"The company has entered into arrangements with a number of Australian and international banks to secure funding through private debt, complementing Commonwealth Government funding capped at \$49 billion," Minister Fletcher said.

"NBN Co is expected to draw down \$2.0 billion from the \$6.1 billion raised and complete the

build within its \$51 billion funding envelope, as set out in its 2020-23 Corporate Plan. The additional funding will provide the company opportunities to invest and create even more value for Australians guided by future Corporate Plans.”

From the additional \$4.1 billion debt facilities, \$1.5 billion will be reserved for working capital to provide the company with added flexibility and to support NBN Co’s long term capital management strategy. The balance of funds is available for strategic investments with a positive return beyond the initial rollout phase and repayment of the Commonwealth loan, subject to shareholder approval.

As outlined in its 2019-22 Corporate Plan, NBN Co is expected to refinance its \$19.5 billion debt facility from the Australian Government with private debt by 30 June 2024. Having the additional private debt facilities provides NBN Co with the flexibility to pay down this loan without jeopardising its performance.

The Government remains committed to delivering the best-value National Broadband Network through NBN Co, providing all Australians access to reliable, fast and affordable broadband.

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