

HOME LOAN PORTFOLIO

Purpose

The Home Loan Portfolio is responsible for the administration of home loans, which were granted by the Commissioner for ACT Housing to assist low-income households in achieving home ownership. All ACT Government home buyer lending ceased in 1996.

The Portfolio's objective is to administer the remaining home loans effectively and efficiently.

2012-13 Priorities

Strategic and operational issues to be pursued in 2012-13 include:

- actively managing deferred assistance provided to borrowers; and
- continuing to review and monitor loans in arrears.

Estimated Employment Level

2010-11 Actual Outcome	2011-12 Budget	2011-12 Est. Outcome	2012-13 Budget
2 Staffing (FTE)	2	2	1

Output Classes

	Total Cost	
	2011-12 Est. Outcome \$'000	2012-13 Budget \$'000
Output Class 1:		
Home Loan Portfolio	4,225	3,995
Output 1.1: Home Loan Portfolio	4,225	3,995

Output Description

This output provides for the administration of the Home Loan Portfolio in line with the loan and deferral agreements between the Commissioner for Social Housing and the borrowers.

In 2012-13 the Home Loan Portfolio will:

- manage between 125 (2011-12 estimated outcome) and 105 (projection to 30 June 2013) loans; and
- comply with the Commonwealth Government's loan repayment schedule.

Accountability Indicators

	2011-12 Target	2011-12 Est. Outcome	2012-13 Target
1.1: Home Loan Portfolio			
a. Administration cost per home loan managed ¹	\$2,880	\$2,740	\$2,110

Note:

1. The decrease in the 2011-12 estimated outcome from the 2011-12 target is due to lower than anticipated consultant costs. The decrease in the 2012-13 target from the 2011-12 estimated outcome is due to a reduction in the cost of administering the new financial system and a reduction in the number of staff.

Home Loan Portfolio Operating Statement

2011-12 Budget \$'000		2011-12 Est. Outcome \$'000	2012-13 Budget \$'000	Var %	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000
Income							
Revenue							
5,914	Interest	5,205	4,445	-15	4,285	4,086	3,930
261	Other Revenue	713	333	-53	283	241	205
6,175	Total Revenue	5,918	4,778	-19	4,568	4,327	4,135
6,175	Total Income	5,918	4,778	-19	4,568	4,327	4,135
Expenses							
131	Employee Expenses	139	120	-14	121	123	124
30	Superannuation Expenses	29	31	7	31	31	32
199	Supplies and Services	174	70	-60	102	74	105
0	Depreciation and Amortisation	0	10	#	10	10	10
3,883	Borrowing Costs	3,883	3,764	-3	3,640	3,509	3,373
4,243	Total Ordinary Expenses	4,225	3,995	-5	3,904	3,747	3,644
1,932	Operating Result	1,693	783	-54	664	580	491
1,932	Total Comprehensive Income	1,693	783	-54	664	580	491

Home Loan Portfolio Balance Sheet

Budget as at 30/6/12 \$'000	Est. Outcome as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Var %	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000	Planned as at 30/6/16 \$'000	
Current Assets							
607	Cash and Cash Equivalents	562	515	-8	784	694	511
630	Receivables	1,292	1,200	-7	1,133	1,068	1,034
16,000	Investments	10,000	10,000	-	10,000	10,000	10,000
17,237	Total Current Assets	11,854	11,715	-1	11,917	11,762	11,545
Non Current Assets							
1,878	Receivables	1,540	1,328	-14	1,142	980	840
96,109	Investments	102,843	100,713	-2	96,486	91,872	89,578
0	Intangibles	0	40	#	30	20	10
0	Capital Works in Progress	50	0	-100	0	0	0
97,987	Total Non Current Assets	104,433	102,081	-2	97,658	92,872	90,428
115,224	TOTAL ASSETS	116,287	113,796	-2	109,575	104,634	101,973
Current Liabilities							
17	Payables	16	6	-63	9	6	9
2,766	Interest-Bearing Liabilities	2,766	2,891	5	3,021	3,157	3,299
98	Employee Benefits	110	112	2	115	118	120
2,881	Total Current Liabilities	2,892	3,009	4	3,145	3,281	3,428
Non Current Liabilities							
80,878	Interest-Bearing Liabilities	80,878	77,987	-4	74,966	71,809	68,510
80,878	Total Non Current Liabilities	80,878	77,987	-4	74,966	71,809	68,510
83,759	TOTAL LIABILITIES	83,770	80,996	-3	78,111	75,090	71,938
31,465	NET ASSETS	32,517	32,800	1	31,464	29,544	30,035
REPRESENTED BY FUNDS EMPLOYED							
31,465	Accumulated Funds	32,517	32,800	1	31,464	29,544	30,035
31,465	TOTAL FUNDS EMPLOYED	32,517	32,800	1	31,464	29,544	30,035

Home Loan Portfolio Statement of Changes in Equity

Budget as at 30/6/12 \$'000		Est. Outcome as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Var %	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000	Planned as at 30/6/16 \$'000
Opening Equity							
38,979	Opening Accumulated Funds	40,270	32,517	-19	32,800	31,464	29,544
38,979	Balance at the Start of the Reporting Period	40,270	32,517	-19	32,800	31,464	29,544
Comprehensive Income							
1,932	Operating Result for the Period	1,693	783	-54	664	580	491
1,932	Total Comprehensive Income	1,693	783	-54	664	580	491
0	Total Movement in Reserves	0	0	-	0	0	0
Transactions Involving Owners Affecting Accumulated Funds							
-9,446	Capital Distributions to Government	-9,446	-500	95	-2,000	-2,500	0
-9,446	Total Transactions Involving Owners Affecting Accumulated Funds	-9,446	-500	95	-2,000	-2,500	0
Closing Equity							
31,465	Closing Accumulated Funds	32,517	32,800	1	31,464	29,544	30,035
31,465	Balance at the End of the Reporting Period	32,517	32,800	1	31,464	29,544	30,035

Home Loan Portfolio Cash Flow Statement

2011-12 Budget \$'000		2011-12 Est. Outcome \$'000	2012-13 Budget \$'000	Var %	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
5,935	Interest Received	5,734	4,497	-22	4,326	4,132	3,950
5,935	Operating Receipts	5,734	4,497	-22	4,326	4,132	3,950
Payments							
131	Related to Employees	138	120	-13	121	122	124
25	Related to Superannuation	17	29	71	29	29	29
197	Related to Supplies and Services	188	79	-58	100	76	104
3,883	Borrowing Costs	3,883	3,764	-3	3,640	3,509	3,373
4,236	Operating Payments	4,226	3,992	-6	3,890	3,736	3,630
1,699	NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	1,508	505	-67	436	396	320
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
9,911	Proceeds from Sale/Maturity of Investments	9,844	2,130	-78	4,227	4,613	2,295
457	Repayment of Home Loan Principal	688	584	-15	497	422	359
10,368	Investing Receipts	10,532	2,714	-74	4,724	5,035	2,654
Payments							
0	Purchase of Land and Intangibles	50	0	-100	0	0	0
0	Investing Payments	50	0	-100	0	0	0
10,368	NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	10,482	2,714	-74	4,724	5,035	2,654
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments							
9,446	Distributions to Government	9,446	500	-95	2,000	2,500	0
2,647	Repayment of Borrowings	2,647	2,766	4	2,891	3,021	3,157
12,093	Financing Payments	12,093	3,266	-73	4,891	5,521	3,157
-12,093	NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	-12,093	-3,266	73	-4,891	-5,521	-3,157
-26	NET INCREASE / (DECREASE) IN CASH HELD	-103	-47	54	269	-90	-183
16,633	CASH AT THE BEGINNING OF REPORTING PERIOD	665	562	-15	515	784	694
16,607	CASH AT THE END OF REPORTING PERIOD	562	515	-8	784	694	511

Notes to Budget Statements

Significant variations are as follows:

Operating Statement

- interest:
 - the decrease of \$0.709 million in the 2011-12 estimated outcome from the original budget is due to lower than anticipated interest rates for both short-term and long-term investments, as well as lower than anticipated outstanding loans. The lower outstanding loans is due to a higher than anticipated number of repayments in advance; and
 - the decrease of \$0.760 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to a decrease in the forecast interest rate and a lower amount of funds invested in the Territory Banking Account, as a result of returning surplus equity to the Territory, as well as a reduction in outstanding loans.
- other revenue:
 - the increase of \$0.452 million in the 2011-12 estimated outcome from the original budget is due to a higher than anticipated write-down of the provision for doubtful debts in 2011-12; and
 - the decrease of \$0.380 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to lower write-down of the provision for doubtful debts in 2012-13 resulting from a reduction in outstanding loans.
- employee expenses: the decrease of \$0.019 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to the expected retirement of an employee.
- supplies and services:
 - the decrease of \$0.025 million in the 2011-12 estimated outcome from the original budget is due to lower than anticipated consultant costs; and
 - the decrease of \$0.104 million in the 2012-13 Budget from the 2011-12 estimated outcome is mainly due to the lower cost of administering the new financial system.
- borrowing costs: the decrease of \$0.119 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to the reduction in the amount of the Commonwealth loan liability.

Balance Sheet

- current receivables: the increase of \$0.662 million in the 2011-12 estimated outcome from the original budget is due to an increase in accrued revenue resulting from a change in methodology in accruing interest from long-term investments. This change in methodology only affects current receivables.

- current investments: the decrease of \$6 million in the 2011-12 estimated outcome from the original budget is due to transferring funds from short-term to long-term investments in order to maximise the investment returns.
- non current receivables:
 - the decrease of \$0.338 million in the 2011-12 estimated outcome from the original budget is due to a lower than anticipated amount of loans receivable. The lower loans receivable is due to a higher than anticipated amount of repayments in advance; and
 - the decrease of \$0.212 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to a lower number of loans receivable.
- non current investments:
 - the increase of \$6.734 million in the 2011-12 estimated outcome from the original budget is due to transferring funds from short-term to long-term investments as noted above; and
 - the decrease of \$2.130 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to the use of investments to meet Commonwealth loan commitments and the return of surplus funds to the Territory.
- capital works in progress: the increase of \$0.050 million in the 2011-12 estimated outcome from the original budget and the decrease of \$0.050 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to the development of a new financial management system that was completed in 2011-12.
- intangibles: the increase of \$0.040 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to capitalisation of the financial management system.
- current interest-bearing liabilities: the increase of \$0.125 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to an increase in the amount of principal repayment on the Commonwealth loan in the next 12 months.
- non current interest-bearing liabilities: the decrease of \$2.891 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to the reduction in the loan principal owing to the Commonwealth Government which is scheduled to be fully paid in 2040.

Statement of Changes in Equity

Variations in the statement are explained in the notes above.

Cash Flow Statement

Variations in the statement are explained in the notes above.