

## HOME LOAN PORTFOLIO

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### 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.

### 2011-12 Priorities

Strategic and operational issues to be pursued in 2011-12 include:

- actively managing deferred assistance provided to borrowers;
- continuing to review and monitor loans in arrears; and
- replacing the current Home Loan Portfolio financial management system.

### Estimated Employment Level

| 2009-10<br>Actual Outcome | 2010-11<br>Budget | 2010-11<br>Est. Outcome | 2011-12<br>Budget |
|---------------------------|-------------------|-------------------------|-------------------|
| 2 Staffing (FTE)          | 2                 | 2                       | 2                 |

### Output Classes

|  | Total Cost                        |                             |
|--|-----------------------------------|-----------------------------|
|  | 2010-11<br>Est. Outcome<br>\$'000 | 2011-12<br>Budget<br>\$'000 |
| <b>Output Class 1:</b>                 |                                   |                             |
| <b>Home Loan Portfolio</b>             | 4,320                             | 4,243                       |
| <b>Output 1.1: Home Loan Portfolio</b> | 4,320                             | 4,243                       |

### *Output Description*

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

In 2011-12 the Home Loan Portfolio will:

- manage between 145 (2010-11 estimated outcome) and 125 (projection to 30 June 2012) loans; and
- comply with the Commonwealth Government's loan repayment schedule.

## Accountability Indicators

|   | 2010-11<br>Target | 2010-11<br>Est. Outcome | 2011-12<br>Target |
|---|-------------------|-------------------------|-------------------|
| <b>1.1: Home Loan Portfolio</b>                           |                   |                         |                   |
| a. Administration cost per home loan managed <sup>1</sup> | \$2,570           | \$2,230                 | \$2,880           |

**Note:**

1. The 2010-11 estimated outcome reflects the higher number of outstanding loans estimated to remain within the portfolio (145 loans) compared to the 2010-11 Budget target (135 loans). The higher cost per loan in 2011-12 is the result of relatively fixed administration costs applied to a lower number of outstanding loans (predicted to be 125 loans) by 30 June 2012.

## Home Loan Portfolio Operating Statement

| 2010-11<br>Budget<br>\$'000 |                                   | 2010-11<br>Est.Outcome<br>\$'000 | 2011-12<br>Budget<br>\$'000 | Var<br>%   | 2012-13<br>Estimate<br>\$'000 | 2013-14<br>Estimate<br>\$'000 | 2014-15<br>Estimate<br>\$'000 |
|-----------------------------|-----------------------------------|----------------------------------|-----------------------------|------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Income</b>               |                                   |                                  |                             |            |                               |                               |                               |
| <b>Revenue</b>              |                                   |                                  |                             |            |                               |                               |                               |
| 5,124                       | Interest                          | 6,159                            | 5,914                       | -4         | 5,628                         | 5,560                         | 5,484                         |
| 0                           | Other Revenue                     | 567                              | 261                         | -54        | 217                           | 181                           | 151                           |
| <b>5,124</b>                | <b>Total Revenue</b>              | <b>6,726</b>                     | <b>6,175</b>                | <b>-8</b>  | <b>5,845</b>                  | <b>5,741</b>                  | <b>5,635</b>                  |
| <b>Gains</b>                |                                   |                                  |                             |            |                               |                               |                               |
| <b>0</b>                    | <b>Total Gains</b>                | <b>0</b>                         | <b>0</b>                    | <b>-</b>   | <b>0</b>                      | <b>0</b>                      | <b>0</b>                      |
| <b>5,124</b>                | <b>Total Income</b>               | <b>6,726</b>                     | <b>6,175</b>                | <b>-8</b>  | <b>5,845</b>                  | <b>5,741</b>                  | <b>5,635</b>                  |
| <b>Expenses</b>             |                                   |                                  |                             |            |                               |                               |                               |
| 139                         | Employee Expenses                 | 126                              | 131                         | 4          | 137                           | 141                           | 147                           |
| 17                          | Superannuation Expenses           | 30                               | 30                          | -          | 31                            | 32                            | 32                            |
| 191                         | Supplies and Services             | 167                              | 199                         | 19         | 173                           | 213                           | 184                           |
| 3,997                       | Borrowing Costs                   | 3,997                            | 3,883                       | -3         | 3,764                         | 3,640                         | 3,509                         |
| <b>4,344</b>                | <b>Total Ordinary Expenses</b>    | <b>4,320</b>                     | <b>4,243</b>                | <b>-2</b>  | <b>4,105</b>                  | <b>4,026</b>                  | <b>3,872</b>                  |
| <b>780</b>                  | <b>Operating Result</b>           | <b>2,406</b>                     | <b>1,932</b>                | <b>-20</b> | <b>1,740</b>                  | <b>1,715</b>                  | <b>1,763</b>                  |
| <b>780</b>                  | <b>Total Comprehensive Income</b> | <b>2,406</b>                     | <b>1,932</b>                | <b>-20</b> | <b>1,740</b>                  | <b>1,715</b>                  | <b>1,763</b>                  |

## Home Loan Portfolio Balance Sheet

| Budget<br>as at 30/6/11<br>\$'000        |                                      | Est.Outcome<br>as at 30/6/11<br>\$'000 | Planned<br>as at 30/6/12<br>\$'000 | Var<br>%   | Planned<br>as at 30/6/13<br>\$'000 | Planned<br>as at 30/6/14<br>\$'000 | Planned<br>as at 30/6/15<br>\$'000 |
|--|--------------------------------------|--|------------------------------------|------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Current Assets</b>                    |                                      |  |                                    |            |                                    |                                    |                                    |
| 16,546                                   | Cash and Cash Equivalents            | 16,633                                 | 16,607                             | ..         | 16,625                             | 16,729                             | 16,695                             |
| 610                                      | Receivables                          | 682                                    | 630                                | -8         | 581                                | 554                                | 530                                |
| <b>17,156</b>                            | <b>Total Current Assets</b>          | <b>17,315</b>                          | <b>17,237</b>                      | <b>..</b>  | <b>17,206</b>                      | <b>17,283</b>                      | <b>17,225</b>                      |
| <b>Non Current Assets</b>                |                                      |  |                                    |            |                                    |                                    |                                    |
| 2,219                                    | Receivables                          | 2,043                                  | 1,878                              | -8         | 1,740                              | 1,624                              | 1,527                              |
| 101,626                                  | Investments                          | 106,020                                | 96,109                             | -9         | 95,255                             | 94,127                             | 93,028                             |
| <b>103,845</b>                           | <b>Total Non Current Assets</b>      | <b>108,063</b>                         | <b>97,987</b>                      | <b>-9</b>  | <b>96,995</b>                      | <b>95,751</b>                      | <b>94,555</b>                      |
| <b>121,001</b>                           | <b>TOTAL ASSETS</b>                  | <b>125,378</b>                         | <b>115,224</b>                     | <b>-8</b>  | <b>114,201</b>                     | <b>113,034</b>                     | <b>111,780</b>                     |
| <b>Current Liabilities</b>               |                                      |  |                                    |            |                                    |                                    |                                    |
| 16                                       | Payables                             | 14                                     | 17                                 | 21         | 14                                 | 17                                 | 15                                 |
| 2,647                                    | Interest Bearing Liabilities         | 2,647                                  | 2,766                              | 4          | 2,891                              | 3,021                              | 3,157                              |
| 99                                       | Employee Benefits                    | 94                                     | 98                                 | 4          | 104                                | 110                                | 116                                |
| <b>2,762</b>                             | <b>Total Current Liabilities</b>     | <b>2,755</b>                           | <b>2,881</b>                       | <b>5</b>   | <b>3,009</b>                       | <b>3,148</b>                       | <b>3,288</b>                       |
| <b>Non Current Liabilities</b>           |                                      |  |                                    |            |                                    |                                    |                                    |
| 83,644                                   | Interest Bearing Liabilities         | 83,644                                 | 80,878                             | -3         | 77,987                             | 74,966                             | 71,809                             |
| <b>83,644</b>                            | <b>Total Non Current Liabilities</b> | <b>83,644</b>                          | <b>80,878</b>                      | <b>-3</b>  | <b>77,987</b>                      | <b>74,966</b>                      | <b>71,809</b>                      |
| <b>86,406</b>                            | <b>TOTAL LIABILITIES</b>             | <b>86,399</b>                          | <b>83,759</b>                      | <b>-3</b>  | <b>80,996</b>                      | <b>78,114</b>                      | <b>75,097</b>                      |
| <b>34,595</b>                            | <b>NET ASSETS</b>                    | <b>38,979</b>                          | <b>31,465</b>                      | <b>-19</b> | <b>33,205</b>                      | <b>34,920</b>                      | <b>36,683</b>                      |
| <b>REPRESENTED BY FUNDS<br/>EMPLOYED</b> |                                      |  |                                    |            |                                    |                                    |                                    |
| 34,595                                   | Accumulated Funds                    | 38,979                                 | 31,465                             | -19        | 33,205                             | 34,920                             | 36,683                             |
| <b>34,595</b>                            | <b>TOTAL FUNDS<br/>EMPLOYED</b>      | <b>38,979</b>                          | <b>31,465</b>                      | <b>-19</b> | <b>33,205</b>                      | <b>34,920</b>                      | <b>36,683</b>                      |

## Home Loan Portfolio Cash Flow Statement

| 2010-11<br>Budget<br>\$'000 |   | 2010-11<br>Est.Outcome<br>\$'000 | 2011-12<br>Budget<br>\$'000 | Var<br>%    | 2012-13<br>Estimate<br>\$'000 | 2013-14<br>Estimate<br>\$'000 | 2014-15<br>Estimate<br>\$'000 |
|-----------------------------|---|----------------------------------|-----------------------------|-------------|-------------------------------|-------------------------------|-------------------------------|
|                             | <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                                  |                             |             |                               |                               |                               |
|                             | <b>Receipts</b>   |                                  |                             |             |                               |                               |                               |
| 5,226                       | Interest Received   | 7,480                            | 5,935                       | -21         | 5,652                         | 5,564                         | 5,490                         |
| <b>5,226</b>                | <b>Operating Receipts</b>   | <b>7,480</b>                     | <b>5,935</b>                | <b>-21</b>  | <b>5,652</b>                  | <b>5,564</b>                  | <b>5,490</b>                  |
|                             | <b>Payments</b>   |                                  |                             |             |                               |                               |                               |
| 140                         | Related to Employees  | 126                              | 131                         | 4           | 136                           | 141                           | 146                           |
| 17                          | Related to Superannuation   | 27                               | 25                          | -7          | 25                            | 27                            | 27                            |
| 186                         | Related to Supplies and Services                                    | 186                              | 197                         | 6           | 176                           | 207                           | 185                           |
| 3,997                       | Borrowing Costs   | 3,997                            | 3,883                       | -3          | 3,764                         | 3,640                         | 3,509                         |
| <b>4,340</b>                | <b>Operating Payments</b>   | <b>4,336</b>                     | <b>4,236</b>                | <b>-2</b>   | <b>4,101</b>                  | <b>4,015</b>                  | <b>3,867</b>                  |
| <b>886</b>                  | <b>NET CASH INFLOW/<br/>(OUTFLOW) FROM<br/>OPERATING ACTIVITIES</b> | <b>3,144</b>                     | <b>1,699</b>                | <b>-46</b>  | <b>1,551</b>                  | <b>1,549</b>                  | <b>1,623</b>                  |
|                             | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                                  |                             |             |                               |                               |                               |
|                             | <b>Receipts</b>   |                                  |                             |             |                               |                               |                               |
| 1,029                       | Proceeds from Sale/Maturities of Investments                        | 0                                | 9,911                       | #           | 853                           | 1,129                         | 1,099                         |
| 630                         | Repayment of Home Loan Principal                                    | 552                              | 457                         | -17         | 380                           | 317                           | 265                           |
| <b>1,659</b>                | <b>Investing Receipts</b>   | <b>552</b>                       | <b>10,368</b>               | <b>#</b>    | <b>1,233</b>                  | <b>1,446</b>                  | <b>1,364</b>                  |
|                             | <b>Payments</b>   |                                  |                             |             |                               |                               |                               |
| 0                           | Purchase of Investments   | 2,228                            | 0                           | -100        | 0                             | 0                             | 0                             |
| <b>0</b>                    | <b>Investing Payments</b>   | <b>2,228</b>                     | <b>0</b>                    | <b>-100</b> | <b>0</b>                      | <b>0</b>                      | <b>0</b>                      |
| <b>1,659</b>                | <b>NET CASH INFLOW/<br/>(OUTFLOW) FROM<br/>INVESTING ACTIVITIES</b> | <b>-1,676</b>                    | <b>10,368</b>               | <b>719</b>  | <b>1,233</b>                  | <b>1,446</b>                  | <b>1,364</b>                  |
|                             | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                                  |                             |             |                               |                               |                               |
|                             | <b>Payments</b>   |                                  |                             |             |                               |                               |                               |
| 0                           | Distributions to Government   | 0                                | 9,446                       | #           | 0                             | 0                             | 0                             |
| 2,533                       | Repayment of Borrowings   | 2,533                            | 2,647                       | 5           | 2,766                         | 2,891                         | 3,021                         |
| <b>2,533</b>                | <b>Financing Payments</b>   | <b>2,533</b>                     | <b>12,093</b>               | <b>377</b>  | <b>2,766</b>                  | <b>2,891</b>                  | <b>3,021</b>                  |
| <b>-2,533</b>               | <b>NET CASH INFLOW/<br/>(OUTFLOW) FROM<br/>FINANCING ACTIVITIES</b> | <b>-2,533</b>                    | <b>-12,093</b>              | <b>-377</b> | <b>-2,766</b>                 | <b>-2,891</b>                 | <b>-3,021</b>                 |
| <b>12</b>                   | <b>NET INCREASE/<br/>(DECREASE) IN CASH<br/>HELD</b>                | <b>-1,065</b>                    | <b>-26</b>                  | <b>98</b>   | <b>18</b>                     | <b>104</b>                    | <b>-34</b>                    |
| <b>16,534</b>               | <b>CASH AT BEGINNING OF<br/>REPORTING PERIOD</b>                    | <b>17,698</b>                    | <b>16,633</b>               | <b>-6</b>   | <b>16,607</b>                 | <b>16,625</b>                 | <b>16,729</b>                 |
| <b>16,546</b>               | <b>CASH AT THE END OF<br/>THE REPORTING<br/>PERIOD</b>              | <b>16,633</b>                    | <b>16,607</b>               | <b>..</b>   | <b>16,625</b>                 | <b>16,729</b>                 | <b>16,695</b>                 |

## Home Loan Portfolio Statement of Changes in Equity

| Budget<br>as at 30/6/11<br>\$'000 |  | Est. Outcome<br>as at 30/6/11<br>\$'000 | Planned<br>as at 30/6/12<br>\$'000 | %          | Planned<br>as at 30/6/13<br>\$'000 | Planned<br>as at 30/6/14<br>\$'000 | Planned<br>as at 30/6/15<br>\$'000 |
|-----------------------------------|--|---|------------------------------------|------------|------------------------------------|------------------------------------|------------------------------------|
|                                   | <b>Opening Equity</b>  |   |                                    |            |                                    |                                    |                                    |
| 33,815                            | Opening Accumulated Funds  | 36,573                                  | 38,979                             | 7          | 31,465                             | 33,205                             | 34,920                             |
| <b>33,815</b>                     | <b>Balance at the Start of the Reporting Period</b>                    | <b>36,573</b>                           | <b>38,979</b>                      | <b>7</b>   | <b>31,465</b>                      | <b>33,205</b>                      | <b>34,920</b>                      |
|                                   | <b>Comprehensive Income</b>  |   |                                    |            |                                    |                                    |                                    |
| 780                               | Operating Result for the Period  | 2,406                                   | 1,932                              | -20        | 1,740                              | 1,715                              | 1,763                              |
| <b>780</b>                        | <b>Total Comprehensive Income</b>                                      | <b>2,406</b>                            | <b>1,932</b>                       | <b>-20</b> | <b>1,740</b>                       | <b>1,715</b>                       | <b>1,763</b>                       |
| <b>0</b>                          | <b>Total Movement In Reserves</b>                                      | <b>0</b>                                | <b>0</b>                           | <b>-</b>   | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           |
|                                   | <b>Transactions Involving Owners Affecting Accumulated Funds</b>       |   |                                    |            |                                    |                                    |                                    |
| 0                                 | Capital Distributions  | 0                                       | -9,446                             | #          | 0                                  | 0                                  | 0                                  |
| <b>0</b>                          | <b>Total Transactions Involving Owners Affecting Accumulated Funds</b> | <b>0</b>                                | <b>-9,446</b>                      | <b>#</b>   | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           |
|                                   | <b>Closing Equity</b>  |   |                                    |            |                                    |                                    |                                    |
| 34,595                            | Closing Accumulated Funds  | 38,979                                  | 31,465                             | -19        | 33,205                             | 34,920                             | 36,683                             |
| <b>34,595</b>                     | <b>Balance at the End of the Reporting Period</b>                      | <b>38,979</b>                           | <b>31,465</b>                      | <b>-19</b> | <b>33,205</b>                      | <b>34,920</b>                      | <b>36,683</b>                      |

### Notes to Budget Statements

Significant variations are as follows:

#### *Operating Statement*

- interest:
  - the increase of \$1.035 million in the 2010-11 estimated outcome from the original budget reflects higher than anticipated interest rates; and
  - the decrease of \$0.245 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to lower level of investment resulting from the return of surplus funds to the Territory in 2011-12 and from the reduction in outstanding loans.
- other revenue:
  - the increase of \$0.567 million in the 2010-11 estimated outcome from the original budget is due to a write-down of the provision for doubtful debts in 2010-11; and
  - the decrease of \$0.306 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to a lower write-down of the provision for doubtful debts in 2011-12.

- supplies and services:
  - the decrease of \$0.024 million in the 2010-11 estimated outcome from the original budget is due to lower than budgeted consultant expenses; and
  - the increase of \$0.032 million in the 2011-12 Budget from the 2010-11 estimated outcome is mainly due to costs associated with an external financial review of the Home Loan Portfolio.

#### *Balance Sheet*

- current and non current receivables:
  - the decrease of \$0.104 million in the 2010-11 estimated outcome from the original budget is due to a reduction in outstanding loans; and
  - the decrease of \$0.217 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to an anticipated reduction in outstanding loans.
- non current investments:
  - the increase of \$4.394 million in the 2010-11 estimated outcome from the original budget is mainly due to investment of surplus cash; and
  - the decrease of \$9.911 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to the return of surplus funds to the Territory of \$9.446 million in 2011-12.
- current and non current interest bearing liabilities: the decrease of \$2.647 million in the 2011-12 Budget from the 2010-11 estimated outcome represents the reduction in loan principal owing to the Commonwealth Government, which is scheduled to be fully paid in 2040.

#### *Cash Flow Statement*

Variances in the statement are explained in the notes above.

#### *Statement of Changes in Equity*

Variances in the statement are explained in the notes above.

