

APPENDIX C

SUMMARY AND TERMS OF DEBT CAPITAL INJECTION

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The Government finances a number of projects through debt capital injection to agencies. The decision is based on the nature of the individual project, the degree of commerciality, and the projected returns on the investment.

Where a debt capital injection is provided to an agency, the terms and conditions are disclosed in the Budget Papers under the requirements of the *Financial Management Act 1996*.

The loan is provided by the Central Financing Unit (CFU) to the agency, and internal to Government. It is supported by an appropriation and does not have any correspondence to external borrowings.

No new debt capital injection was provided in the 2000-01 Budget to individual government agencies.

The following table lists existing loans that are included in the 2000-01 Budget.

	2000-01	2001-02	2002-03	2003-04
	\$'000	\$'000	\$'000	\$'000
Department of Treasury and Infrastructure				
Kingston Foreshore	6 076			
Australian International Hotel School	1 000			
Department of Urban Services				
Business Restructure	5 000			
TOTAL	12 076			

Terms and Conditions

Kingston Foreshore Authority

The Government will continue its debt financing of the Kingston Foreshore Authority during 2000-01, as a follow on to the debt financing already provided. The use of this financing for 2000-01 will be subject to Government endorsement of the preferred development plan for Kingston Foreshore.

As with the existing Kingston Foreshore debts, interest on the loan is capitalised. The principal and capitalised interest will be repaid from revenues generated by the sale of land in the development.

Interest is to be charged on outstanding balance at 90 day bank bill swap rate plus 2%. The interest is reset each quarter and the principal can be repaid in full or part at any time without penalty.

Australian International Hotel School

The Government will provide loan funds to the AIHS in keeping with the financial restructure of the AIHS agreed in March 1997. The loan provides cash injections to meet operational costs until sufficient students are enrolled.

The loans are subject to interest based on the 5 year Commonwealth bond rate plus a margin of 3.25%. The interest is reset each quarter and the principal can be repaid in full or part at any time without penalty.

These injections were highlighted in the 1998-99 Budget, and 2000-01 is the end of the three year program.

Department of Urban Services - Business Restructure

A loan facility of \$10m was provided in the 1999-2000 Budget. The facility has been extended to 2000-01 with an expected \$5m to be drawn in 2000-01. Principal repayment is to commence in 2001-02 at \$1.5m per annum, with a final payment of \$2.5m in 2004-05. The loan facility is for one year. Interest is to be charged on outstanding balance at 90 day bank bill swap rate plus 1.5%. The interest is reset each quarter and the principal can be repaid in full or part at any time without penalty.