

APPENDIX C

SUMMARY AND TERMS OF DEBT CAPITAL INJECTION

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The Government may choose to finance a number of agency projects through debt. This decision is based on the nature of the individual project, the degree of commerciality, and the projected returns on the investment.

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

Loans provided in the form of repayable capital injections are supported by an appropriation. This does not necessarily have any connection to a corresponding external borrowing.

Details of outstanding issued loans and new loans provided for in the 2011-12 Budget are as follows:

ACTION

A loan of \$2.3 million was provided to ACTION in 2003-04. The loan is to be repaid by ACTION by 15 June 2014 with interest being charged at a fixed rate of 5.5 per cent, for the term of the loan.

Repayments comprise both principal and interest and are required to be repaid on a quarterly basis on 15 September, 15 December, 15 March and 15 June each year until maturity (if the repayment date falls on a non-business day, then the payment is to be made on the next available business day). Total repayments of \$0.301 million will be made in 2011-12.

ACTION may make principal repayments at any time, without penalty, at which time the principal and interest repayment schedule will be recalculated for the remaining term of the loan at the original fixed interest rate.

Department of Treasury

Community Housing Canberra (2007-08)

Treasury has been provided with a repayable capital injection from the Territory Banking Account. A total amount of \$50 million is being provided between 2007-08 and 2011-12.

The capital injection provides a finance facility for Community Housing Canberra (CHC), as part of the Government's *Affordable Housing Action Plan*. CHC uses the funds to increase the supply of affordable housing properties to eligible ACT residents. The facility is provided under a loan agreement with CHC. Drawdown of funds is contingent upon CHC meeting affordable housing milestones and growth targets.

An original amount of \$50 million was provided for drawdown between 2007-08 and 2011-12 for the delivery of 500 affordable rental properties by 2018.

The capital injections have and will be provided in instalments as follows:

Table C.1
Capital Injection to Treasury

	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Actual	Est. Outcome	Budget
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Injection	12,000	13,000	8,000	10,000	7,000

The finance facility is for a term of 30 years, expiring on 31 December 2037. Interest is calculated on the daily outstanding balance at the prevailing three month bank bill swap reference rate. The interest rate is set at the beginning of each quarter in accordance with the prevailing three-month bank bill swap reference rate. Interest is payable quarterly in arrears. Repayment of the capital injection will commence on 1 January 2018.

Treasury will make interest and principal payments to the Territory Banking Account on the same terms and conditions applying to Community Housing Canberra.

Community Housing Canberra (2011-12)

Treasury has been provided with a \$20 million repayable capital injection from the Territory Banking Account in 2011-12.

The capital injection provides a further loan to CHC to provide 90 dwellings for affordable rental in Crace, Bruce and Bonner. CHC will use the funds to increase the supply of affordable housing properties for rental to ACT residents on low to moderate incomes. Full drawdown of the funds will occur in 2011-12 and is contingent upon CHC delivering the 90 dwellings for affordable rental.

The loan is for a term of 25 years, expiring on 31 December 2036. Interest is calculated on the same basis as for the \$50 million CHC facility. Repayment of the loan will commence on 1 July 2021.

Treasury will make interest and principal payments to the Territory Banking Account on the same terms and conditions applying to the \$50 million loan to CHC.

University of Canberra

Treasury has been provided with a repayable capital injection from the Territory Banking Account. A total maximum amount of \$23.350 million will be available in 2011-12.

The capital injection is for the provision of financial assistance to the University of Canberra (UC) to enable it to purchase Wing 5 of Cameron Offices in Belconnen and refurbish it for approximately 210 student accommodation places. It is expected that the refurbishment project will be completed for the 2012 academic year.

The financial assistance is provided by Treasury under a loan agreement with the UC. The following terms apply in relation to interest calculations and the loan repayment:

- The loan drawdown period is 1 July 2011 to 30 June 2012.
- The loan repayment term is 14-years with the full repayment of the loan to be made by the UC by 1 April 2026.
- Interest is calculated on a fixed rate of 6.5 per cent for the term of the loan, commencing from the first loan drawdown instalment.
- Equal repayment instalments comprising interest and principal will be payable on a quarterly basis (being 1 October, 1 January, 1 April and 1 July each year), commencing on 1 July 2012 until maturity.

Treasury will make interest and principal payments to the Territory Banking Account on the same terms and conditions applying to the University of Canberra.

