

# **APPENDIX F**

## **SUMMARY AND TERMS OF DEBT CAPITAL INJECTION**



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### Introduction

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.

### Summary and Terms of Debt Capital Injection

Details of outstanding issued loans and new loans provided for in the 2014-15 Budget are as follows:

#### *Chief Minister and Treasury Directorate (CMTD)*

#### *Community Housing Canberra (CHC), 2007-08*

<b>Purpose</b>	The loan capital injection provides a finance facility for CHC, as part of the Government's <i>Affordable Housing Action Plan</i> . CHC uses the funds to increase the supply of affordable housing properties to eligible ACT residents.
<b>Loan Commencement</b>	2007-08
<b>Loan Limit Amount</b>	\$50 million
<b>Maturity Date</b>	31 December 2037
<b>Interest Rate</b>	Interest is calculated on the daily outstanding loan balance at the prevailing three month bank bill swap reference rate as at the beginning of the quarter and is payable quarterly in arrears.
<b>Principal Repayments</b>	Repayment of the loan principal will commence from 1 January 2018 at the earliest unless otherwise agreed, with the repayment schedule to otherwise be determined in May 2015.
<b>Repayment Structure</b>	CHC will make loan repayments to CMTD and CMTD will make loan repayments to the Territory Banking Account on the same terms and conditions applying to CHC.
<b>Estimated Principal Loan Balance at 30 June 2014</b>	\$50 million

*Community Housing Canberra (CHC), 2011-12*

<b>Purpose</b>	This loan capital injection builds on the \$50 million financing made available to CHC as part of the Government's <i>Affordable Housing Action Plan</i> . It will provide 90 dwellings for affordable rental to ACT residents on low to moderate incomes.
<b>Loan Commencement</b>	2011-12
<b>Loan Limit Amount</b>	\$20 million
<b>Maturity Date</b>	31 December 2036
<b>Interest Rate</b>	Interest is calculated on the daily outstanding loan balance at the prevailing three month bank bill swap reference rate as at the beginning of the quarter, and is payable quarterly in arrears.
<b>Principal Repayments</b>	Repayment of the loan principal will commence from 1 July 2021 at the earliest unless otherwise agreed, with the repayment schedule to otherwise be determined in May 2020.
<b>Repayment Structure</b>	CHC will make loan repayments to CMTD and CMTD will make loan repayments to the Territory Banking Account on the same terms and conditions applying to CHC.
<b>Estimated Principal Loan Balance at 30 June 2014</b>	\$18.112 million

*Exhibition Park Corporation (EPC)*

<b>Purpose</b>	The loan represents financial assistance to EPC to enable it to purchase Block 799 Gungahlin, for the purpose of leasing the block to a third party to develop and operate low cost accommodation facilities.
<b>Loan Commencement</b>	2013-14
<b>Loan Limit Amount</b>	\$1.5 million
<b>Maturity Date</b>	1 July 2031
<b>Interest Rate</b>	5 per cent, fixed
<b>Repayment Terms</b>	Quarterly instalments of principal and interest are to be repaid on 1 October, 1 January, 1 April and 1 July each year until maturity, commencing 1 October 2016 and thereafter up to and including the final payment being made on or before the Loan expiration date of 1 July 2031.
<b>Repayment Structure</b>	EPC will make loan repayments to CMTD and CMTD will make loan repayments to the Territory Banking Account on the same terms and conditions applying to EPC.
<b>Estimated Principal Loan Balance at 30 June 2014</b>	\$0.3 million. The loan will be drawn down in two instalments, between May 2014 and December 2014.

**Debt Capital Injection Repayments**

In May 2014, the University of Canberra (UC) repaid in full the loan provided to it via debt capital injection in 2011-12 that enabled the UC to develop student accommodation. The amount repaid was \$20,848,700.65.

In June 2014, ACTION made its final repayment of the \$2.3 million debt capital injection provided in 2003-04.