

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

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The Government may finance a number of projects through debt capital injection to agencies. This 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 from the Territory Banking Account and is supported by an appropriation. This does not necessarily have any connection to a corresponding external borrowing.

No new debt capital injections are provided in the 2005-06 Budget.

ACTION Authority is the only agency with an outstanding debt, as a result of a loan of \$2.3m that was provided to ACTION in 2003-04.

The loan is to be repaid by ACTION by 15 June 2014.

The loan is charged interest at a fixed rate of 5.50%, 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 \$0.301m will be made in 2005-06.

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.

### **Other loans**

During 2004-05 the Central Financing Unit assumed the liability associated with a loan issued to the Department of Urban Services (DUS).

DUS was previously appropriated to service the loan repayments, however, for procedural simplicity it was decided that the debt and matching appropriation would be transferred to CFU through the Budget from 1 July 2005.

