

HOME LOAN PORTFOLIO

Objectives

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 home buyer lending ceased in 1996.

The Portfolio's objective is to administer the remaining home loans effectively and efficiently.

2006-07 Priorities

Strategic and operational issues to be pursued in 2006-07 include:

- reviewing all unsecured loans; and
- enhancing reporting of insurance coverage for all home loans.

Output Class 1 – Home Loan Portfolio

	Total Cost	
	2005-06 Est. Outcome \$'000	2006-07 Budget \$'000
Output Class 1: Home Loan Portfolio	4,877	4,785
Output 1.1: Home Loan Portfolio	4,877	4,785

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 2006-07 the Home Loan Portfolio will:

- manage between 453 (2005-06 estimated outcome) and 366 (projection at 30 June 2007) loans; and
- comply with the Australian Government's loan repayment schedule.

Accountability Indicators

	2005-06 Targets	2005-06 Est. Outcome	2006-07 Target
1.1: Home Loan Portfolio			
a. Increase in net assets for the financial year. ¹	>\$2.5m	>\$5.0m	-
b. Administration cost per home loan managed. ²	\$816	\$837	\$1,038

Note

1. Measure discontinued.
2. The increase in the 2006-07 target is a result of the reduction of outstanding loans while administrative expenditure remains fixed at 2005-06 levels.

Home Loan Portfolio Operating Statement

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
Income							
Revenue							
7,683	Interest	7,289	7,580	4	7,602	7,633	7,659
0	Other Revenue	3,100	0	-100	0	0	0
7,683	Total Revenue	10,389	7,580	-27	7,602	7,633	7,659
Gains							
0	Total Gains	0	0	-	0	0	0
7,683	Total Income	10,389	7,580	-27	7,602	7,633	7,659
Expenses							
137	Employee Expenses	134	138	3	141	145	149
19	Superannuation Expenses	19	19	-	20	20	21
245	Supplies and Services	226	222	-2	223	225	229
4,498	Borrowing Costs	4,498	4,406	-2	4,311	4,211	4,106
4,899	Total Ordinary Expenses	4,877	4,785	-2	4,695	4,601	4,505
2,784	Operating Result	5,512	2,795	-49	2,907	3,032	3,154

Home Loan Portfolio Balance Sheet

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
Current Assets							
522	Cash	712	741	4	863	588	916
1,221	Receivables	1,175	1,061	-10	952	868	802
6,500	Investments	6,500	6,500	-	6,500	6,500	6,500
8,243	Total Current Assets	8,387	8,302	-1	8,315	7,956	8,218
Non Current Assets							
9,506	Receivables	8,175	6,712	-18	5,438	4,326	3,352
97,023	Investments	103,478	105,701	2	107,653	109,840	111,287
106,529	Total Non Current Assets	111,653	112,413	..	113,091	114,166	114,639
114,772	TOTAL ASSETS	120,040	120,715	..	121,406	122,122	122,857
Current Liabilities							
21	Payables	19	19	-	19	19	19
2,124	Interest Bearing Liabilities	2,124	2,220	5	2,320	2,424	2,533
43	Employee Benefits	26	27	4	28	30	31
2,188	Total Current Liabilities	2,169	2,266	4	2,367	2,473	2,583
Non Current Liabilities							
95,789	Interest Bearing Liabilities	95,789	93,569	-2	91,249	88,825	86,292
54	Employee Benefits	53	56	6	59	61	65
95,843	Total Non Current Liabilities	95,842	93,625	-2	91,308	88,886	86,357
98,031	TOTAL LIABILITIES	98,011	95,891	-2	93,675	91,359	88,940
16,741	NET ASSETS	22,029	24,824	13	27,731	30,763	33,917
REPRESENTED BY FUNDS EMPLOYED							
16,741	Accumulated Funds	22,029	24,824	13	27,731	30,763	33,917
16,741	TOTAL FUNDS EMPLOYED	22,029	24,824	13	27,731	30,763	33,917

Home Loan Portfolio Cash Flow Statement

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
7,620	Interest Received	8,039	7,556	-6	7,600	7,630	7,658
7,620	Operating Receipts	8,039	7,556	-6	7,600	7,630	7,658
	Payments						
152	Related to Employees	150	153	2	157	161	165
244	Related to Supplies and Services	221	223	1	223	225	230
4,498	Borrowing Costs	4,498	4,406	-2	4,311	4,211	4,106
4,894	Operating Payments	4,869	4,782	-2	4,691	4,597	4,501
2,726	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3,170	2,774	-12	2,909	3,033	3,157
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
2,117	Repayment of Home Loan Principal	1,860	1,602	-14	1,384	1,199	1,042
2,117	Investing Receipts	1,860	1,602	-14	1,384	1,199	1,042
	Payments						
3,084	Purchase of Investments	3,527	2,223	-37	1,951	2,187	1,447
3,084	Investing Payments	3,527	2,223	-37	1,951	2,187	1,447
-967	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-1,667	-621	63	-567	-988	-405
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Payments						
2,033	Repayment of Borrowings	2,033	2,124	4	2,220	2,320	2,424
2,033	Financing Payments	2,033	2,124	4	2,220	2,320	2,424
-2,033	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-2,033	-2,124	-4	-2,220	-2,320	-2,424
-274	NET INCREASE/(DECREASE) IN CASH HELD	-530	29	105	122	-275	328
7,296	CASH AT BEGINNING OF REPORTING PERIOD	7,742	7,212	-7	7,241	7,363	7,088
7,022	CASH AT THE END OF THE REPORTING PERIOD	7,212	7,241	..	7,363	7,088	7,416

Home Loan Portfolio Statement of Changes in Equity

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
13,957	Opening Balance	16,517	22,029	33	24,824	27,731	30,763
	Accumulated Funds						
2,784	Operating Result for the Period	5,512	2,795	-49	2,907	3,032	3,154
	Reserves						
2,784	Total Income And Expense For The Period	5,512	2,795	-49	2,907	3,032	3,154
	Transactions Involving Equity Holders Affecting Accumulated Funds						
16,741	Closing Balance	22,029	24,824	13	27,731	30,763	33,917

Notes to Budget Statements

Significant variations are as follows:

Operating Statement

- interest:
 - the decrease of \$0.394 million in the 2005-06 estimated outcome from the original budget is primarily due to the lower number of outstanding loans and the lower interest rate for investments relative to expectations of the 2005-06 Budget; and
 - the increase of \$0.291 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to a projected higher interest rate for investments, which offsets the continuing decline of home loan interest revenue.
- other revenue: the unbudgeted other revenue of \$3.1 million in the 2005-06 estimated outcome is due to the downward revision of the provision for doubtful debts from \$12.5 million to \$9.4 million as a result of the overall reduction of outstanding loans.

Balance Sheet

- current receivables: the decrease of \$0.114 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to a reduction in outstanding loans and some anticipated early discharge by borrowers.
- non-current receivables:
 - the decrease of \$1.331 million in the 2005-06 estimated outcome from the original budget is due to higher discharges than expected in the last quarter of 2004-05; and

- the decrease of \$1.463 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to expected early repayment of loans.
- non-current investments:
 - the increase of \$6.455 million in the 2005-06 estimated outcome from the original budget is due to the higher discharge of outstanding loan amounts than expected in the last quarter of 2004-05; and
 - the increase of \$2.223 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects interest revenue expected from long-term investments.
- current and non-current interest bearing liabilities: this represents the loan from the Australian Government, which is scheduled to be fully paid in 2040.

Cash Flow Statement

The major variances within the Cash Flow Statement are explained within the Operating Statement and Balance Sheet above.

Other significant variances are as follows:

- repayment of home loan principal:
 - the decrease of \$0.257 million in the 2005-06 estimated outcome from the original budget reflects more deferred assistance than anticipated in the last quarter of 2004-05; and
 - the decrease of \$0.258 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects the smaller balance of outstanding loans.

