SUMMARY AND TERMS OF DEBT CAPITAL INJECTION

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

No new debt capital injection was provided in the 2002-03 budget to individual government agencies.

Repayments of previously issued loans continue to be made by agencies, these include:

Department of Urban Services – Business Restructure

A loan facility of $10m was provided in the 1999-2000 Budget. Principal repayments commenced in 2000-01 with the following repayments expected from 2002-03, $0.8m, $0.680m and $0.3m respectively.

Interest is charged on the daily outstanding balance at the 90-day bank bill swap rate plus 1.5%. The interest is reset each quarter. Principle repayments can be made at any time without penalty.

Kingston Foreshore Development Authority

Kingston Foreshore Development Authority was provided with debt financing in the 2000-01 Budget and the 2001-02 Budget. Interest on the loan is capitalised, with the principal and capitalised interest to be repaid from revenues generated by the sale of land in the development. Principal repayments will commence in 2004-05, $12m and $1.441m respectively.

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