

2020-21 Budget

Summary and Terms of Debt Capital Injection

SUMMARY AND TERMS OF DEBT CAPITAL INJECTION

Introduction

The Government may choose to finance a number of agency projects through loans. This decision is based on the nature of the individual project and appropriate funding mechanism to support the Government's priorities and implementation of policy decisions.

Where a loan 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.

Summary and terms of Debt Capital Injection

Details of outstanding issued loans are set out below:

Chief Minister, Treasury and Economic Development Directorate (CMTEDD)

Community Housing Canberra (CHC), 2007-08

Purpose	The loan capital injection provides a finance facility for CHC, as part of the Government's <i>Affordable Housing Action Plan</i> . CHC is using the funds to increase the supply of affordable housing properties to eligible ACT residents.
Loan Commencement	2007-08
Loan Amount	\$50 million
Maturity Date	31 December 2037
Interest Rate	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.
Principal Repayments	Repayment of the loan principal (annual payments of \$2.5 million) commenced in December 2017. In recognition of the effects of the COVID-19 pandemic on CHC's operations, the payment of the 2019-2020 principal repayment of \$2.5 million has been deferred, with payment required by 30 June 2021.
Repayment Structure	CHC will make loan repayments to CMTEDD and CMTEDD will make loan repayments to the Territory Banking Account on the same terms and conditions applying to CHC.
Estimated Principal Loan Balance at 30 June 2021	\$45 million

Community Housing Canberra (CHC), 2011-12

Purpose	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.
Loan Commencement	2011-12
Loan Amount	\$18.112 million
Maturity Date	31 December 2036
Interest Rate	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.
Principal Repayments	The timing of the commencement and amounts of loan principal repayments is to be determined during the 2020-21 financial year.
Repayment Structure	CHC will make loan repayments to CMTEDD and CMTEDD will make loan repayments to the Territory Banking Account on the same terms and conditions applying to CHC.
Estimated Principal Loan Balance at 30 June 2021	\$18.112 million

Exhibition Park

Purpose	The loan represents financial assistance to the former Exhibition Park Corporation (EPC) ¹ 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.
Loan Commencement	2013-14
Loan Amount	\$1.5 million
Maturity Date	1 July 2033
Interest Rate	5 per cent, fixed
Repayment Terms	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 2018 and thereafter up to and including the final payment being made on or before the loan expiration date of 1 July 2033.
Repayment Structure	CMTEDD will make the loan repayments to the Territory Banking Account.
Estimated Principal Loan Balance at 30 June 2021	\$1.302 million

Note:

1. As notified on 3 December 2014, the *Exhibition Park Corporation Repeal Act 2014* resulted in the integration of the functions, staff, assets and liabilities of EPC into CMTEDD.

Sustainable Household Scheme

The Government will implement a program of zero interest loans to assist households and not-for-profit community organisations with the upfront costs of investing in rooftop solar panels; household battery storage; zero emission vehicles; and efficient electric appliances.

Funding for these loans will be provided to CMTEDD via capital injection. The capital injection will be repaid by CMTEDD to the Territory Banking Account.

Loans are estimated to commence in the 2020-21 financial year with further detailed work to be undertaken to establish a framework to guide the establishment, structure, and management of these loans.