

APPENDIX C

SUMMARY AND TERMS OF DEBT CAPITAL INJECTION

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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 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.

Details of outstanding issued loans and new loans provided for in the 2008-09 Budget, include:

ACTION

A loan of \$2.3 million was provided to ACTION in 2003-04. The loan is to be repaid by ACTION by 15 June 2014 with interest being charged at a fixed rate of 5.50 per cent, 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 \$0.301 million will be made in 2008-09.

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.

Department of Treasury

Treasury has been provided with a repayable capital injection from the Territory Banking Account. A total amount of \$50 million will be provided between 2007-08 and 2011-12.

The capital injection provides a finance facility for Community Housing Canberra (CHC), as part of the Government's *Affordable Housing Action Plan*. CHC will use the funds to increase the supply of affordable housing properties to eligible ACT residents. The facility is provided under a loan agreement with CHC. Drawdown of funds is contingent upon CHC meeting affordable housing milestones and growth targets.

The capital injection will be provided in instalments as follows:

Table C.1
Capital Injection to Treasury

	2007-08	2008-09	2009-10	2010-11	2011-12
	Estimated	Budget	Estimate	Estimate	Estimate
	Outcome				
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Injection	12,000	13,000	8,000	10,000	7,000

The finance facility is for a term of 30 years, expiring on 31 December 2037. CHC will pay interest on the finance, at the prevailing three month bank bill swap reference rate, with interest payments deferred for the first year. Repayment of the capital injection will commence on 1 January 2018.