

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 Government home buyer lending ceased in 1996.

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

2007-08 Priorities

Strategic and operational issues to be pursued in 2007-08 include:

- continuing the review of all unsecured loans; and
- improving the reporting of insurance coverage for all home loans.

Estimated Employment Level

	2006-07 Est. Outcome	2007-08 Budget
Staffing (FTE)	2	2

Output Classes

	Total Cost	
	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000
Output Class 1: Home Loan Portfolio	4,793	4,697
Output 1.1: Home Loan Portfolio	4,793	4,697

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 2007-08, the Home Loan Portfolio will:

- manage between 332 (2006-07 estimated outcome) and 250 (projection at 30 June 2008) loans; and
- comply with the Australian Government's loan repayment schedule.

Accountability Indicators

	2006-07 Target	2006-07 Est. Outcome	2007-08 Target
1.1: Home Loan Portfolio			
a. Administration cost per home loan managed ¹	\$1,038	\$1,162	\$1,548

Note

1. The increase in the 2007-08 target is a result of the reduction of outstanding loans while administrative expenditure remains static at 2006-07 levels.

Home Loan Portfolio Operating Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Income							
Revenue							
7,580	Interest	7,100	8,177	15	8,064	8,103	8,106
7,580	Total Revenue	7,100	8,177	15	8,064	8,103	8,106
Gains							
0	Total Gains	0	0	-	0	0	0
7,580	Total Income	7,100	8,177	15	8,064	8,103	8,106
Expenses							
138	Employee Expenses	139	143	3	147	148	152
19	Superannuation Expenses	19	19	-	20	20	21
222	Supplies and Services	229	224	-2	226	227	232
4,406	Borrowing Costs	4,406	4,311	-2	4,211	4,106	3,997
4,785	Total Ordinary Expenses	4,793	4,697	-2	4,604	4,501	4,402
2,795	Operating Result	2,307	3,480	51	3,460	3,602	3,704

Home Loan Portfolio Balance Sheet

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
Current Assets							
7,241	Cash and Cash Equivalents	16,375	17,206	5	17,620	18,160	19,802
1,061	Receivables	858	851	-1	767	716	680
8,302	Total Current Assets	17,233	18,057	5	18,387	18,876	20,482
Non Current Assets							
6,712	Receivables	3,565	2,494	-30	1,575	783	97
105,701	Investments	97,283	94,498	-3	96,234	97,720	97,974
112,413	Total Non Current Assets	100,848	96,992	-4	97,809	98,503	98,071
120,715	TOTAL ASSETS	118,081	115,049	-3	116,196	117,379	118,553
Current Liabilities							
19	Payables	19	19	-	19	19	19
2,220	Interest Bearing Liabilities	2,220	2,320	5	2,424	2,533	2,647
27	Employee Benefits	88	96	9	103	108	112
2,266	Total Current Liabilities	2,327	2,435	5	2,546	2,660	2,778
Non Current Liabilities							
93,569	Interest Bearing Liabilities	93,569	91,249	-2	88,825	86,292	83,644
56	Employee Benefits	0	0	-	0	0	0
93,625	Total Non Current Liabilities	93,569	91,249	-2	88,825	86,292	83,644
95,891	TOTAL LIABILITIES	95,896	93,684	-2	91,371	88,952	86,422
24,824	NET ASSETS	22,185	21,365	-4	24,825	28,427	32,131
REPRESENTED BY FUNDS EMPLOYED							
24,824	Accumulated Funds	22,185	21,365	-4	24,825	28,427	32,131
24,824	TOTAL FUNDS EMPLOYED	22,185	21,365	-4	24,825	28,427	32,131

Home Loan Portfolio Cash Flow Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
7,556	Interest Received	7,915	8,087	2	8,075	8,100	8,105
7,556	Operating Receipts	7,915	8,087	2	8,075	8,100	8,105
Payments							
153	Related to Employees	151	154	2	160	163	169
223	Related to Supplies and Services	241	224	-7	226	228	232
4,406	Borrowing Costs	4,406	4,311	-2	4,211	4,106	3,997
0	Other	4	0	-100	0	0	0
4,782	Operating Payments	4,802	4,689	-2	4,597	4,497	4,398
2,774	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3,113	3,398	9	3,478	3,603	3,707
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
0	Proceeds from Sale/Maturities of Investments	1,087	2,785	156	0	0	0
1,602	Repayment of Home Loan Principal	1,380	1,168	-15	993	846	723
1,602	Investing Receipts	2,467	3,953	60	993	846	723
Payments							
2,223	Purchase of Investments	0	0	-	1,737	1,485	254
2,223	Investing Payments	0	0	-	1,737	1,485	254
-621	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	2,467	3,953	60	-744	-639	469
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments							
0	Distributions to Government	0	4,300	#	0	0	0
2,124	Repayment of Borrowings	2,124	2,220	5	2,320	2,424	2,534
2,124	Financing Payments	2,124	6,520	207	2,320	2,424	2,534
-2,124	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-2,124	-6,520	207	-2,320	-2,424	-2,534

Home Loan Portfolio Cash Flow Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
29	NET INCREASE/(DECREASE) IN CASH HELD	3,456	831	-76	414	540	1,642
7,212	CASH AT BEGINNING OF REPORTING PERIOD	12,919	16,375	27	17,206	17,620	18,160
7,241	CASH AT THE END OF THE REPORTING PERIOD	16,375	17,206	5	17,620	18,160	19,802

Home Loan Portfolio Statement of Changes in Equity

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
22,029	Opening Balance	19,878	22,185	12	21,365	24,825	28,427
	Accumulated Funds						
2,795	Operating Result for the Period	2,307	3,480	51	3,460	3,602	3,704
	Reserves						
2,795	Total Income And Expense For The Period	2,307	3,480	51	3,460	3,602	3,704
	Transactions Involving Equity Holders Affecting Accumulated Funds						
0	Capital (Distributions)	0	-4,300	#	0	0	0
24,824	Closing Balance	22,185	21,365	-4	24,825	28,427	32,131

Notes to Budget Statements

Significant variations are as follows:

Operating Statement

- interest:
 - the decrease of \$0.480 million in the 2006-07 estimated outcome from the original budget is primarily due to a lower number of outstanding loans and a lower interest rate for investments relative to expectations of the 2006-07 Budget; and
 - the increase of \$1.077 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to a projected higher interest rate for investments.

Balance Sheet

- cash and investments: the decrease of \$1.954 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to the withdrawal of \$4.3 million of equity, partially offset by increased cash associated with loan repayments and interest revenue.
- current and non-current receivables:
 - the decrease of \$3.350 million in the 2006-07 estimated outcome from the original budget is due to higher loan discharges than expected in 2006-07; and
 - the decrease of \$1.078 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to a reduction in outstanding loans and some expected early repayment of loans.

- current and non-current interest bearing liabilities: the decrease of \$2.220 million in the 2007-08 Budget from the 2006-07 estimated outcome 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 \$0.222 million in the 2006-07 estimated outcome from the original budget reflects more deferred assistance than anticipated in 2005-06; and
 - the decrease of \$0.212 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the smaller balance of outstanding loans.
- distributions to Government: the distribution of \$4.3 million in the 2007-08 Budget is due to the withdrawal of equity to be invested in public housing.