

# **APPENDIX C**

## **SUMMARY AND TERMS OF DEBT CAPITAL INJECTION**



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The Government may choose to finance 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 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 2007-08 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 2007-08.

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 – Community Housing Canberra**

Treasury will be 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 funds will be used to establish a revolving finance facility for Community Housing Canberra (CHC) as part of the Government's Affordable Housing Action Plan initiative. The capital injection will be provided in instalments as follows:

**Table C.1**  
**Capital Injection for Community Housing Canberra**

	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
	<b>Budget</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Capital Injection	12,000	8,000	13,000	10,000	7,000

Interest will be paid by CHC to Treasury, calculated at the same rate as the ACT Government's cost of borrowings. Treasury will concurrently be charged the same rate of interest from the Territory Banking Account on the repayable capital injection.

Repayment for this capital injection will commence after the fifth year, with interest deferred in the first year and payable from the second year onwards. The loan facility is to be used only for affordable housing and is contingent upon affordable housing milestones and growth targets being met.