HOME LOAN PORTFOLIO

Objectives

The Home Loan Portfolio is responsible for the administration of home loans granted as a result of the Commonwealth State Housing Agreements (CSHA) which assists low income households in achieving home ownership.

The Portfolio's objective is to deliver home ownership to current mortgagers of the Commissioner for Housing ACT. It aims to achieve this by effectively administering existing home loan and deferral agreements between the Commissioner and borrowers. All ACT home buyer lending ceased in 1996.

2002-03 Highlights

Strategic and operational issues to be pursued in 2002-03 include resuming the internal management of the Portfolio on 1 October 2002.

Budgeted Financial Results

Section 31 of the *Financial Management Act 1996 (FMA)* advises that Chief Executives are responsible for achievement of financial results. For the purpose of Section 31 of the FMA, key budgeted results are specified in the Budget papers to improve accountability. An outcome of the increased accountability will be the requirement for Chief Executives to explain material variances from specified budget results.

In accordance with Section 31 of the FMA, following are the key budgeted results for the Department:

- ***Operating Result ($4.508m surplus)*** – this measure focuses on the financial performance of the Portfolio, and will measure the Portfolio's success in managing expenditure levels within the portfolio's revenue limitations;

- ***Current Ratio (11.4:1)*** **–** the current ratio is an indication of the ability to fund short term liabilities from short term assets. The Department has sufficient funds to cover its short term liabilities in the next financial year; and

- ***Debt Ratio (1.5:1)*** **–** the debt ratio is a measure of the relationship between total liabilities and total assets. The lower the ratio, the greater the asset protection. The ratio marginally improves across the forward years to 1.7:1 by 2005-06.

Home Loan Portfolio
Statement of Financial Performance

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	Revenue						
0	Interest	0	9 896	#	9 651	9 990	10 005
0	**Total Ordinary Revenue**	**0**	**9 896**	**#**	**9 651**	**9 990**	**10 005**
	Expenses						
0	Employee Expenses	0	118	#	121	124	127
0	Superannuation Expenses	0	19	#	20	20	21
0	Administrative Expenses	0	422	#	365	366	368
0	Borrowing Costs	0	4 749	#	4 669	4 585	4 496
0	Other Expenses	0	80	#	82	84	87
0	**Total Ordinary Expenses**	**0**	**5 388**	**#**	**5 257**	**5 179**	**5 099**
0	**Operating Result**	**0**	**4 508**	**#**	**4 394**	**4 811**	**4 906**
0	Transfer to/from Reserves	0	55	#	55	55	55
0	**Change In Equity Other Than Those Resulting From Transactions With Owners As Owners**	**0**	**55**	**#**	**55**	**55**	**55**
0	**Total Equity From Start of Period**	**0**	**0**	**-**	**52 095**	**56 544**	**61 410**
0	Inc/Dec in Net Assets from Admin Restructure	0	47 532	#	0	0	0
0	**Total Equity At The End of Period**	**0**	**52 095**	**#**	**56 544**	**61 410**	**66 371**

Home Loan Portfolio
Statement of Financial Position

Budget as at 30/6/02 $'000		Est.Outcome as at 30/6/02 $'000	Planned as at 30/6/03 $'000	Var %	Planned as at 30/6/04 $'000	Planned as at 30/6/05 $'000	Planned as at 30/6/06 $'000
	Current Assets						
0	Cash	0	450	#	450	450	450
0	Receivables	0	19 077	#	14 824	11 448	8 942
0	Investments	0	2 000	#	2 000	2 000	2 000
0	**Total Current Assets**	**0**	**21 527**	**#**	**17 274**	**13 898**	**11 392**
	Non Current Assets						
0	Receivables	0	25 284	#	15 069	6 886	734
0	Investments	0	109 123	#	126 180	140 665	152 255
0	**Total Non Current Assets**	**0**	**134 407**	**#**	**141 249**	**147 551**	**152 989**
0	**TOTAL ASSETS**	**0**	**155 934**	**#**	**158 523**	**161 449**	**164 381**
	Current Liabilities						
0	Interest Bearing Liabilities	0	1 862	#	1 945	2 033	2 124
0	Employee Entitlements	0	32	#	33	35	36
0	**Total Current Liabilities**	**0**	**1 894**	**#**	**1 978**	**2 068**	**2 160**
	Non Current Liabilities						
0	Interest Bearing Liabilities	0	101 892	#	99 946	97 913	95 789
0	Employee Entitlements	0	53	#	55	58	61
0	**Total Non Current Liabilities**	**0**	**101 945**	**#**	**100 001**	**97 971**	**95 850**
0	**TOTAL LIABILITIES**	**0**	**103 839**	**#**	**101 979**	**100 039**	**98 010**
0	**NET ASSETS**	**0**	**52 095**	**#**	**56 544**	**61 410**	**66 371**
	REPRESENTED BY FUNDS EMPLOYED						
0	Accumulated Funds	0	52 095	#	56 544	61 410	66 371
0	**TOTAL FUNDS EMPLOYED**	**0**	**52 095**	**#**	**56 544**	**61 410**	**66 371**

Home Loan Portfolio
Cashflow Statement

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
0	Interest Received	0	9 896	#	9 651	9 989	10 005
0	**Operating Receipts**	**0**	**9 896**	**#**	**9 651**	**9 989**	**10 005**
	Payments						
0	Related to Employees	0	137	#	141	144	148
0	Related to Administration	0	498	#	442	446	449
0	Borrowing Costs	0	4 749	#	4 669	4 585	4 498
0	**Operating Payments**	**0**	**5 384**	**#**	**5 252**	**5 175**	**5 095**
0	**NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**	**0**	**4 512**	**#**	**4 399**	**4 814**	**4 910**
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
0	Repayment of Home Loan Principal	0	17 665	#	14 520	11 616	8 713
0	**Investing Receipts**	**0**	**17 665**	**#**	**14 520**	**11 616**	**8 713**
	Payments						
0	Purchase of Investments	0	87 577	#	17 057	14 485	11 590
0	**Investing Payments**	**0**	**87 577**	**#**	**17 057**	**14 485**	**11 590**
0	**NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES**	**0**	**-69 912**	**#**	**-2 537**	**-2 869**	**-2 877**
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
0	Receipt of Transferred Cash Balances	0	69 631	#	0	0	0
0	**Financing Receipts**	**0**	**69 631**	**#**	**0**	**0**	**0**
	Payments						
0	Repayment of Borrowings	0	1 781	#	1 862	1 945	2 033
0	**Financing Payments**	**0**	**1 781**	**#**	**1 862**	**1 945**	**2 033**

Home Loan Portfolio
Cashflow Statement

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
0	**NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES**	**0**	**67 850**	**#**	**-1 862**	**-1 945**	**-2 033**
0	**NET INCREASE/(DECREASE) IN CASH HELD**	**0**	**2 450**	**#**	**0**	**0**	**0**
0	**CASH AT BEGINNING OF REPORTING PERIOD**	**0**	**0**	**-**	**2 450**	**2 450**	**2 450**
0	**CASH AT THE END OF THE REPORTING PERIOD**	**0**	**2 450**	**#**	**2 450**	**2 450**	**2 450**

Notes to Budget Statements

To assist with the understanding of financial information of the Department of Treasury, from 2002-03 the Home Loan Portfolio will be segregated from the Department of Treasury and treated as a separate department for financial reporting purposes. Although the 2001-02 original budget and estimated outcome have not been presented as it is incorporated in the Treasury financial statements, the notes below provide additional information regarding the Home Loan Portfolio's position.

Statement of Financial Performance

- interest revenue: is forecasted to increase in the 2002-03 Budget as a net result of increased earnings from investments, offset by decreased interest from home loans. The decrease in home loans is due to the reduction in home loan levels as past borrowers re-finance their loans with cheaper lenders. The repayment of loans increases levels of funds available for investment.

Statement of Financial Position

- current and non current interest bearing liabilities: this represents the loan from the Commonwealth Government which is scheduled to be fully paid in 2040.

Statement of Cash Flows

- purchase of investment: the purchase of long-term investments of $87.577m in the 2002-03 Budget reflects the Department's strategy in cash management; and

- transfer of cash balances: this is a transfer of cash balances of $69.631 in 2002-03 from the Department of Treasury reflecting the Home Loan Portfolio becoming a separate reporting entity from the Department.

OUTPUT CLASS 1: HOME LOAN PORTFOLIO [1]

PRINCIPAL MEASURES

OUTPUT 1.1: HOME LOAN PORTFOLIO

Description: Administration of the ACT Home Loan Portfolio.

Measures	**2001-02 Targets**	**2001-02 Est. Outcome**	**2002-03 Targets**
Quantity			
(a) Number of Home Loans managed.	–	–	871
(b) Interest rates applied are in line with Commonwealth Bank of Australia's standard variable home loan rate.	–	–	100%
(c) Commonwealth loans are repaid on time.	–	–	100%
Quality/Effectiveness			
(d) Treasurer and Chief Executive's satisfaction with advice as assessed by six monthly survey.	–	–	95%
Timeliness			
(e) Administrative services provided in line with completion dates and agreed turnaround times.	–	–	100%
Cost			
(f) Administrative cost per Home Loan managed.	–	–	$6 186
TOTAL COST ($’000)	**–**	**–**	**$5 388.0**

Notes

(1) The Home Loan Portfolio is a new reporting entity from 2002-03. In previous years this was part of the Department of Treasury.