LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED
- 2 JUL 2013
ACT LA
COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS

Asked by Mr Brendan Smyth MLA : Ms Katy Gallagher MLA, Minister for Higher Education took on notice the following question(s):

Ref: Hansard Proof Transcript 24 June 2013, PAGE 782

In relation to : Study Canberra

MR SMYTH: Thank you, Mr Chair. If we can go to the description of study Canberra on page 144 of budget paper 3, firstly, the financials at the top of the page on table 5.2.7. Why does the funding vary so much year from year?

Ms Katy Gallagher MLA : The answer to the Member's question is as follows:–

	2013-14	2014-15	2015-16	2016-17
StudyCanberra	205	718	664	504

Funding in 2013-14 provides for initial scoping and establishment of the initiative. In 2014-15 there is a one-off provision for ICT costs and, in that year, a range of other activities such as marketing, promotional activity, publications and printing commences. These activities continue throughout 2015-16 and 2016-17. In 2016-17 there is a reduction in funding provided for these other activities.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: K. Gallagher Date: 2/7/13

By the Minister for Higher Education Ms Katy Gallagher MLA

Estimates - QTON No. E13-131

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED
- 1 JUL 2013
ACT LA
COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Smyth MLA on 24 June 2013: Ms Joy Burch MLA, Minister for Education and Training took on notice the following question:

Hansard Transcript 24 June 2013, PAGE 122

In relation to : High School Vocational Education and Training (VET) courses and private providers

1. **MR SMYTH**: How many VET courses in high schools are delivered by private providers if any?

Ms Burch: As in private providers that are RTOSs?

MR SMYTH: That are delivering a course – yes.

Ms Burch: Okay, we will take that on notice.

THE CHAIR: You will take that on notice.

MR SMYTH: All right, if there are any you are not aware of any or—

Ms Burch: Look, I am deferring to officials who will say they will take it on notice.

2. **MR SMYTH**: Okay. If such courses are delivered how do private providers determine? Is it done by tender process?

Ms Cover: It depends on the funding source that the schools are using.

3. **MR SMYTH**: Okay, all right. So, if there any other that have been could you then tell me whether or not they were done by tender? And who makes the decision as to whether or not this course would go out to a provider?

Ms Joy Burch MLA : The answer to the Member's question is as follows:–

INSTRUCTIONS FOR ANSWERING QUESTIONS TAKEN ON NOTICE (QTON):

1. QTON answers must be lodged in signed hard copy (not emailed) to the Committee Support office within **5 working days of the hearing day when the question was taken on notice.** Day 1 is the first working day after the day of the hearing in which the question is taken on notice. ***Example:*** *If the question is taken on notice on Monday, you must submit the answer by close of business the following Monday. This applies even if the hearings for the portfolio stretch across several days.*
2. Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page number/s, and a hyperlink to the document, if it is published on the internet.

1. The Directorate does not collect school level data regarding high school VET courses delivered by private RTOs. ACT public high schools make autonomous decisions to engage private RTOs to deliver VET qualifications to meet the individual needs of their students.

2. ACT Government schools are subject to ACT Government Procurement processes when engaging private RTOs.

3. The Directorate engages private RTOs on behalf of schools when appropriate. These arrangements include normal ACT Government Procurement processes and individual and collective MOUs with providers such as CIT and Auswide. These procurement processes vary as the target groups of students receiving the training include students attending Murrumbidgee Education and Training Centre and students participating in flexible learning options to maintain engagement with formal education. Decisions are exercised through normal delegations.

Approved for circulation to the Select Committee on Estimates 2013-2014
Signature: Date: 1/7/13
By the Minister for Education and Training, Joy Burch MLA

Estimates - QTON No. E13-132

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

RECEIVED - 1 JUL 2013 ACT LA COMMITTEE SUPPORT

Asked by Mr Hanson MLA on 24 June 2013: Ms Joy Burch MLA took on notice the following question(s):

Hansard Transcript 24 June 2013, PAGE 125

In relation to: Apprenticeship numbers:

THE CHAIR: In terms of the numbers, and you say there is a drop-off, have you got that detail, you know, last financial year compared to this financial year or calendar year so that we can get a bit of a comparison? Because are you talking about reduction of 10 per cent, 20 per cent, and what that is in actual raw numbers?

Ms Burch: Sorry, chair, I am just looking across, and ETD could probably take that on notice.

THE CHAIR: If you could, just so that when you are talking about that drop-off I can get a bit of a comparison. It would be quite—it might be, and we might consider it for the report, an interesting statistic so that we can track where that is going, because it is a bit of an indication of employment activity if nothing else. Dr Bourke.

Ms Joy Burch MLA : The answer to the Member's question is as follows:–

The number of commencements of construction trades apprentices in 2012 was 307, compared with 388 in 2011. This was a decrease of 81 commencements or 21%.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Date: 1/7/13

By the Minister for Education and Training, Ms Joy Burch MLA

INSTRUCTIONS FOR ANSWERING QUESTIONS TAKEN ON NOTICE (QTON):

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2. Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page number/s, and a hyperlink to the document, if it is published on the internet.

Estimates - QTON No. E13- 133

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED - 1 JUL 2013 COMMITTEE SUPPORT ACT LA

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by MR COE on Monday 24th June 2013: MR SIMMONS took on notice the following question:

Ref: Hansard Transcript Monday 24th June 2013 - Page 9

In relation to: Stop Work Notices

Can you please take on notice a request to provide the estimates committee with the number of stop work notices issued broken down by month over the last year?

MINISTER CORBELL: The answer to the Member's question is as follows:

2011/12 By Month	Number of stop work notices	2012/13 By Month	Number of stop work notices
July 2011	NIL	July 2012	5
August 2011	1	August 2012	4
September 2011	5	September 2012	NIL
October 2011	NIL	October 2012	NIL
November 2011	3	November 2012	3
December 2011	NIL	December 2012	2
January 2012	NIL	January 2013	1
February 2012	1	February 2013	3
March 2012	1	March 2013	1
April 2012	1	April 2013	NIL
May 2012	5	May 2013	7
June 2012	2	June 2013	NIL

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Date: 1·7·13

By the Minister for the Environment and Sustainable Development, Simon Corbell

Estimates - QTON No. E13-134

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014

JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED
- 1 JUL 2013
ACT LA
COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Dr Chris Bourke MLA on 24 June 2013: Minister Joy Burch, Minister for Education and Training took on notice the following question:

Hansard Transcript 24 June 2013, PAGE 122

In relation to: Names of Private providers of training courses

DR BOURKE: Perhaps another supplementary there. We might just have to talk about what public and private providers are in the territory because nobody can tell us who the public providers are who the other, presumably, the other 150 whatever the ...(indistinct)...4.54.44

Ms Burch: There is a public list on the 150-odd providers so we can provide that to the committee.

DR BOURKE: Sure.

Minister Joy Burch MLA : The answer to the Member's question is as follows:–

The list below identifies the 165 registered training organisations:

No.	RTO Code	Legal Entity
1	90821	AAPC Ltd
2	90166	Academy Holdings Pty Ltd
3	88203	Access Recognised Training Pty Ltd
4	21318	Access Training and Logistics Pty Ltd
5	91498	Access Training Institute Pty Ltd
6	88091	ACT Emergency Services Agency
7	1350	ActewAGL Distribution
8	5800	Alan Bartlett Consulting Pty Ltd
9	88177	Anglicare Canberra & Goulburn
10	90294	Applied Training Solutions Pty Ltd

<u>**INSTRUCTIONS FOR ANSWERING QUESTIONS TAKEN ON NOTICE (QTON):**</u>

1. QTON answers <u>must</u> be lodged in signed hard copy (not emailed) to the Committee Support office within **5 working days of the hearing day when the question was taken on notice.** Day 1 is the first working day after the day of the hearing in which the question is taken on notice. ***Example:*** *If the question is taken on notice on Monday, you must submit the answer by close of business the following Monday. This applies even if the hearings for the portfolio stretch across several days.*
2. Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page number/s, and a hyperlink to the document, if it is published on the internet.

No.	RTO Code	Legal Entity
11	3558	Apprentices Trainees Employment Limited
12	3605	Australian Red Cross Society
13	5404	Australian Child Care Career Options (ACCCO) Pty Ltd
14	1441	Australian College of Commerce and Management Pty Ltd
15	88156	Australian College of Management Studies Pty Ltd
16	21762	Australian College of Project Management Pty Ltd
17	4282	Australian Forensic Services
18	91311	Australian Institute of Financial Services and Accounting Pty Ltd
19	90383	Australian Institute of Management NSW & ACT Training Centre Ltd
20	32363	Australian Institute of Personal Trainers Pty Ltd
21	88169	Australian International Education Academy Pty Ltd
22	88160	Australian Public Service Commission
23	4049	Australian Retailers Association
24	6854	Australian Salesmasters Training Co Pty Ltd
25	88065	Australian Security Education and Consulting Pty Ltd as Trustee for The Rees Family Trust
26	5673	Australian Training Company Limited
27	88146	Australian Vocational Training Academy Pty Ltd
28	90282	Auswide Projects Ltd
29	90976	Avana Learning Pty Ltd
30	91758	BCA National Training Group Pty Ltd
31	91308	Blue Visions Management Pty Ltd
32	31492	Bridgeworks Personnel Ltd
33	1010	Canberra Institute of Technology
34	0441	Caloola Farm
35	2194	Capital Careers Pty Ltd
36	88126	Capital Hairdressing Academy and Regional Training Pty Ltd
37	88145	Capital Training Institute Pty Ltd
38	21356	CLB Training and Development Pty Ltd as The Trustee for the CLB Unit Trust
39	88123	CMA Training Group Pty Ltd
40	88213	College of Transformation, Education and Training Pty Ltd
41	88148	Communities@Work
42	6022	Community Programs Association Inc
43	88174	Contract Me Pty Ltd as trustee for the Learning Options Discretionary Trust
44	7117	Daramalan College
45	91426	Dental Assistant Training Solutions Pty Ltd
46	90347	Department of Education and Communities - Illawarra South East Region
47	6045	Department of Justice and Community Safety - ACT Corrective Services
48	88007	Dickson College
49	88159	Distance Learning Australia Pty Ltd
50	91827	Diversity Skills Training Pty Ltd
51	88000	Erindale College

No.	RTO Code	Legal Entity
52	60043	Esset Group Pty Ltd
53	0826	First Impressions Resources Pty Ltd
54	6333	Flexible Training Solutions Pty Ltd
55	140006	Focus Training Solutions Pty Ltd
56	0117	Ford Motor Company of Australia Limited
57	7134	Franklyn Scholar (Australia) Pty Ltd
58	90432	Furnishing Industry Association of Australia Ltd
59	70060	Green Skills Institute (Aust) Pty Ltd
60	88208	Gungahlin College
61	88006	Hawker College
62	0416	Holmesglen Institute of TAFE
63	110085	Honora Pty Ltd
64	90157	House with No Steps
65	90456	Illawarra Retirement Trust
66	31854	Indigo Healthcare Education Pty Ltd
67	21774	Industry Education and Training Services Pty Ltd
68	40033	Insight International Consultancy Pty Ltd
69	31518	Intellitrain Pty Ltd
70	6170	Interaction Consulting Group Pty Ltd
71	91289	ISA Kiama Pty Ltd
72	90940	J2S Training Solutions Pty Ltd
73	90277	JB Hunter Technology Pty Ltd
74	88185	JCE Positive Outcomes Pty Ltd
75	91130	JKR Training for Business Pty Ltd
76	90702	JWW Trading Pty Ltd
77	90116	Kaplan Education Pty Ltd
78	88191	Key 2 Learning Pty Ltd
79	52247	Kirana Training Pty Ltd
80	88005	Lake Ginninderra College
81	88010	Lake Tuggeranong College
82	3908	Leadership Management Australia Pty Ltd
83	91718	Learning Sphere Training Solutions Pty Ltd
84	88167	Mantra Training and Development Pty Ltd
85	88004	Marist College Canberra
86	0667	Max Network Pty Ltd
87	90924	Maxwell's Services Pty Ltd
88	88163	MBA Group Training Limited
89	90820	McDonald's Australia Ltd
90	110082	McMasters Training Pty Ltd
91	88187	McMillan Staff Development Pty Ltd
92	3945	MEGT (Australia) Ltd
93	88012	Melba Copland Secondary School

No.	RTO Code	Legal Entity
94	88011	Merici College
95	6859	Milcom Communications Pty Ltd
96	21524	Mint Training Pty Ltd
97	88158	Mitchell Personnel Solutions (Training) Pty Ltd
98	3974	Murray Mallee Training Company Ltd
99	88013	Narrabundah College
100	91000	National College Australia Pty Ltd
101	90140	National Insurance Brokers Association of Australia
102	40470	National Training Group Pty Ltd
103	21792	National Training Pty Ltd
104	121487	Origin Human Resources Pty Ltd
105	91386	Paradigm Training Services Pty Ltd
106	5336	People and Strategy (ACT) Pty Ltd ATF People and Strategy Unit Trust
107	91597	Perceptum Training Partners Pty Ltd
108	90068	Performance Edge Systems Pty Ltd
109	6928	Performis Pty Ltd
110	122206	Pharmaceutical Society of Australia Limited
111	91220	Property Training Solutions Pty Ltd
112	0812	Quest Group PTY Ltd.
113	90933	Ramsden Telecommunications Training Pty Ltd
114	91280	REACH for Training Pty Ltd
115	91669	Real Corporate Partners Pty Ltd
116	91420	Rebel Group Ltd
117	91429	Recognition First Pty Ltd
118	2096	Regional Group Training Ltd
119	6494	Smart City Vocational College Pty Ltd
120	3910	Smart Connection Company Pty Ltd
121	88016	Southside Community Services. Inc.
122	88009	St Clare's College
123	88024	St Francis Xavier College
124	88003	St Mary MacKillop College
125	4567	Stanborough Wemyss Contracting Pty Ltd
126	31418	Strategix Training Group Pty Ltd
127	110028	Strive Training Australia Pty Ltd
128	91318	Subway Development of NSW & ACT Pty Limited
129	6187	Sustainable Learning Australasia Pty Ltd
130	91054	Tactical Training Group Pty Limited
131	90006	TAFE NSW - Illawarra Institute
132	90010	TAFE NSW - North Coast Institute
133	90005	TAFE NSW - Riverina Institute
134	90000	TAFE NSW - Western Sydney Institute
135	90008	TAFE NSW South Western Sydney Institute

No.	RTO Code	Legal Entity
136	90731	Targett Retail Training Pty Ltd
137	90225	The Australian Electrotechnology Industry Training Centre Ltd
138	88008	The Canberra College
139	90299	The Change Network Pty Ltd
140	91474	The College of Nursing
141	30957	The Daniels Associates of Australasia Pty Ltd
142	91450	The LDC Group Asia Pacific PTY LTD
143	0452	The Pharmacy Guild of Australia
144	90900	The Recovre Training Services Pty Ltd
145	21481	The Trustee for The KnowledgeSpace Trust
146	88136	The WISE Academy Pty Ltd
147	88171	Train4Life Pty Ltd
148	91246	Training & Development Australia Pty Ltd
149	88152	Transformed Pty Ltd
150	0201	Transport Industries Skills Centre
151	90388	Transqual Pty Ltd
152	6754	UNE Partnerships Pty Ltd
153	6330	Unity College Australia Incorporated
154	5088	University of Canberra College Pty Limited
155	40374	Upskilled Pty Ltd
156	91034	Vantage Automotive
157	90380	Vocational Institute of Australia Pty Ltd
158	91178	WG Learning Pty Ltd
159	3045	William Angliss Institute of TAFE
160	88062	Wisdom Learning Pty Ltd
161	91447	Wise Education Group Limited Partnership
162	3097	Wodonga Institute of TAFE
163	90688	Woolworths Limited
164	91778	Work Savvy Pty Ltd
165	1373	Young Women's Christian Association of Canberra

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Date: 1/7/13

By the Minister for Education and Training, Joy Burch

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Minister Burke on 25 June 2013: Mr Robert Neil took on notice the following question(s):

Uncorrected Proof Transcript page 56

In relation to :

Economic impact of closing Lake Burley Griffin to all recreation

Mr Neil : The answer to the Member's question is as follows:–

Mr Ian Lawrence — environmental engineer and scientist, and Senior Research Fellow with the Cooperative Research Centre for eWater undertook an assessment of the economic values of Lake Burley Griffin for the OCSE as part of the *Investigation into the state of the water courses and catchments for Lake Burley Griffin*.

This assessment was not intended as a Benefit/Cost analysis, but rather an identification of the economic benefits flowing to the Canberra community as a result of activities based on or associated with the Lake values and amenity, and the impact on these benefits as a result of actual or perceived water quality issues and Lake closures.

The economic assessment showed that the Lake has a significant financial value to the ACT economy, contributing more than $23 million a year, through both direct and indirect economic benefits. A summary of values is listed in Table 1 below.

Table Summary of Economic Assessment User category

	Annual economic value	Added value	Total annual value	Annual loss of Lake closure
Water abstraction	$2,453,340	0	$2,453,340	$6,146,540
Boat cruises & charter	$1,422,000	$1,032,000	$2,454,000	$1,652,000
Bicycle & boat hire	$709,800	0	$709,800	$630,000
Restaurants added value	0	$4,260,600	$4,260,600	$2,130,300
Sailing	$655,000	$240,000	$895,000	$1,026,000
Triathlons, marathons	$610,000	$1,120,000	$1,730,000	$1,852,000
Rowing	$6,366,563	$3,600,000	$9,966,563	$11,239,876
Dragon boats	$148,000	$200,000	$348,000	$377,600
Water skiing	$40,000	$80,000	$120,000	$128,000
Canoeing & kayaking	$66,000	$192,000	$258,000	$271,200
Model boats	$600		$600	$720
Sea Scouts	$19,900		$19,900	$23,880
Fishing	$29,500	$15,000	$44,500	$35,400
Total value	$12,520,700	$10,739,600	$23,260,300	$25,513,500

Notes:

Annual economic value: Income from membership, event entry fees, hire of equipment, hire of storage space, hire of facilities, sale of food & beverage.

Annual added value: Additional expenditure made by interstate & international participants in Club events, on accommodation, food & beverage, & patronage of other facilities.

Total annual value: Annual Club/Organisation value + Annual added value

Annual cost of closure: Annual income lost and expenses incurred as a result of loss of access to Lake, plus cost of disposal of equipment, plus cost to Canberra members for travel to facilities outside of Canberra, plus loss of 'annual added value'.

The full report by Mr Lawrence can be found on the OCSE website - http://www.envcomm.act.gov.au/__data/assets/pdf_file/0007/248254/Investigation_into_the_state_of_Lake_Burley_Griffin_and_catchment_Economic_impact_of_Lake_Burley_Griffin_water_quality_issues.pdf

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Date: 1 July 2013

By the Commissioner for Sustainability and the Environment, Mr Robert Neil

Estimates - QON No. E13-136

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

ANSWER TO QUESTION ON NOTICE

RECEIVED 15 JUL 2013 ACT LA COMMITTEE SUPPORT

MR STEVE DOSZPOT MLA: To ask the Minister for Education and Training

Ref: Education and Training, Budget paper 4, page number 293, 297, Output Class 1

In relation to: Private Providers of Vocational Training

1. How many private providers of vocational training are based in the ACT?
2. Is there any requirement for private RTOs to register with the ACT Government?
3. The budget notes that ACT vocational education and training policy and funding priorities are developed in consultation with industry and community groups. Typically who would be consulted?
4. 29,500 students are targeted for VET in the ACT during 2013-14
   i. How many of those students are in high schools?
   ii. What monitoring is done of students undertaking courses in ACT high schools?
5. How many VET courses in high schools are delivered by private providers?
6. Are these courses advertised by a tender process?
7. Who is involved in the decision for a school to deliver vocational training in the school?
8. Does vocational education in school always involve additional teaching staff?

Joy Burch MLA: The answer to the Member's question is as follows:–

1. There are 60 privately listed registered training organisations based in the ACT.
2. Registered training organisations wishing to access government subsided funding in the ACT must apply for an ACT Funding Agreement.
3. The Education and Training Directorate consults with a range of stakeholders including registered training organisations, the community sector, industry skills councils and the ACT business community, on various funded training initiative policies, via the Directorate website, workshops and quarterly stakeholder forums.
4. i The Directorate does not have disaggregated data for the high school sector level for this target.

   ii When a Registered Training Organisation (RTO) other than an ACT senior secondary college is used, the monitoring responsibility remains with the RTO.

5. See QTON 13/131

6. See QTON 13/131

7. See QTON 13/131

8. No, when a teacher at an ACT public high school and/or college delivers a recognised VET course to students at their school, the teacher must meet all requirements as stipulated by the national standards that govern all accredited vocational education and training delivery.

Approved for circulation to the Select Committee on Estimates 2013-2014 Signature: Date: 12.7.13 By the Minister for Education and Training, Joy Burch MLA

Estimates - QON No. E13-

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014

JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

QUESTION ON NOTICE

STEVE DOSZPOT MLA : To ask the Minister for Education and Training

[Ref: Canberra Institute of Technology , Budget Paper 4 ; pp 293,297 Output Class 1

In relation to : Private providers of vocational training

Output Class 3: Vocational Education and Training [BP4 pp 293,297]

1. How many private providers of vocational training are based in the ACT?
2. Is there any requirement for private RTO's to register with the ACT Government?
3. The budget notes that ACT vocational education and training policy and funding priorities are developed in consultation with industry and community groups. Typically who would be consulted?
4. 29,500 students are targeted for VET in the ACT during 2013-14
   i. How many of those students are in high schools?
   ii. What monitoring is done of students undertaking courses in ACT high schools ?
5. How many VET courses in high schools are delivered by private providers?
6. Are these courses advertised by a tender process?
7. Who is involved in the decision for a school to deliver vocational training in the school?
8. Does vocational education in schools always involve additional teaching staff?

Steve Doszpot, MLA
28 June 28 2013

INSTRUCTIONS FOR LODGING QUESTIONS ON NOTICES (QON):

Please remember, as discussed in the information sessions on the Estimates Inquiry:

1. Each QON must be brought to the Committee Support office as a signed hard copy AND, the same day, emailed in Word format to lydia.chung@parliament.act.gov.au
2. This must occur within **3 working days of when you were sent the uncorrected proof transcript**. Day 1 of the 3 working days is the working day immediately following the working day you were sent the uncorrected proof transcript. ***Example:*** *The hearing is on Monday. If you are sent the uncorrected proof transcript of the hearing the next day (that is usually when it arrives), you must submit the QON by close of business the Friday of the same week.*

Estimates - QON No. E13-137

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED
22 JUL 2013
ACT LA
COMMITTEE SUPPORT

ANSWER TO QUESTION ON NOTICE

Steve Doszpot: To ask the Minister for Education and Training

Ref: Canberra Institute of Technology, Statement of Intent, p 25

In relation to: CIT Student Accommodation – Monterey Apartments and Bowman House

1. How many students are accommodated at Monterey Apartments?
2. Who typically lives in CIT campus accommodation?
3. How is eligibility determined?
4. Are they full cost recovery?
5. What is the total amount of rental fees collected?
6. On what is the rent based? – ie market rate; discounted student rate?
7. Is their management contracted out? If so, what is the annual management fee?
8. Who is the current management contract with?
9. What are the annual maintenance costs?
10. Why is the sale of Monterey Apartments being considered?
11. What alternative accommodation options are being considered?
12. How many students are accommodated in Bowman House?
13. What are the lease fees for this property? Who are the owners?
14. What is the likely future demand for accommodation?

Joy Burch: The answer to the Member's question is as follows:–

1. 18 students
2. International and domestic students who are studying full time at CIT
3. Students apply using an application form. All applications are assessed by the Accommodation Officer including an interview.
4. Yes
5. $132,662 in 2012
6. Rent is below market rates and kept affordable to ensure student residences are available to most students. The accommodation fee includes room, electricity, water and heating. The rent at Bowman House is $160 per week and $165 per week for Monterey Apartments.

INSTRUCTIONS FOR ANSWERING QUESTIONS ON NOTICES (QON):

1. QON answers must be lodged in signed hard copy to the Committee Support office within **5 working days of when you were sent the question on notice.** Day 1 of the 5 working days is the working day immediately following the working day you were sent the question on notice. ***Example:*** *If you are sent the QON on Monday, you must submit the answer by close of business the following Monday.*
2. Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page number/s, and a hyperlink to the document, if it is published on the internet.

7. Accommodation management services are provided by the Accommodation Officer as part of the International Services Unit within CIT Solutions.

8. Not applicable

9. Monterey Apartments: $31,573
   Bowman House: $27,030

10. The sale of Monterey Apartments is not currently being considered.

11. It should be noted that CIT also has accommodation on CIT's Bruce Campus (48 rooms) in addition to those at Monterey Apartments and Bowman House as well as a substantial home-stay program with residents of the ACT. In order to provide additional alternatives CIT is currently negotiating an MOU with the Australian Sports Commission so that from 2014 CIT students will also have access to student accommodation at the AIS in Bruce.

12. 11 students

13 Lease fees are $43,224 in 2012. The property is leased from the ACT Community Services Directorate.

14 Future demand for accommodation will depend on the growth of international students.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Date: 11.7.13

By the Minister for Education and Training, Joy Burch MLA

Estimates - QON No. E13-

L E G I S L A T I V E A S S E M B L Y
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014

JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

QUESTION ON NOTICE

STEVE DOSZPOT MLA : To ask the Minister for Education and Training

[Ref: Canberra Institute of Technology , Budget Statement of intent 25

In relation to : CIT Accommodation – Monterey Apartments & Bowman House

1. How many students are accommodated at Monterey Apartments?
2. Who typically lives in CIT campus accommodation?
3. How is eligibility determined?
4. Are they full cost recovery?
5. What is the total amount of rental fees collected?
6. On what is the rent based? – ie market rate; discounted student rate?
7. Is their management contracted out ? If so, what is the annual management fee?
8. Who is the current management contract with?
9. What are the annual maintenance costs?
10. Why is the sale of Monterey Apartments being considered?
11. What alternative accommodation options are being considered?
12. How many students are accommodated in Bowman House?
13. What are the lease fees for this property? Who are the owners?
14. What is the likely future demand for accommodation?

Steve Doszpot, MLA
28 June 28 2013

INSTRUCTIONS FOR LODGING QUESTIONS ON NOTICES (QON):

Please remember, as discussed in the information sessions on the Estimates Inquiry:

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2. This must occur within **3 working days of when you were sent the uncorrected proof transcript**. Day 1 of the 3 working days is the working day immediately following the working day you were sent the uncorrected proof transcript. ***Example:*** *The hearing is on Monday. If you are sent the uncorrected proof transcript of the hearing the next day (that is usually when it arrives), you must submit the QON by close of business the Friday of the same week.*

Estimates - QON No. E13-138

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

QUESTION ON NOTICE

STEVE DOSZPOT MLA :	To ask the Minister for Education and Training
[Ref: BP4 291 Output 1.3:	Public secondary school education
In relation to :	Secondary Bursary Scheme

Secondary Bursary Scheme

1. There is an allocation of $77k for the coming financial year. Why was it not the $810,000 indicated in the ALP election policy?

2. How many bursaries are currently allocated?

3. What is the eligibility criteria?

4. How are applications promoted?

5. Who assesses them?

6. Why is funding intended to only provide additional funding (from $500 to $750 per student) and not also additional bursaries?

Steve Doszpot, MLA
28 June 28 2013

INSTRUCTIONS FOR LODGING QUESTIONS ON NOTICES (QON):

Please remember, as discussed in the information sessions on the Estimates Inquiry:

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Estimates - QON No. E13-138

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014

JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

ANSWER TO QUESTION ON NOTICE

MR STEVE DOSZPOT MLA : To ask the Minister for Education and Training

Ref: Education and Training, Budget paper 4, page number 291, Output Class 1.3

In relation to : Secondary Bursary Scheme

1. There is an allocation of $77k for the coming financial year. Why was it not the $810,000 indicated in the ALP election policy?

2. How many bursaries are currently allocated?

3. What is the eligibility criteria?

4. How are applications promoted?

5. Who assesses them?

6. Why is funding intended to only provide additional funding (from $500 to $750 per student) and not also additional bursaries?

Ms Joy Burch MLA : The answer to the Member's question is as follows:–

1. The $77k supplements the funding already allocated in the Territorial account for the bursary scheme. The Secondary Bursary Scheme has traditionally been underspent and the additional funding allocated in the budget is to cover the anticipated shortfall due to the increased payment.

2. Custodial parents and guardians of 744 students are currently receiving bursary payments.

3. Custodial parents or guardians resident in the ACT, who are financially responsible for the student and who can prove low income status through a Healthcare Card or a means tested Centrelink concession card are eligible to apply for the bursary. Students must be attending an ACT school, the Canberra Institute of Technology or be registered for home schooling. Further information is available on the ACT Government Assistance portal, through the Education and Training Directorate website or on the application form.

4. Applications are promoted through the ACT Government Assistance portal, the Education and Training Directorate website, ACT schools newsletters, Centrelink and non-government community organisations supporting low income families.

5. The Bursary Officer in the ACT Education and Training Directorate assesses each application against the eligibility criteria.

6. There is no limit on the number of bursaries granted as all applicants who meet the eligibility criteria are granted a bursary. The additional funding allocated in the budget is based on anticipated number of eligible students.

Approved for circulation to the Select Committee on Estimates 2013-2014 Signature: Date: 16-7.13 By the Minister for Education and Training, Joy Burch MLA

Estimates - QON No. E13- 139

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED 10 JUL 2013 ACT LA COMMITTEE SUPPORT

ANSWER TO QUESTION ON NOTICE

MR STEVE DOSZPOT MLA: To ask the Minister for Education and Training

Ref: Education and Training, Budget paper 4, page number 290, Output Class 1.1

In relation to: Preschool Matters Program.

1. This initiative is said to provide small grants to community organisations that support preschools. What will these grants entail?
   a. Will P&C Associations and School Boards also be eligible to apply for grants to upgrade items such as fridges, ovens, etc?
   b. Will the Preschool Society be eligible to apply?
2. What will the running of the annual Preschool week involve?
   a. How much funding will be set aside for this?
   b. How will the split of funds be determined? i.e. size of preschool etc?
3. As part of the details of this election commitment a brochure is to be produced for parents. What are the details of this brochure?
   a. For what purpose is this being produced?
   b. Could this information be provided in an online format saving significant cost?
4. An online information resource for parents is also to be created. What information will be included?
5. Would this funding be better spent on supporting government preschools themselves?
6. What added benefits will this program provide to the school communities?
7. $400k was promised in Labor's election commitment dated 04/09/12. Why has the budget been reduced to $318?
8. Who will be responsible for administering this project; will it be the School Board, the Canberra Pre-School Society or the Directorate?

MS JOY BURCH MLA: The answer to the Member's question is as follows:–

1. The small grants program will allocate grants of up to $500 to support the engagement of parents and carers in activities that promote participation in preschool education. A maximum of $10,000 annually will be allocated for this purpose.
   a) These grants will not be allocated to support the purchase of appliances or equipment.

b) The Preschool matters initiative provides the Preschool Society with an annual grant to support their operations.

2. The annual Preschool Week will provide the opportunity to share key information with parents and carers about the preschool education program
   a) This will be achieved by the Directorate within existing resources.
   b) Not applicable.

3. Development processes for the brochure have been identified and include consultation with parent stakeholders to ensure the content and format meet the needs of parent communities.
   a) The brochure aims to highlight the long term benefits of participation in early childhood education programs delivered through preschools with a focus on engaging parents and maximising participation.
   b) To ensure equity of access to the information within the brochure, it will be provided both in print form and online to ensure maximum exposure to all families.

4. The brochure information will be supplemented by further online information including enrolment procedures and frequently asked question resources.

5. This initiative supports preschools and the communities they service.

6. This initiative specifically targets parents and carers of preschool aged children to maximise preschool participation.

7. This initiative includes a half year effect with implementation scheduled from the 2014 school year.

8. The Education and Training Directorate will be responsible for administration of this initiative.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Date: 10.7.13

By the Minister for Education and Training, Ms Joy Burch MLA

Estimates - QON No. E13-

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014

JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

QUESTION ON NOTICE

STEVE DOSZPOT MLA : To ask the Minister for Education and Training

[Ref: BP4 290 Output 1.1: Public primary school education

In relation to : Preschool Matters program

1. This initiative is said to provide small grants to community organisations that support preschools. What will these grants entail?
   a. Will P&C Associations and School Boards also be eligible to apply for grants to upgrade items such as fridges, ovens etc?
   b. Will the Preschool Society be eligible to apply?
2. What will the running of the annual Preschool week involve?
   a. How much funding will be set aside for this?
   b. How will the split of funds be determined? i.e. by size of Preschool etc
3. As part of the details of this election commitment a brochure is to be produced for parents. What are the details of this brochure?
   a. For what purpose is this being produced?
   b. Could this information be provided in an online format saving significant cost?
4. An online information resource for parents is also to be created. What information will be included?
5. Would this funding be better spent on supporting government Preschools themselves?
6. What added benefits will this program provide to the school communities?
7. $400k was promised in Labor's election commitment dated 04/09/12. Why has the budget been reduced to $318k?
8. Who will be responsible for administering this project; will it be the School Board, the Canberra Pre-School Society or the Directorate?

Steve Doszpot, MLA
28 June 28 2013

INSTRUCTIONS FOR LODGING QUESTIONS ON NOTICES (QON):

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Secondary Bursary Scheme

ACT Labor election commitment of $3.35m over 4 years with $810k in 2013-14

- Why is there only $77k allocated this coming financial year?
- How many bursaries are currently allocated?
- Why is funding intended to provide additional funding (from $500 to $750 per student) and not also additional bursaries?

Estimates - QTON No. E13-140

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED - 5 JUL 2013 ACT LA COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013: Mr Barr took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013] [PAGE 102; 126]

In relation to : The breakdown of elements inside general rates

Pg 102 - Can you give a breakdown of the elements inside the general rates, both residential and commercial?

Pg 126 - Can you provide that in a table? And is it possible to get last year's to have a comparison?

Mr Barr : The answer to the Member's question is as follows:–

The breakdown of General Rates between the residential, commercial and rural sectors for 2012-13 and 2013-14 is shown in the table below.

	2012-13 Est. Outcome $'000	2013-14 $'000
Residential	199,248	220,549
Commercial	92,624	117,721
Rural	103	107
Total	291,975	338,377

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr

Date: 4.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-141

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014

JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED - 5 JUL 2013 ACT LA COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Hanson on 17 June 2013: Mr Nicol took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013] [PAGE 133]

In relation to : Comparisons of estimated Commonwealth receipts under Gonski

So if you reduce what was in the plan previously, under the Specific Purpose Payment and National Partnership Payments and so on, and you reduce that by 3 per cent, how does that compare to what you got under Gonski?

Mr Barr : The answer to the Member's question is as follows:–

A comparison of Commonwealth funding in the 2013-14 Budget to the 2012-13 Budget is at Attachment A. Due to different underlying assumptions, adjustments have been made to the Budget estimates as detailed below.

The 2012-13 Budget's forward estimates have been adjusted to align growth to 3 per cent annual indexation.

Adjustments have been made to offset the impact of former National Partnership Agreements which have been rolled into the National Education Reform funding, as well as for enrolment growth.

The comparison shows Commonwealth funding in the 2013-14 Budget is $32.5 million greater than the adjusted 2012-13 Budget estimates over four years.

In addition, funding of $26 million over six years has been secured for Centre for Quality Teaching and Learning at the University of Canberra. This includes establishment funding of $2 million and recurrent funding of $4 million per year over six years.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr

Date: 4.7.13

By the Treasurer, Andrew Barr MLA

ATTACHMENT A

Commonwealth Funding National Education Reforms

	2013-14	2014-15	2015-16	2016-17	Total
	$ '000	$ '000	$ '000	$ '000	$ '000
GOVERNMENT SCHOOLS					
2013-14 Budget (BP3 page 125)					
National Schools SPP	32,225				
National Education Reform	35,704	73,050	76,447	80,040	
Less 2012-13 Budget (indexed at 3 percent) [1]	61,855	63,710	65,622	67,590	
Difference	**6,074**	**9,340**	**10,825**	**12,450**	**38,689**
Less Redirected NP's (BP4 pages 299 and 300)					
Smarter Schools - Low Socio-Economic Status School Communities NPP	-167	-340	0	0	
Empowering Local Schools NPP - Government Schools	0	0	-3,514	0	
Reward for School Improvement NPP - Government Schools	-121	-375	-675	-675	
Reward for Great Teachers NPP - Government Schools	-440	-1,370	-2,740	-2,740	
NP's redirected into Base	**-728**	**-2085**	**-6929**	**-3415**	**-13,157**
Net Difference after NP's	**5,346**	**7,255**	**3,896**	**9,035**	**25,532**
NON GOVERNMENT SCHOOLS					
2013-14 Budget (BP3 page 125)					
National Schools SPP	81,069				
National Education Reform	82,425	170,606	181,690	193,314	
Less 2012-13 Budget (indexed at 4.6 percent)[2]	162,126	169,584	177,384	185,544	
Difference	**1,368**	**1,022**	**4,306**	**7,770**	**14,466**
Less Redirected NP's (BP4 page 300)[3]					
Empowering Local Schools NPP - Non Government Schools	0	0	-1,863	0	
Reward for School Improvement NPP - Government Schools	0	-175	-425	-425	
Reward for Great Teachers NPP - Government Schools	-287	-865	-1,730	-1,730	
NP's redirected into Base	**-287**	**-1,040**	**-4,018**	**-2,155**	**-7,500**
Net Difference after NP's	**1,081**	**-18**	**288**	**5,615**	**6,966**
TOTAL DIFFERENCE	**6,428**	**7,237**	**4,184**	**14,650**	**32,498**

Notes

1. Calculated by increasing Commonwealth funding estimate in the 2012-13 Budget of $60.053 million by 3 per cent indexation.
2. Calculated by increasing Commonwealth funding estimate in the 2012-13 Budget of $154.996 million by 3 per cent indexation and 1.6 per cent enrolment growth.
3. All figures are net of GST, estimates in BP4 are GST inclusive.

Estimates - QTON No. E13-148

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED
- 5 JUL 2013
COMMITTEE SUPPORT
ACT LA

ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013: Mr Barr took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013] [PAGE 135]

In relation to : Directorate savings breakdown

Is it possible to get a summary of the kind on table 6.3.1, budget paper 135 from last year and then the various breakdowns; travel and accommodation, printing and stationery, consultants, et cetera?

Mr Barr : The answer to the Member's question is as follows:–

The following table (Table 1) presents additional detail in relation to total savings by directorate/agency.

Table 1: Savings By Directorate/Agency

Directorate/Agency	2013-14 $'000	2014-15 $'000	2015-16 $'000	2016-17 $'000	Total $'000
Chief Minister and Treasury Directorate	1,308	427	429	192	2,356
Health Directorate	7,000	7,147	7,297	7,450	28,894
Economic Development Directorate	450	550	550	550	2,100
Commerce and Works Directorate	-	-	482	497	979
Community Services Directorate	4,047	5,909	8,201	8,385	26,542
Justice and Community Safety Directorate	4,349	4,817	6,889	9,387	25,442
Environment and Sustainable Development Directorate	1,780	1,881	2,292	3,163	9,116
Canberra Institute of Technology	2,060	2,336	2,897	3,607	10,900
Territory and Municipal Services Directorate	765	1,526	1,967	1,968	6,226
Sub Total	**21,759**	**24,593**	**31,004**	**35,199**	**112,555**
Procurement Whole of Government Savings	0	5,000	10,000	15,000	30,000
Overall Total	**21,759**	**29,593**	**41,004**	**50,199**	**142,555**

In response to Mr Smyth's request for details regarding savings on categories such as travel and accommodation, printing and stationery, and consultants, the Government has chosen not to specifically pursue whole of government savings in these areas in the 2013-14 Budget.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr

Date: 4.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-143

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED
- 5 JUL 2013
ACT LA
COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013: Mr Barr took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013] [PAGE 136]

In relation to: Ceasing initiatives

On the ceasing initiatives, there was a table in last year's budget paper 3 on page 139, table 6.3.1.2. Why is a similar table not included in the savings section this year?

Mr Barr : There is a very small number of ceasing initiatives and I think there are some examples provided but I am happy to provide some detail.

Mr Hanson : Just on a point of clarification, Treasurer, you will provide for the committee a breakdown of the ceasing initiatives in this budget?

Mr Barr : The answer to the Member's question is as follows:–

The following table (Table 1) indicates ceasing initiatives contained in the 2013-14 Budget:

Table 1: Ceasing Initiatives – 2013-14 Budget

Parent Agency	Ceasing Initiative	2013-14 $'000	2014-15 $'000	2015-16 $'000	2016-17 $'000	Total $'000
EDD	Discontinue ANZSOG membership funding and discontinue grant funding for University of Canberra Chair In Urban and Regional Planning Undergraduate Program	300	400	400	400	**1,500**
JACS	Review of Managed Accommodation Program[1]	188	778	804	831	**2,601**
CSD	Review of Grant Arrangements following rollout of DisabilityCare Australia – Merge Quality of Life Grants into the Enhanced Service Offer and Cease Innovation Grants	500	500	500	500	**2,000**
Total		**988**	**1,678**	**1,704**	**1,731**	**6,101**

Notes: 1 - This proposal will require alternate service provision options.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr Date: 4.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-144

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED
- 5 JUL 2013
ACT LA
COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS

Asked by Mr Hanson on 17 June 2013: Mr Barr took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013] [PAGE 138]

In relation to: Education Directorate savings

Are those savings in Education ones that have been agreed that will be in staffing or are they ones for the directorate to find?

Mr Barr : They are ones for the directorate to determine.

Mr Hanson : And what is the quantum of that? How much?

Mr Barr : The answer to the Member's question is as follows:–

The quantum of Education Directorate savings is $6.2m for 2013-14. These savings were identified in previous ACT Budgets. No additional savings have been identified for the Directorate in the 2013-14 Budget.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr

Date: 4.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13- 145

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014

JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED - 5 JUL 2013 ACT LA COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013: Mr Barr took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013] [PAGE 145]

In relation to: Differentials from borrowings for ACTEW and University of Canberra

Could we just go back to the original question? You have just said you are making 75 basis points off the borrowings. How much is that you are now skimming from the education sector?

Could we have a reconciliation of how much we have made from offering this facility?

Mr Barr : The answer to the Member's question is as follows:–

The 75 basis point margin will apply to the $50 million credit facility established in 2012 for the University of Canberra's (UC) on-campus student accommodation development and the recently approved $24 million credit facility established for the purchase and redevelopment of Wing 4, Cameron Office.

The $50 million facility currently has a drawn down balance of $19.8 million with interest accruing on the outstanding balance until 30 June 2015 and interest and principal repayments to commence from 1 July 2015. The loan is to be fully repaid by 1 July 2028. The estimated value of the 75 basis point margin for the life of the credit facility is $3.247 million. The estimated value of total interest (including the 75 basis points margin) is $25.114 million.

The $24 million facility has not yet commenced. The credit facility maturity date is 1 July 2028. The estimated value of the 75 basis point margin for the life of the credit facility based on the projected loan draw down profile is $1.697 million. The estimated value of total interest (including the 75 basis points margin) is $12.794 million.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr   Date: 4.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-146

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

RECEIVED
8 JUL 2013
ACT LA
COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by My Smyth on 17 June 2013: Mr Nicol took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013 [PAGE 146]]

In relation to: Capital Metro program

Has Treasury provided any advice as to the financial viability of the capital metro program?

Mr Barr: The answer to the Member's question is as follows:–

CMTD provides advice on an ongoing basis to the Capital Metro Sub-Committee of Cabinet in relation to the Capital Metro program.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr

Date: 8.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-147

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

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ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013: Mr Nicol took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013] [PAGE 160]

In relation to: Superannuation liabilities

The ACT's liability compared to other jurisdictions, how are we faring?

Mr Barr : The answer to the Member's question is as follows:–

All other State and Territory jurisdictions have some level of defined benefit employer superannuation liabilities. In relation to comparisons, it is important to note that the defined benefit superannuation schemes for each jurisdiction are different in terms of both benefit design and membership profiles.

A summary of other jurisdictions defined benefit superannuation funding positions as reported in their respective 2011-12 annual financial statements and 2013-14 budget papers is set out in Attachment A. The information provided in the attachment is the published information that is readily available from jurisdiction web sites.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr   Date: 4.7.13

By the Treasurer, Andrew Barr MLA

Comparison of Defined benefit Superannuation Funding Positions [a]

State	Source	Funding Target [b]		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
				Actual	Actual	Est. Outcome	Budget	Budget	Budget	Budget
ACT	2013-14 Budget Paper 3	Fully funded by 2030	Liabilities ($m) [1]	4,870	7,490	5,088	5,363	5,632	5,894	6,147
	2011-12 Annual Financial Report		Assets ($m) [1]	2,251	2,258	2,578	2,767	2,970	3,189	3,424
			Unfunded ($m) [1]	2,619	5,232	2,510	2,596	2,662	2,705	2,723
			Funded (%)	46%	30%	51%	52%	53%	54%	56%
			Discount Rate (%)	5.28%	3.41%	6.00%	6.00%	6.00%	6.00%	6.00%
			[1] *Total Territory*							
Commonwealth Government	2013-14 Budget Paper 1	Making a provision to	Liabilities ($m) [1]	145,201	235,840	143,509	148,710	154,001	159,356	164,806
	2013-14 FFMA Budget Statements	fund the liability	Assets ($m) [1,2]	75,390	77,010	76,086	81,615	87,473	93,746	100,441
	2011-12 Consolidated Financial Statements		Unfunded ($m) [1]	69,811	158,830	67,423	67,095	66,528	65,610	64,365
	2011-12 Future Fund Agency Annual Report		Funded (%)	52%	33%	53%	55%	57%	59%	61%
			Discount Rate (%)	5.30%	3.40%	6.00%	6.00%	6.00%	6.00%	6.00%
			[1] *General Government Sector*							
			[2] *Est outcome and fwd estimates assumes futurefund investments are 87% of the total estimated investment assets as per Budgeted Schedule of Assets and Liabilities, FFMA Budget Statements*							
South Australia	2013-14 Budget Paper 3	Fully funded by 2034	Liabilities ($m) [1]	..	..	29,026	..	..	..	..
	2011-12 Final Budget Outcome		Assets ($m) [1]	..	..	17,085	..	..	..	..
			Unfunded ($m) [1]	9,096	13,523	11,941	11,802	11,635	11,438	11,210
			Funded (%)	..	..	59%				
			[1] *General Government Sector*							
Victoria	2013-14 Budget Paper 2	Fully funded by 2035	Liabilities ($m) [1]	39,175	48,558	..	46,285	46,431	46,468	46,337
	2013-14 Budget Paper 5		Assets ($m) [1]	16,332	15,807	..	17,502	17,893	18,210	18,526
	2011-12 Annual Financial Report		Unfunded ($m) [1]	22,843	32,751	28,996	28,783	28,538	28,258	27,811
			Funded (%)	42%	33%	..	38%	39%	39%	40%
			Discount Rate (%)	5.30%	3.40%	4.00%	4.00%	4.00%	4.00%	4.00%
			[1] *Total State*							
NSW	2013-14 Budget Paper 2	Fully funded by 2030	Liabilities ($m) [1]	57,691	76,084	75,247	69,923	63,192	58,770	56,809
	Report on State Finances 2011-12		Assets ($m) [1]	25,358	28,903	30,787	30,479	29,976	29,290	29,311
			Unfunded ($m) [1]	32,333	47,181	44,460	39,444	33,216	29,480	27,498
			Funded (%)	44%	38%	41%	44%	47%	50%	52%
			Discount Rate (%)	5.28%	3.06%	3.28%	3.79%	4.55%	5.06%	5.32%
			[1] *General Government Sector*							
Tasmania	2013-14 Budget Paper 1	No longer have as a key	Liabilities ($m) [1]	6,381	8,342	6,471	6,617	6,750	6,861	6,954
	2011-12 Annual Financial Report	priority a funding strategy	Assets ($m) [1]	1,415	1,417	1,460	1,467	1,468	1,462	1,445
			Unfunded ($m) [1]	4,966	6,925	5,011	5,150	5,282	5,399	5,509
			Funded (%)	22%	17%	23%	22%	22%	21%	21%
			Discount Rate (%)	5.50%	3.50%	5.50%	5.50%	5.50%	5.50%	5.50%
			[1] *General Government Sector*							
Queensland	2013-14 Budget Paper 2	Full Funding	Liabilities ($m) [1]	29,402	34,362	28,898	27,827	26,828	26,004	25,049
	State Finances Report 2011-12		Assets ($m) [1,2,3]	32,414	32,918	32,918	32,918	32,918	32,918	32,918
	QTC Annual Report 2011-12		Unfunded ($m) [1]	-3,012	1,444	-4,020	-5,091	-6,090	-6,914	-7,869
			[redacted]	110%	96%	114%	118%	123%	127%	131%
			Discount Rate (%)	5.30%	3.20%	..	..	..	..	..
			[1] *General Government Sector*							
			[2] *Assets comprise 'plan assets' managed by Qsuper as per the 2011-12 Report on State Finances of the Queensland Government, and the 'long term' assets that were transferred to Queensland Investment Corporation, which fund the QLD State's defined benefit superannuation and other long-term obligations. The superannuation related component of the 'long term' assets is not separately identified in QTC annual report. Therefore this full amount is included with the asset balance idenntified as being held against the liabilities.*							
			[3] *No budget estimates available for QTC 'long term' assets. Therefore it is assumed the same balance of investments is maintained across budget and forward years*							
Northern Territory	2013-14 Budget Paper 2	No funding strategy	Liabilities ($m) [1]	2,739	3,798	3,831	3,454	3,033	2,858	2,868
	NT Treasurer Annual Report 2011-12		Assets ($m) [1,2]	487	484	484	484	484	484	484
	NTTC Annual Report 2011-12		Unfunded ($m) [1]	2,252	3,314	3,347	2,970	2,549	2,374	2,385
			Funded (%)	18%	13%	13%	14%	16%	17%	17%
			Discount Rate (%)	5.30%	3.10%	..	..	..	..	..
			[1] *General Government Sector*							
			[2] *Assume same balance of investments maintained across budget and forward years*							

[a] *The table has been populated with the information that is readily available from published jurisdiction information.*

[b] *Notwithstanding the funding strategies and current funding levels, actual emerging costs payments are being met either from established 'provision' accounts or by way of budget appropriation. The arrangements vary between jurisdictions.*

Source Information	
ACT	http://apps.treasury.act.gov.au/budget/budget-2013-2014/budget-paper-3
	http://apps.treasury.act.gov.au/__data/assets/pdf_file/0008/451565/2011-12-Consolidated-Annual-Financial-Statements.pdf
Commonwealth	http://www.budget.gov.au/2013-14/content/bp1/download/bp1_consolidated.pdf
	http://www.finance.gov.au/publications/portfolio-budget-statements/13-14/docs/future-fund-management-agency.pdf
	http://www.finance.gov.au/publications/commonwealth-consolidated-financial-statements/docs/2012/consolidated-financial-statement-2011-12.pdf
	http://www.futurefund.gov.au/__data/assets/pdf_file/0012/5106/FF_Annual_Report_2012_WEB.pdf
South Australia	http://servicesa.cdn.on.net/docs/Budgetp3_201314.pdf
	http://www.treasury.sa.gov.au/__data/assets/pdf_file/0006/1797/2011-12-FBO-CFR.pdf
Victoria	http://www.budget.vic.gov.au/CA257B16002775DE/WebObj/BP22013-14/$File/BP22013-14.pdf
	http://www.budget.vic.gov.au/CA257B16002775DE/WebObj/BP52013-14/$File/BP52013-14.pdf
	http://www.dtf.vic.gov.au/CA25713E0002EF43/WebObj/2011-12AFRChapter4/$File/2011-12AFRChapter4.pdf
NSW	http://www.budget.nsw.gov.au/__data/assets/pdf_file/0013/25222/Ch_4.pdf
	http://www.budget.nsw.gov.au/__data/assets/pdf_file/0017/25226/Ch_8.pdf
	http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0020/24059/2011-12_NSW_Report_on_State_Finances_small_dnd.pdf
Tasmania	http://www.budget.tas.gov.au/media/pdf/BP1_FINAL.pdf
	http://www.treasury.tas.gov.au/domino/dtf/dtf.nsf/LookupFiles/2011-12-Treasurers-Annual-Financial-Report.pdf/$file/2011-12-Treasurers-Annual-Financial-Report.pdf
Queensland	http://budget.qld.gov.au/budget-papers/2013-14/bp2-2013-14.pdf
	http://www.treasury.qld.gov.au/office/knowledge/docs/state-finances/2011-12/state-finances-report-2011-12.pdf
	http://www.qtc.qld.gov.au/qtc/wcm/connect/cf02a2004cbf8b2f8414fd660975b6d7/QTC+Annual+Report+2011-12.pdf?MOD=AJPERES&CACHEID=cf02a2004cbf8b2f8414fd660975b6d7
Northern Territory	http://www.treasury.nt.gov.au/PMS/Publications/BudgetFinance/BudgetPapers/I-BP02-1314.pdf
	http://www.treasury.nt.gov.au/PMS/Publications/BudgetFinance/TAFR/R-TAFR-1112.pdf
	http://www.treasury.nt.gov.au/PMS/Publications/CorporateTreasury/Annual%20Reports/AR-NTTC-1112.pdf

Estimates - QTON No. E13- 148

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013: Mr McAuliffe took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013] [PAGE 164-165]

In relation to: Interest revenue

On page 66 of budget paper 4, in the revenue, you have split the interest revenue this year into interest and then distributions from investments with the TBA. So what is the—so am I reading this right—the lines you now have as interest and distribution from the TBA in last year's budget paper, that would have just been interest?

Mr McAuliffe : That is right. So interest from cash investments with the TBA and also interest from our fixed—external fixed interest investments.

Mr Smyth : Okay. All right. So—and the total this year that you are budgeting for from both of those sources is—18 plus four is 22—call it 23 and a half?

Mr McAuliffe: Yes.

MR Smyth : The estimate in last year's budget is 40. So why is that so low?

Mr McAuliffe : The 36?

Mr Smyth : No, this is now for 2013-14.

Mr McAuliffe : 2013-14?

Mr Smyth : And it is low in all of the outyears. We should have been getting 40, 42, 44 were the estimates from last year's docs, and this year it is, you know, 18 plus four, so call it 23, 25, almost 26, 27, 28, call that 30 in 2016-17. It is dramatically lower. Is there a component there that I am missing?

Mr McAuliffe : No. Some of that will be to do with just a reallocation of where the assets are sitting as well. So not all, you know, cash investments.

Mr Smyth : So where would you find that, then?

Mr McAuliffe : I would have to have a break-up of the actual assets that sit behind the investment asset, the asset allocation allocation. I can put a reconciliation of those numbers together for you.

Mr Barr : The answer to the Member's question is as follows:–

Table 1: Reconciliation of SPA Interest Earnings

$'000	2011-12 Actual	2012-13 Budget	2012-13 Est. Out	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Bank Interest	261	300	300	300	300	300	300
Cash Interest	16,002	6,970	8,950	4,947	4,281	4,597	4,938
Aust. Fixed Interest	10,768	13,714	12,118	12,818	14,839	15,938	17,120
Aust. Inflation-linked Interest	0	9,798	1,282	2,170	2,854	3,065	3,292
Intl. Fixed Interest	18,815	4,807	0	3,386	3,567	3,831	4,115
Total	**45,846**	**35,589**	**22,650**	**23,621**	**25,841**	**27,731**	**29,765**

Actual interest earnings recognised for the 2011-12 financial year of $45.8 million were inflated due to the receipt of significant one-off income distributions from the international fixed interest debt investments of $18.8 million in 2011-12 due to favourable currency movements (appreciating Australian dollar) and a higher asset allocation to cash investments.

Interest earnings estimated over the 2013-14 Budget and forward years for the SPA, as compared to the 2012-13 Budget estimates, have been materially impacted by lower interest rate return assumptions. The RBA cash rate assumption has fallen from 3.75 per cent to 2.75 per cent, the domestic fixed interest coupon yield from 6 per cent to 5 per cent, and the international fixed interest coupon yield estimate from 4 per cent to 2.5 per cent.

The total investment return comprises interest earnings and capital gain/loss (disclosed in other revenue or other expense). The 2012-13 full year total estimated outcome return for the SPA is 14.2 per cent (net of fees). The total investment return outcome is influenced by capital gains on the debt securities (as a result of falling interest rates - as interest rates fall debt security prices increase).

The $13.9 million decrease in the 2012-13 estimated outcome for SPA interest earnings from the 2012-13 Original Budget is mainly due to earnings from the inflation-linked debt investments being classified as gains (classified under 'other revenue') as well as the a lower investment allocation to inflation-linked debt than estimated and the timing of income distribution from the currency-hedged international fixed interest investments.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr   Date: 4.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-149

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014
JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

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ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013: Mr McAuliffe took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013] [PAGE 168]

In relation to: Territory Banking Account investments

On the TBA on page 260 of budget paper 3 we have the line in the GGS investments. When you compare it to last year the planned outcomes, $2.154 million yet the outcome is now $343 million. Do we have a breakdown as to what has driven that and is it simply just the delay in delivering capital works.

Mr McAuliffe : Mr Smyth, a large proportion of that is actually some pre-funding that was undertaken with our borrowing process this year.

Mr Smyth : Okay. So, how much of the 343 is actually borrowings then

Mr McAuliffe : Of the pre-funding?

Mr Smyth: Yes.

Mr McAuliffe : It is around about 200 million.

Mr Smyth: All right, so the other 140-odd?

Mr McAuliffe : It is just the next cash of, you know, from, as I say, from the latest consolidation of budget inflows and outflows through the territory banking account in putting this budget together so—

Mr Smyth: All right. And is that from capital works not delivered or is it – can we have a consolidation report of what the elements in it are?

Mr Barr : The answer to the Member's question is as follows:–

The Territory Banking Account Statement of Cash Flows on page 80 of Budget Paper 4 details each cash flow item of the Territory Banking Account and a comparison of the 2012-13 Budget against the 2012-13 estimated outcome and 2013-14 Budget.

The final Territory Banking Account cash/investment balance results from the opening balance plus the net impact of the annual cash flow movements.

The main cash flow items that have contributed to the higher estimated outcome of Territory Banking Account cash/investments compared with the 2012-13 Budget include:

Cash Flow Item	2012-13 Budget $'000	2012-13 Est. Outcome $'000	Variance $'000
Receipts			
Territory (RBT) Receipts from Agencies	3,233,068	3,312,093	79,025
Borrowings Received	532,843	821,266	288,423
Total Receipts			**367,448**
Payments			
GPO Appropriation Payments (GGS)	2,466,239	2,622,384	156,145
EBT Appropriation Payments	539,665	506,521	-33,144
Capital Injection Appropriation Payments	1,155,927	1,002,277	-153,650
Advances Issued to Agencies	3,946	81,813	77,867
Total Payments			**47,218**

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr

Date: 4.7.13

By the Treasurer, Andrew Barr MLA

LEGISLATIVE ASSEMBLY
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ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013 : Mr Barr took on notice the following question(s):

[Ref: Hansard Transcript 17 June Page 184-185]

In relation to: **Number and type of debtor**

MR SMYTH: How many debtors do you currently have?

Mr Salisbury: I do not have that information with me.

Mr Barr: We will take it on notice.

Mr Salisbury: Yes.

MR SMYTH: Does that break that down by type of debt, whether it is conveyancing, rates, fines or—

Mr Salisbury: Yes, it would.

MR SMYTH: Could we have it broken down into the various classes? In terms of payroll tax, how many active cases are there pursuing debtors for payroll tax at the moment?

Mr Salisbury: Again, I would have to take that on notice.

Treasurer: The answer to the Member's question is as follows:–

The figures below are based on a snapshot as at 20 June 2013, and include balances outstanding due to liquidation, objections, time payment arrangements and some timing delay in electronic payments.

Revenue lines	Number of Debtors	Amount of Debt
Conveyancing (including duty on off-the-plan residential conveyance)	569	5,535,471.36
General Insurance	30	6,527.06
Life Insurance	3	5,303.56
Leases	16	8,757.55
Motor Vehicle Registration & Transfer	39	106,810.76
Transfer of Shares & Marketable Securities	75	8,190.40
Business Agreements	2	2,312.00
Hiring Duty	1	6,008.26
Deeds of Trust	13	2,466.45
Ambulance Service Levy	3	55.54
Payroll Tax	752	9,027,986.57
First Home Owner Grant	34	287,235.48
Network Facilities Tax	2	1,067.50
Energy Industry Levy	6	4,056.80
General Rates	20477	19,077,492.10
Land Tax	5903	5,582,339.79
CCMIL	37	8,622.71
Land Rent	431	2,754,458.66

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr

Date: 3.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-151

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

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ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Dr Bourke on 17 June 2013 : Mr Barr took on notice the following question(s):

[Ref: Hansard Transcript 17 June Page 183]

In relation to: **Age Profile of overdue debt**

DR BOURKE: What is the age profile on your overdue debt?

Mr Salisbury: The arrears profile is reported in our financial statements each year. We would have to refer back to the annual report for 2011-12 to provide that figure.

Mr Barr: We can get it for you.

Treasurer: The answer to the Member's question is as follows:–

The arrears profile is shown in page 107 of the Treasury Directorate Annual Report 2011-12 (Volume 2).

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr Date: 2.7.13

By the Treasurer, Andrew Barr MLA

Treasury Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 51 RECEIVABLES – TERRITORIAL - CONTINUED

Ageing of Receivables

		Past Due			
	Not Overdue	**Less than 30 Days**	**30 to 60 Days**	**Greater than 60 Days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2012					
Not Impaired[1]					
Receivables	189,564	7,460	5,797	37,202	240,022
Impaired					
Receivables	-	797	619	3,975	5,391
2011					
Not Impaired[1]					
Receivables	120,952	5,683	3,497	12,677	142,809
Impaired					
Receivables	-	1,649	1,015	3,678	6,342

Treasury does not hold any collateral for receivables that are overdue or determined to be impaired.

	2012	2011
	$'000	$'000
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	6,342	6,685
Additional Allowance Recognised	(22)	2,008
Reduction in Allowance from Amounts Recovered During the Year	(928)	(2,351)
Allowance for Impairment Losses at the End of the Reporting Period	5,392	6,342

[1]'Not Impaired' refers to Net Receivables (that is Gross Receivables less Impaired Receivables).

Estimates - QTON No. E13-152

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

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- 3 JUL 2013
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COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013 : Mr Kim Salisbury took on notice the following question:

Ref: Hansard Transcript 17 June2013 [PAGE 186]

In relation to: **Compliance across jurisdictions**

MR SMYTH: This then leads to compliance across jurisdictions. Do we work with the New South Wales revenue office? Do we swap debtors lists, for instance? If we have got a firm here we think are a bit shonky, would you have a look at them over there? Do we go to that length of cooperation?

Mr Salisbury: Yes, there is cooperation amongst revenue offices on cases of mutual interest.

MR SMYTH: And how many cross-border cases would you be running at any one time?

Treasurer : The answer to the Member's question is as follows:–

There are five cases that are currently running.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr   Date: 2.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-153

LEGISLATIVE ASSEMBLY
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COMMITTEE SUPPORT

ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013: John Fletcher took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013 PAGE 195]

In relation to : **ACT Insurance Authority Financial Statements**

MR SMYTH: All right. But the $105,000 non-current assets, what are they?

Mr Fletcher: I do not know. I would have to take that on notice.

Treasurer : The answer to the Member's question is as follows:–

The $105,000 non-current assets shown on the balance sheet for 2012-13 are prepayments for several large projects that are covered by contract works insurance until 2015, including Majura Parkway road works and Kingston Foreshore Redevelopment.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr Date: 2.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-154

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

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ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Smyth on 17 June 2013 : John Fletcher took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013 PAGE 193]

In relation to : **ACT Insurance Authority Financial Statements**

MR SMYTH: That is okay. Going to your statement of intent then, on page 11, again the biggest line in your operating statement is "other expenses" at $64 million. It is probably useful for that to be broken down, because they hardly seem "other" when they are such a large part of—

Mr Fletcher: Yes.

Treasurer : The answer to the Member's question is as follows:–

Other Expenses for 2012-13 are claims expenses ($49.8 million), reinsurance ($12.4 million) and contract works insurance ($1.8 million).

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr Date: 2.7.13

By the Treasurer, Andrew Barr MLA

Estimates - QTON No. E13-155

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2013-2014

JEREMY HANSON CSC MLA (CHAIR), CHRIS BOURKE MLA (DEPUTY CHAIR), MICK GENTLEMAN MLA, BRENDAN SMYTH MLA

ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS

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10 JUL 2013
ACT LA
COMMITTEE SUPPORT

Asked by **Mr Symth** on 17 June 2013 : **Mr Barr** took on notice the following question(s):

[Ref: Hansard Transcript 17 June 2013 Page 198]

In relation to :

MR SMYTH: Okay. The review done by KPMG, was that made public?
Mr Salisbury: That is a no.
...
THE CHAIR: Given Mr Smyth's interest in the report, could you have a look at that and—
Mr Barr: I have no in-principle objection but I will make sure that there is nothing that—
Ms Smithies: We will take a look at it.

Mr Barr : The answer to the Member's question is as follows:–

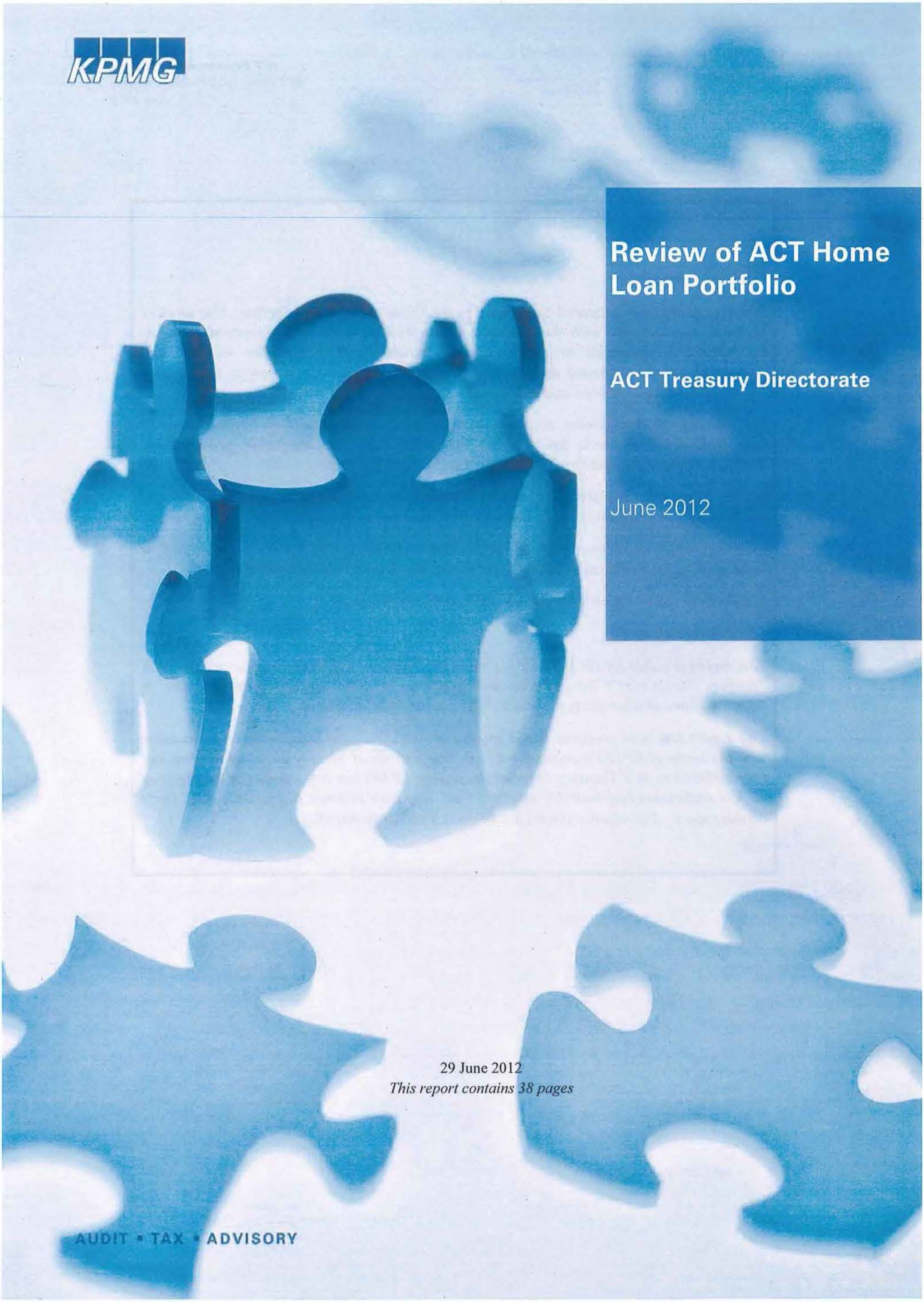
The KPMG report is attached to this response. The review is undertaken regularly as part of the prudent administration of the portfolio. In particular, it supports the accounting for the provision for bad and doubtful debts, and consideration of the risks, and potential management actions, which relate to the portfolio.

Approved for circulation to the Select Committee on Estimates 2013-2014

Signature: Andrew Barr   Date: 9.7.13

By the Treasurer, Mr Andrew Barr

KPMG



Review of ACT Home Loan Portfolio

ACT Treasury Directorate

June 2012

29 June 2012

This report contains 38 pages

AUDIT • TAX • ADVISORY

Inherent Limitations

This report has been prepared as outlined in the Terms of Reference Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, Treasury Directorate stakeholders consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

Third Party Reliance

This report is solely for the purpose set out in the Terms of Reference Section and for ACT Treasury Directorate's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of ACT Treasury Directorate in accordance with the terms of KPMG's engagement letter/contract dated 04 May 2012. Other than our responsibility to ACT Treasury Directorate, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

Contents

1 Executive Summary

The Portfolio is responsible for administering home loans granted through the Commonwealth State Housing Agreement (CSHA). The loans aim to assist low income households achieve home ownership. The Portfolio currently administers nine different loan types, all of which are summarised in the Glossary (refer to Section 9). All Portfolio lending ceased in 1996.

This review was conducted to determine the risks associated with remaining loans and the level of provisions and capital adequacy that should be held by the Portfolio. In conducting this review KPMG used a risk assessment methodology to asses each separate loan scheme and the Portfolio as a whole.

The key findings of this review include:

- Both the number of loans and total value of loans in the Portfolio is steadily decreasing in size;
- The number of loans within the Portfolio has decreased by 34% since January 2010[1] to 128 loans as at 31 March 2012;
- The value of the loans has decreased during this same period of time by 38% to $3.865m as at 31 March 2012;
- The rate of decline in the number of loans is expected to slow as the last of the stronger performing loans exit the scheme, leaving a larger proportion of impaired loans;
- An assessment of each loan category reveals the 86HB category to be the most risk to the Portfolio with 10 of the 12 remaining loans (83%) being impaired; and
- Based on the current scenario in determining the remaining life of the Portfolio, 98% of the loans are contracted to mature within the next 10 years. The remaining 2% are three unsecured loans, with a current average balance of $0.017m. These loans are being paid off at an average rate of just $37 a month.

1.1 Recommendations

Based on the review findings, the key recommendations are to:

1) Decrease the level of provisions for bad and doubtful debts to $2.724m (Option 2).

The provision for doubtful debts at 31 March 2012 was $2.934m. It is recommended that this level be reduced to $2.724m given the reduction of outstanding loans. Option 2 best balances the need for the provision to be in line with identified risk as well as being conservative in nature. An assessment of this provision should be undertaken on a yearly basis to ensure it is kept in line with changing circumstances. Alternate reductions are discussed in Section 5.3.

2) Consider refinancing the Commonwealth debt.

Subject to any restrictions in place over the current loan, it is recommended that the Treasury Directorate assess the market to determine if the debt could be refinanced at a lower interest rate. In recommending this, KPMG notes that the current debt arrangements still remain a relatively low-cost financing arrangement given the longevity of the fixed rate debt. This recommendation to assess the market is ultimately one of good practice at different points over the life of any long term debt.

[1] The date of the previous review of the Home Loan Portfolio

3) Establish $2.420m in capital adequacy to be retained in the fund.

In the event of all loans defaulting within the fund, losses of approximately $5.150m[2] would be incurred. This would require $2.420m of capital in excess of the recommended provision.

4) Ensure there is ongoing management and review of the Home Loan Portfolio.

As recommended in the previous review, the Territory should continue to ensure that its risk exposure is kept to a minimum by actively reviewing and monitoring the Portfolio to ensure that the performance of the Portfolio can be properly assessed and appropriately managed through to its maturity.

5) Take a long-term view to winding up the Portfolio.

The most viable option to winding up the Portfolio is to wait until the contracted maturity of each loan, noting that all secured loans are contracted to mature within 10 years, however, based on current predictions are expected to mature within eight years[3]. This point presents the opportunity to either write-off existing amounts or encourage individual borrowers to refinance with a financial intuition. It is unlikely that any significant financial savings could be made by altering the current management of the Portfolio.

[2] Total potential losses is calculated as the current value of Portfolio receivables plus $10,000 in non-recoverable costs per loan

[3] Based on assumptions outlined in section 5.2

2 Introduction

The Home Loan Portfolio (the Portfolio) is responsible for administering home loans granted through the Commonwealth State Housing Agreement (CSHA). The CSHA aimed to assist low income households achieve home ownership. Specifically, the ACT Home Loan Portfolio aims to deliver home ownership to current borrowers by:

- Administering existing home loans and deferral agreements between the Commissioner of Social Housing and the borrower; and
- Monitoring the cash flow to ensure there are sufficient funds to cover the payment of the Commonwealth's loan interest and principle repayment.

The Portfolio administers nine different loan types, all of which are summarised in the Glossary (refer to Section 9). All Portfolio lending ceased in 1996.

This Report outlines KPMG's review into the status of the Portfolio as at 31 March 2012 and identifies the key financial risks associated with the scheme.

The Terms of Reference for the review are outline in Section 3.

3 Terms of Reference

3.1 Objective

The objective of this engagement is to 'review the ACT Home Loan Portfolio to determine the risks associated with remaining loans and the level of provisions and capital adequacy that should be held by the Portfolio'.

Specifically the review aims to:

- Undertake a review of all outstanding loans in the Portfolio and assess the varying risks to loans, and the Portfolio as a whole;
- Provide advice on the key characteristics and risks associated with each category of loan scheme;
- Classify the loans in terms of risks and potential defaults;
- Assess the remaining life of the Portfolio;
- Assess what level of debt provisions, and capital adequacy should be applied over the remaining life of the Portfolio;
- Determine the level of equity (net asset position) that should be retained within the Portfolio;
- Provide advice on the outstanding debt to the Commonwealth, appropriate options for discharging the debt taking account of changes in interest rates, and circumstances that could impact on timing of the discharge;
- Provide advice on how to wind up the Portfolio in the most efficient and effective manner; and
- Provide an opinion as to whether the Portfolio should be divested.

4 Methodology

The methodology used to undertake this review is consistent with similar reviews undertaken by KPMG in previous years. Risk analysis has been provided on the whole loan Portfolio and each of the separate loan schemes. The risk assessment methodology examines two factors:

- Level of impairment – payments in arrears as well as any Deferred Assistance balance as a ratio of the total loan amount; and

- Interest payment shortfall – for each mortgage KPMG compared the average monthly repayment[4] to the borrower's monthly interest obligations to determine if repayments were sufficient to cover the interest being incurred.

4.1 Data Collection

KPMG obtained 'funder cash' reports from the Treasury Directorate for the nine months from 1 July 2011 to 31 March 2012. KPMG also used the Portfolio's 2010-11 financial statements, the Portfolio's balance sheet and income statement as at 31 March 2012 and forecasted financial statements published in the 2012-13 ACT Budget Papers.

4.2 Analysis

KPMG performed analysis on the Deferred Assistance, life of the loan Portfolio and the level of loan impairment using data available for all loans within each loan type. The analysis then provided indicative trends on the performance of the loans and identified unusual results. Included in this report are comparative findings against those provided in our previous reviews.

4.3 Discussion with Stakeholders

KPMG have held discussions with the Treasury Directorate on the preliminary findings contained within the review. KPMG acknowledges and is appreciative of the assistance given in making the data available for this review.

[4]Consistent with previous reviews, the average monthly repayment for each loan has been calculated based on repayments in the most recent four months for which funder cash reports have been provided.

5 Findings

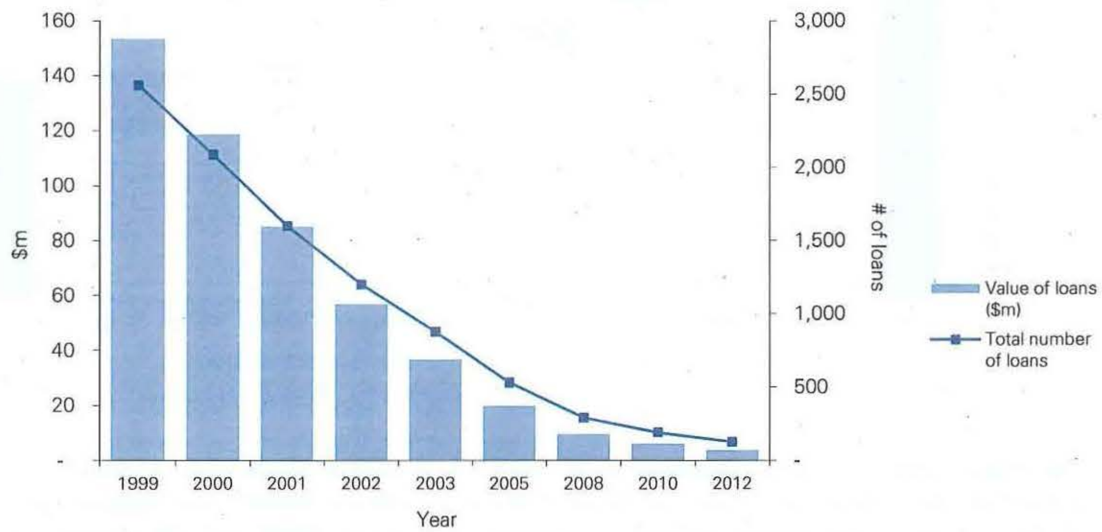
5.1 Overall Loan Portfolio Findings

5.1.1 Loans

As at 31 March 2012, both the total value of loans receivable and the number of loans had decreased since 31 January 2010. Chart 1 shows the gradual decrease in the number of loans in the Portfolio from 1999 to 2012. Over this period the total number of loans has decreased by 2,433 (or 95%) from 2,561 loans in 1999 to 128 loans as at 31 March 2012.

Chart 1 also shows that the value of loans has decreased by $150m from 1999 to 2012, representing a 97% reduction in value for the Portfolio. Since KPMG's last review in 2010, the value of the Portfolio has decreased by $2.4m (38%) and the number of loans has decreased by 65 (34%).

Chart 1 – Decline in loan numbers and value- from 1999 to 2012



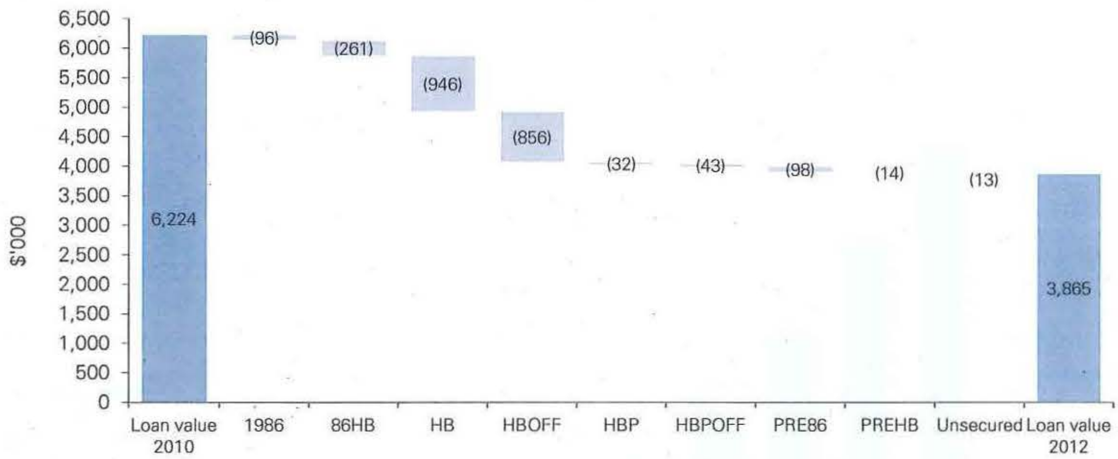
The Portfolio is currently administering loans under nine different schemes. The relative value and number of loans in each category is shown in Table 1 below. The characteristics of each loan category are further discussed in Section 6.

Table 1 – Loans by category

Break down of loans by category - 2012	HBOFF	HB	86HB	PRE86	1986	Unsecured	HBP	HBPOFF	PREHB	Total
Number of loans	42	32	12	22	7	6	3	2	2	**128**
Value of loans	$1,674,042	$1,355,197	$349,156	$65,750	$99,965	$80,325	$112,360	$121,992	$6,444	**$3,865,230**

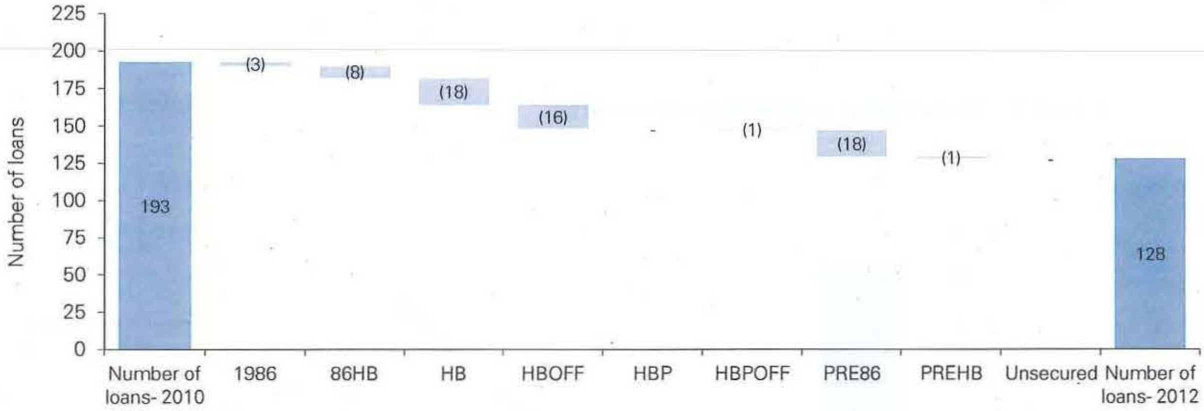
As illustrated in Chart 2, the HB and HBOFF loan schemes contributed to the majority of the decrease in loan values, with these schemes decreasing by $0.946m and $0.856m respectively since 2010.

Chart 2 – Change in loan value by loan scheme: 2010 to 2012



The total number of loans has decreased by 65 from 193 in 2010 to 128 in 2012. Although the majority in the decrease in the value of loans can be attributed to the HB and HBOFF loan schemes, the majority of the decrease in the number of loans is accounted for in the PRE86 and HB schemes, with both decreasing by 18 loans each.

Chart 3 – Change in number of loans by loan scheme: 2010 to 2012



5.1.2 Deferred Assistance

The total Deferred Assistance (DA) balance for the Portfolio is currently \$0.785m. This balance has decreased by \$0.064m from \$0.849m in 2010 to \$0.785m in 2012. However, DA as a ratio of the total loan value has increased from 14% in 2010 to 20% in 2012. The total DA balance refers to both the standard Homebuyer DA and the 86DA forms of Deferred Assistance. Both types of Deferred Assistance are explained in the Glossary in Section 9.

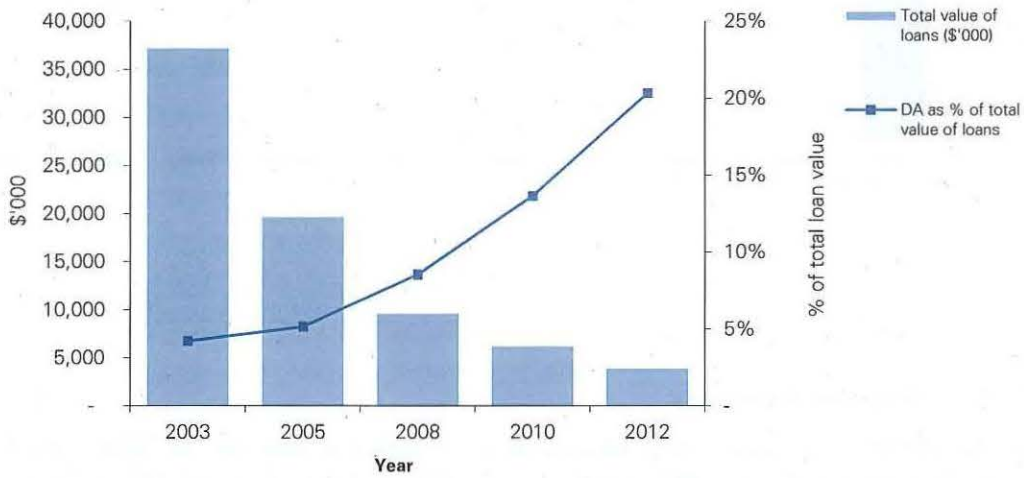
KPMG first reviewed the Portfolio in 2003. The table below illustrates the change in both the total value of the Portfolio and the Deferred Assistance balance since this review.

Table 2 – Comparative summary of loan Portfolio

Loan and deferred assistance details						
Year	Total value of loans (\$'000)	Number of loans	Total deferred assistance (DA) amount (\$'000)	DA as % of total value of loans	Number of DA loans	Number of DA loans as % of all loans
2003	37,202	907	1,569	*4%*	139	*15%*
2005	19,644	533	1,011	*5%*	93	*17%*
2008	9,599	293	819	*9%*	54	*18%*
2010	6,224	193	849	*14%*	41	*21%*
2012	3,865	128	785	*20%*	29	*23%*

Chart 4 below, shows that as the total Portfolio value decreases, the proportion of DA increases. This is largely the result of the stronger performing loans reaching maturity or refinancing out of the scheme, leaving a larger proportion of low performing, Deferred Assistance loans in the scheme.

Chart 4 – Loan values and Deferred Assistance



The HB scheme continues to contain the largest amount of DA, accounting for 41% of the total Portfolio's DA balance. As no interest is required to be paid on the Deferred Assistance balance, there is a cost to the Treasury Directorate of foregone interest. Using the data available at 31 March 2012, the estimated annual cost of foregone interest is $0.058m, calculated as the sum of DA balances at an interest rate of 7.41%.

Table 3 – Deferred Assistance by scheme

Distribution of DA among scheme types:

Scheme	Total DA amount	Scheme DA amount as %	Scheme loan value
1986	11	1%	100
86HB	176	22%	349
HB	320	41%	1,355
HBOFF	278	35%	1,674
HBP		0%	112
HBPOFF		0%	122
PRE86		0%	66
PREHB		0%	06
Unsecured		0%	80
Total	785	100%	3,865

It is likely that DA will have an impact on the life of the Portfolio, as Deferred Assistance is born through a continuing inability to meet required interest and principle repayments and the proportion of Deferred Assistance to total loan value continues to increase. Therefore, any Deferred Assistance balances remaining toward the end of the loan scheme may delay the projected maturity of those loans.

5.1.3 Loan Maturity

The histogram below plots the contracted maturity date by years for all loans. The graph shows both the number of loans contracted to mature in any given year and the cumulative frequency as these loans mature. All but three of the loans will mature under existing contractual arrangements within the next 10 years. The remaining three loans are unsecured loans and have a remaining balance of $52,000. These three loans are currently being repaid at a total rate of $110 a month ($37 on average) and are not expected to be fully repaid until 2040.

Chart 5 – Numbers of loans and cumulative % of loans reaching maturity as at 31 March 2012

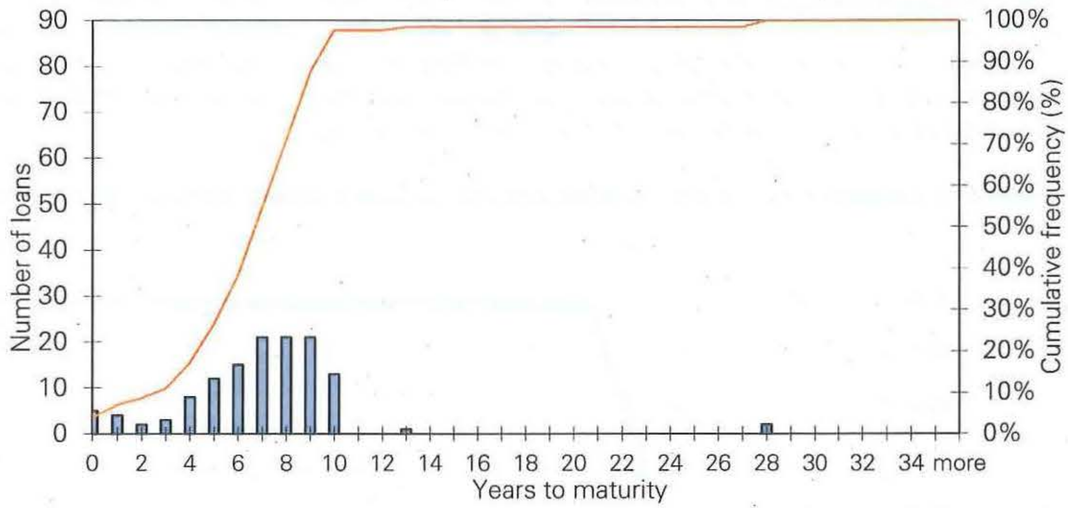


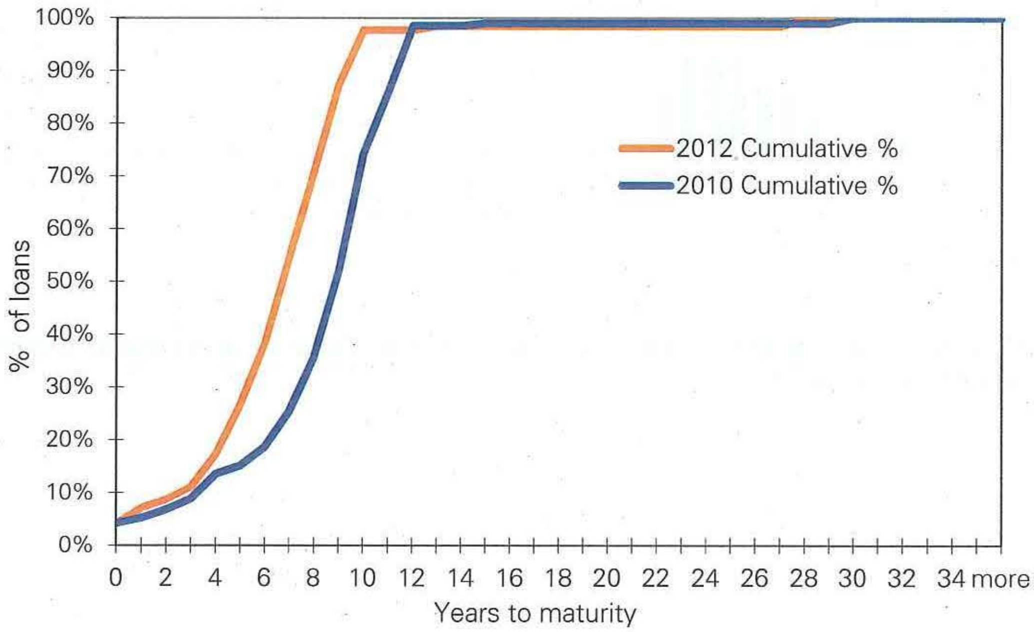
Table 4 shows the breakdown of expected maturity by loan scheme. It shows that all secured loans are expected to mature by 2021.

Table 4 – Number of loans reaching maturity as at 31 March 2012 by scheme

	Loan classification									
Year of maturity	**1986**	**86HB**	**HB**	**HBOFF**	**HBP**	**HBPOFF**	**PRE86**	**PREHB**	**Unsecured**	**Total**
2012							5			**5**
2013							4			**4**
2014							2			**2**
2015							4	1		**5**
2016							4	1	2	**7**
2017	3	3	9							**15**
2018	2	3	5	6						**16**
2019	2	2	5	11	1	1	3			**25**
2020		2	4	9	1					**16**
2021		2	8	12	1	1			1	**25**
2022			1	4						**5**
2023										**0**
2024									1	**1**
2025+									2	**2**
Total	**7**	**12**	**32**	**42**	**3**	**2**	**22**	**2**	**6**	**128**

The expected maturity timeline illustrated in Chart 6 shows that 97.66% of the loans are expected to repaid within 10 years. The graph also highlights the shorter expected maturity timeline in 2012 compared to 2010, with the 2012 projection shifting effectively two years to the left. Maturity projections have therefore remained largely unchanged since the previous review and reflect the early repayment of some loans as they are refinanced out of the scheme

Chart 6 –Cumulative % of loans reaching maturity in future years: 2010 and 2012 comparison

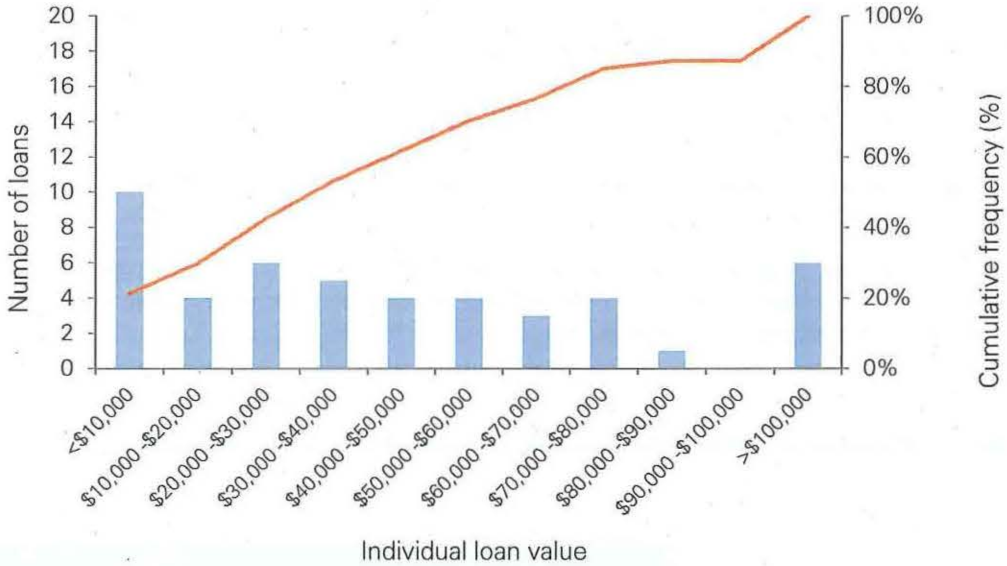


5.1.4 Loan Impairment

The current Portfolio contains 47 impaired loans[5] with a total current balance of $2.076m. These loans currently account for a disproportionately high value of the total Portfolio balance. Although impaired loans account for only 37% of the number of loans in the Portfolio, these loans account for 54% of the total value of all loans.

Chart 7 shows that there a number of impaired loans that have a relatively small balance, specifically there are 10 impaired loans that have a balance of less $10,000. There are seven impaired loans that have an outstanding balance of more than $80,000. These seven impaired loans, currently account for 38% of the total impaired loan balance.

Chart 7 – Value of Impaired loans



A high level of impairment represents a greater risk to the Portfolio. It indicates that borrowers have had difficulty meeting agreed instalments and are therefore at risk of further default. Chart 8 plots each loan's expected maturity date against the loan's current impairment ratio.

[5] Loans are assessed as impaired if they have a closing deferred assistance balance or are in arrears.

Chart 8- Impairment of Portfolio Loans as at 31 March 2012

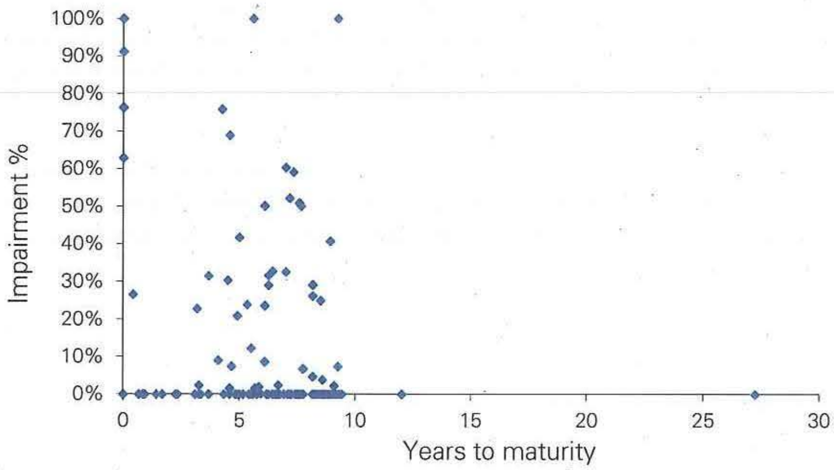


Table 5 below further highlights the following key points:

- The overall impairment of the Portfolio has increased since 2010;
- Loans maturing in greater than five years are more likely to be impaired than those maturing in less than five years; and
- Loans maturing in greater than five years are more likely to have an interest shortfall than those maturing in less than five years. Again highlighting that the more problematic loans are those with a greater number of years to maturity.

Table 5 – Impairment and interest shortfalls compared to Years to Maturity

	At January 2010 Years to maturity		At March 2012 Years to maturity	
	< 5	> 5	< 5	> 5
% of total loans that are impaired	6%	28%	8%	29%
%of total loans with an interest shortfall	8%	14%	7%	12%

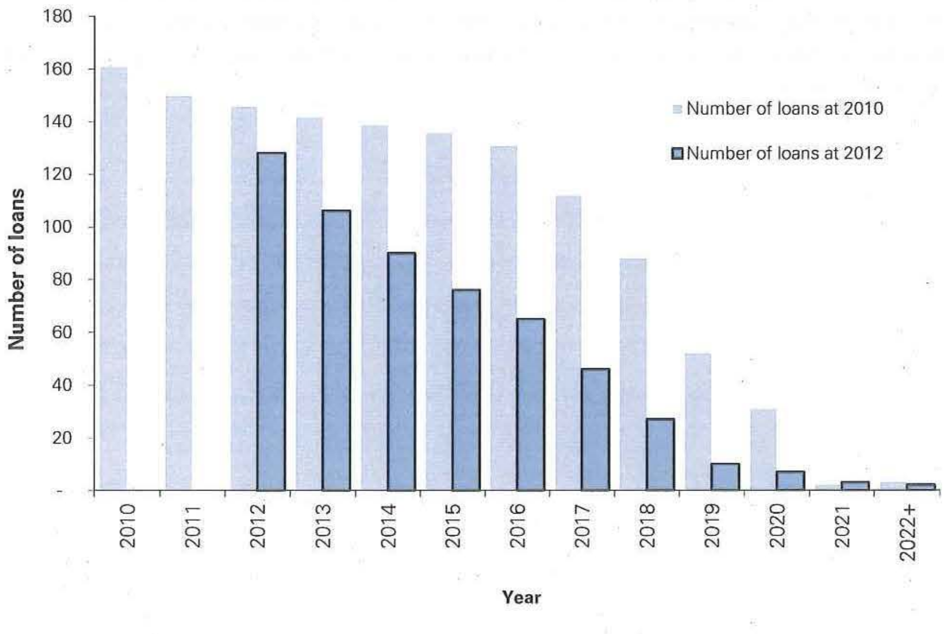
5.2 Estimated Remaining Life of Portfolio

In estimating the remaining life of the Portfolio emphasis has been placed on the distribution of contracted maturity dates for the Portfolio. This distribution has then been adjusted in light of the level of impairment and the borrower's ability to meet their repayment obligations. As a result, the estimated remaining life of the Portfolio is different to the maturity profile detailed in Section 5.1.3 above.

Consistent with KPMG's previous review, the following assumptions have been made when estimating the remaining life of the Portfolio:

- for those borrowers considered impaired or exhibiting a shortfall in their interest payments, it is assumed that they will not be able to refinance and so their loans will remain in the Portfolio until maturity or default, whichever occurs first;
- all unsecured loans will remain in the Portfolio until maturity or default, whichever occurs first;
- for the remaining customers, KPMG assumed a 25% refinancing rate each year[6]. KPMG notes that this would be a conservative estimate and is consistent with previous reviews;
- loans that are performing today will continue to perform over their remaining life;
- all loans that are currently impaired and unable to meet current interest repayment obligations are written off in the next year; and
- all loans that are unable to meet current interest repayment obligations, but are not currently impaired, are subject to a temporary fall in income and will recover within the next year.

Chart 9 – Comparison between estimated number of loans at financial year end - 2010 and 2012



[6] It has been assumed that remaining loans will be refinanced from the year 2013 onward.

Based on current projections, the remaining life of the secured loans in the Portfolio is estimated to be eight years, with all secured loans maturing by 2020. The above profile illustrates that by the end of 2020 all but three loans will remain. These three loans are unsecured and the outstanding value of these loans is estimated to be insignificant. The Treasury Directorate may consider making individual assessments of each loan at that time.

5.3 Debt Provisions

In 2010 a provision of $3.5m was recommended, which represented 57% of the loan receivables balance as at 31 January 2010. As a result of the current review this provision is to be revised, taking into account the current risk profile of the Portfolio.

Determining the provision is a risk based decision, and in recognition of this, Table 6 below provides three options ranging from 'low provisioning risk' to 'moderate provisioning risk'.

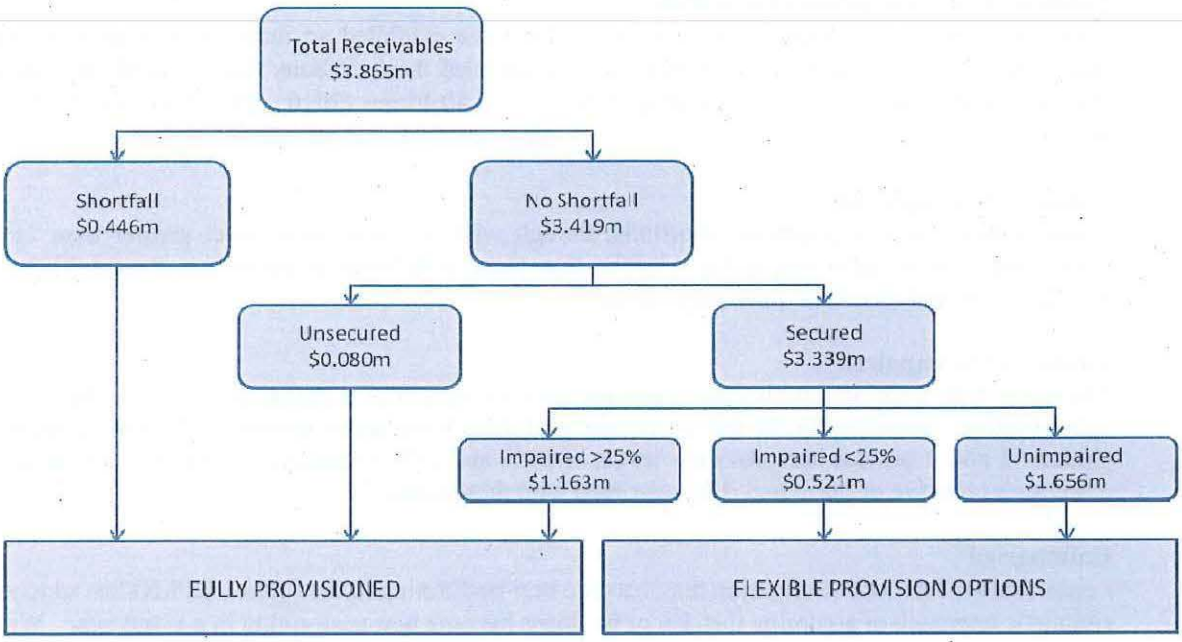
Table 6 - Comparison of suggested provision in 2010 and 2012

Provision option	Option 1- Low Risk		Option 2- Low to Mod Risk		Option 3- Mod risk	
	2010	2012	2010	2012	2010	2012
Suggested provision amount ($m)	$4.7	$ 3.2	$3.5	$ 2.7	$2.9	$ 2.5
Total receivables ($m)	$6.2	$ 3.9	$6.2	$ 3.9	$6.2	$ 3.9
Suggested provision amount as % of total receivables	76%	83%	57%	70%	47%	64%

The 2012 provisioning level ranges from 83% to 64% of total loan receivables. These rates are considered conservative recognising that most of the loans are secured mortgages and therefore the Treasury Directorate may ultimately be able to remedy losses through property sales. In 2010 the Treasury Directorate used the provisions for Option 2 and KPMG recommends that Option 2 be considered again this year.

Chart 10 shows the approach that was taken when calculating current provisioning levels.

Chart 10 – Provision Structure



The structure of the provision is split between a fully provisioned component and a flexible provisioned component that forms the basis for all three options. The fully provisioned component includes those loans that represent the highest risk to the Portfolio and includes those with a shortfall, an impairment ratio of greater than 25% and all unsecured loans. Those in the flexible component represent less risk and provide the option for partial provisions. The level of provisioning in the flexible components is presented in Table 7 below.

Table 7 - Provisioning Options

	Option 1 Low Risk 100% Provisioned	Option 2 Low to Mod Risk 50% Provisioned	Option 3 Moderate Risk 25% Provisioned	
Non-secured loans:	$80,325	$80,325	$80,325	Fully Provision
Loans with interest payment shortfalls:	$445,793	$445,793	$445,793	Fully Provision
Those > 25% Impaired:	$1,162,593	$1,162,593	$1,162,593	Fully Provision
Those <25% Impaired:	$520,735	$260,368	$130,184	Flexible Provision
5% p.a of those Unimpaired/No Shortfall:	$450,517	$225,259	$112,629	Flexible Provision
$10,000 Non-recoverable costs:	$550,000	$550,000	$550,000	Fully Provision
	$3,209,963	**$ 2,724,336**	**$2,481,523**	
% of Total Receivables:	83%	70%	64%	

Unsecured loans
There are six loans remaining that are unsecured and have an outstanding balance of $0.080m. The reduced ability to recover funds makes these loans high risk, and therefore warrants full provisioning.

Loans with interest payment shortfalls
There are currently 15 loans (2010: 18 loans) that have exhibited an inability to meet their interest requirements over the previous four months. It is believed these defaults flag a significant risk to the Portfolio and their current outstanding balance of $0.446m (2010: $0.295m) should be fully provisioned.

Loans > 25% impaired
Loans without interest payments shortfalls, though with an impairment level greater than 25% are considered to be a higher risk to the Portfolio than those with lower levels of impairment. These loans total $1.163m and should be fully provisioned.

Loans < 25% impaired
The lower risk associated with these loans presents the option of a partial provision of their $0.521m value. Option 1 provides for the full provisioning of these loans and is obviously the most conservative. Options 2 and 3 provide for provision levels of 50% and 25% respectively, and are considered to be more representative of the actual risk associated with these loans.

Unimpaired
Loans that are currently performing may become non-performing in the future. KPMG has adopted a simplistic approach of assuming that 5% of the loans become non-performing in a given year. With the unimpaired loans having an average expected life of seven years, the average mortgage will have a 30% probability of becoming non-performing over the course of its life. The outstanding value of these loans is $1.656m.

Non-recoverable costs

The final component of the provision adds $10,000 in non-recoverable costs associated with the recovery process if each of the 55[7] loans provisioned for under the scheme becomes non-performing. This $10,000 non-recoverable cost is an estimate and includes a fee of $3,850 (subject to variation) payable to the ACT Government Solicitor as a result of the mortgagee in possession sale process and any additional auction and real estate commissions that may be necessary if recovery action is undertaken on non-performing loans. The use of a $10,000 add-on is consistent with KPMG's previous reviews.

However, it has been noted that the terms of the original loan agreements may result in the Treasury Directorate having the ability to recover all costs when undertaking the sale of property tied to non-performing loans. If all loans have sufficient equity to cover the cost of the debt and expenses associated with the sale of the property, the ACT Government can assume that non-recoverable costs associated with the recovery process of non-performing loans would be nil. KPMG has not factored the recoverability of costs into our calculations as we do not have access to evidence around the value of equity contained in each property. If non-recoverable costs were to be excluded, the provisions would decrease by $550,000 under all three provisioning options.

[7] The 55 loans provisioned for include all unsecured loans, loans with interest payment shortfalls and impaired loans

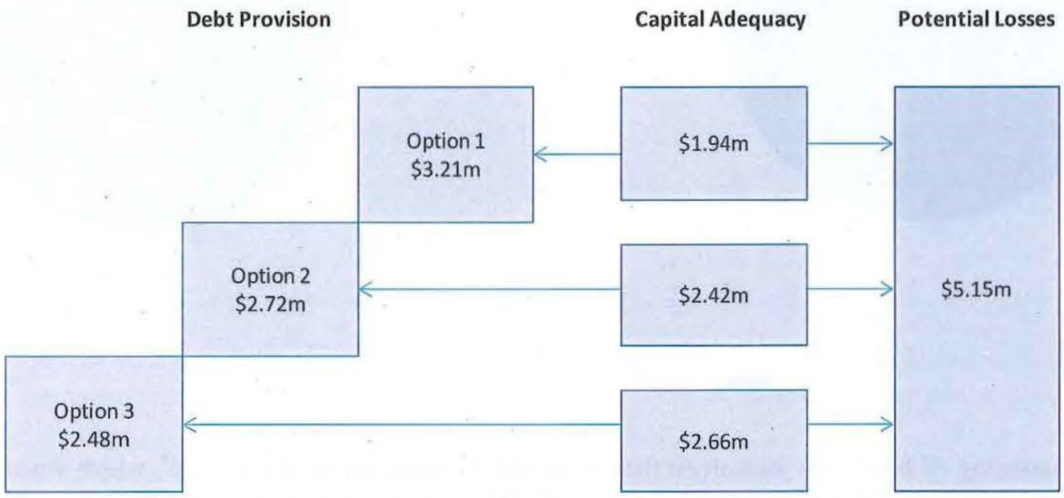
5.4 Capital Adequacy

Capital adequacy is essentially the difference between the debt provision and total potential losses. The following section calculates the amount of capital required to be held to cover potential losses up to a high level of confidence. In commercial portfolios the necessary level of capital is generally estimated as a tail percentile of the default loss distribution (e.g. 99.95th percentile). In turn, this distribution is a function of the default probabilities for the loans in the Portfolio, the expected loss given default for those loans and the expected exposure at the time of default.

In this portfolio of loans, the small number of exposures, the limited data for estimating default probabilities and the high level of impairment, combine to make this approach less suitable.

Instead, capital could be set such that the sum of capital and debt provisions equal the total expected losses assuming default on all loans. This approach gives a high level of confidence that provisions plus capital adequacy will be sufficient to cover all Portfolio losses.

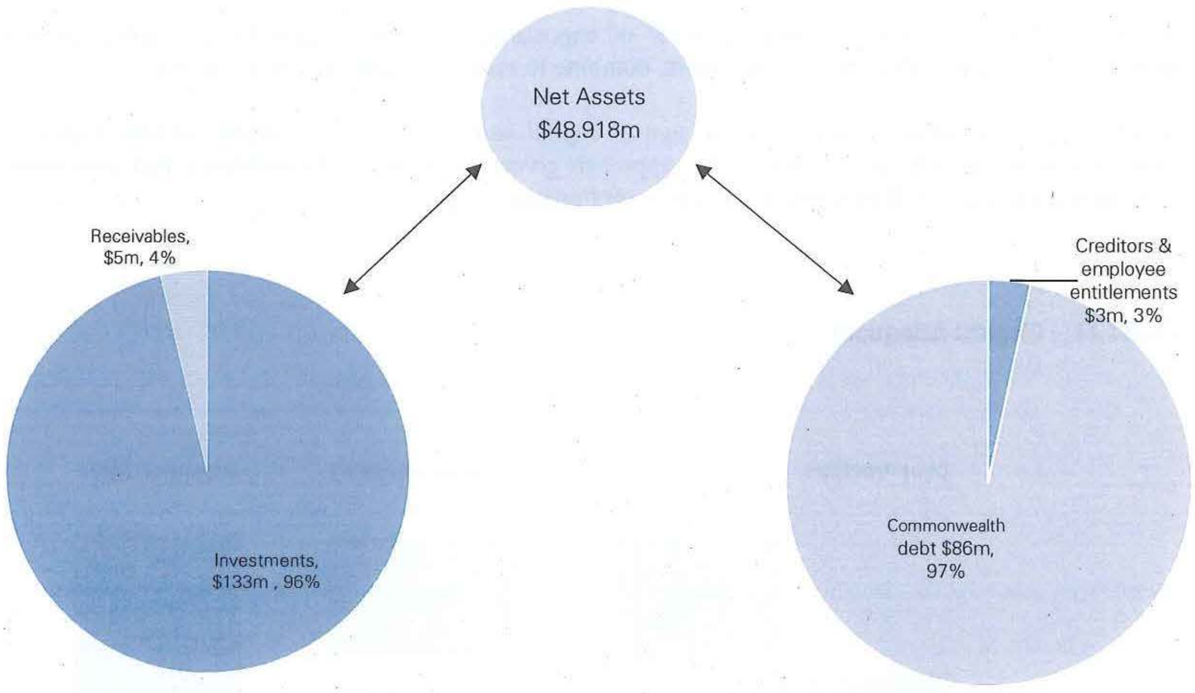
Chart 11 – Capital Adequacy



5.5 Appropriate Level of Equity Retention in Portfolio

Total equity within the Portfolio at 31 March 2012 was $46.0m, including a debt provision of $2.9m. With the debt provision excluded, net assets are represented as follows:

Chart 12 – Net Assets as at 31 March 2012



Assuming all borrowers default on their debt, total potential losses are $5.15m[8], which when deducted from net assets leaves $43.8m. This represents the absolute maximum amount of equity available for withdrawal from the Portfolio.

Sufficient equity is also required to cover possible investment losses, where the cost of interest on the Commonwealth debt (4.5% p.a.) exceeds the yield provided by investments. Should investment yields drop to just 1% the Portfolio would experience losses of approximately $4.6m per annum. Sufficient equity should be retained to cover at least two years investment losses.

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[8] Total potential losses is calculated as the current value of Portfolio receivables plus $10,000 in non-recoverable costs per loan

Table 8 – Equity Withdrawal Options

Net Assets	$46.0
(+) Provision	$2.9
Sub-total	$48.9
(-) Potential Default Losses	$ 5.2
(-) Two Years Investment Losses	$9.4
Sub-total	$34.4
Equity Withdrawal	
Option 1 (Moderate Risk)	$25.0
Option 2 (Low to Moderate Risk)	$15.0
Option 3 (Low Risk)	$0.0

Three options for the withdrawal of equity have been provided. The first option provides for the withdrawal of up to $25m. This leaves sufficient equity to cover the default of all mortgages, two years of debt repayments and $9.4m in contingency. The second low to moderate risk option provides for the withdrawal of $15m, with a larger contingency of $19.4m. The third option is to withdraw no equity at all.

The above equity withdrawal options have been calculated as at 31 March 2012 and do not consider the equity withdrawal of $9.446m from the Portfolio in early April 2012. Taking into account the most recent equity withdrawal from the Portfolio, Option 1 would currently allow for $15.554m being available for withdrawal and Option 2 would currently allow for the withdrawal of $5.554m. Before any further equity withdrawals are agreed, it is recommended that the proposed equity withdrawals announced in the 2012-13 Budget (Budget Paper No. 4, page 199) are fully considered.

6 Individual Loan Category Findings

6.1 HB/HBOFF Loans

These loans have been issued since 2 April 1991. Deferred Assistance is available and borrowers have signed a collateral agreement and agreed to repay 27% of income until all Deferred Assistance is repaid. Loans have a 25 year term with variable interest rate charged on the principal loan amount. No interest is charged on the Deferred Assistance component.

Table 9 – Comparative Summary

The following table analyses the size and distribution of the loans.

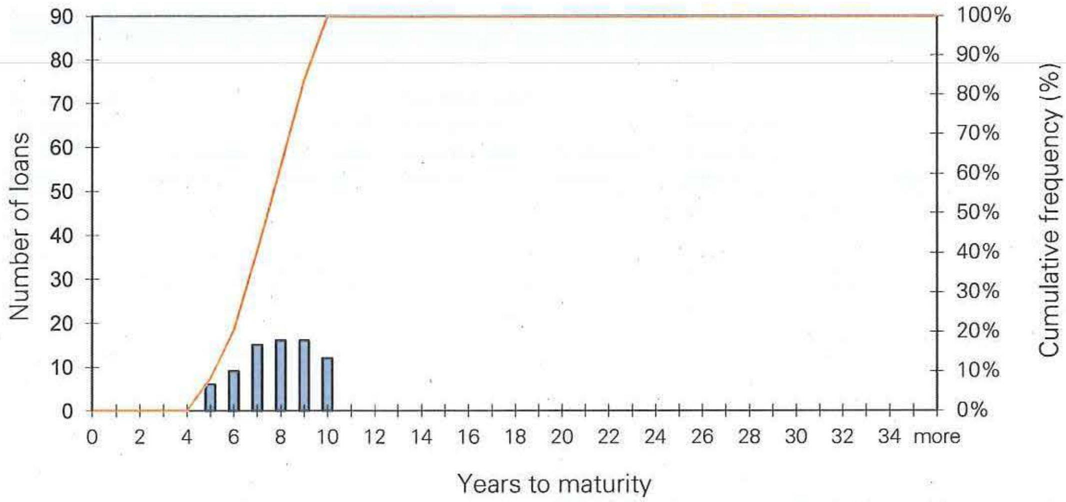
Loan and deferred assistance details- HB - HBOFF						
Year	Total value of loans ($'000)	Number of loans	Total deferred assistance (DA) amount ($'000)	DA as % of total value of loans	Number of DA loans	Number of DA loans as % of all loans
2003	28,052	422	1,102	*4%*	77	*18%*
2005	15,471	273	728	*5%*	46	*17%*
2008	7,474	147	580	*8%*	24	*16%*
2010	4,831	108	615	*13%*	18	*17%*
2012	3,029	74	599	*20%*	16	*22%*

6.1.1 Level of risk and potential life

This loan category has the largest number of loans and accounts for 78% of the total value of the Portfolio. This category currently accounts for 76% of the total Deferred Assistance balance of the Portfolio, which represents an increase of 4% since January 2010.

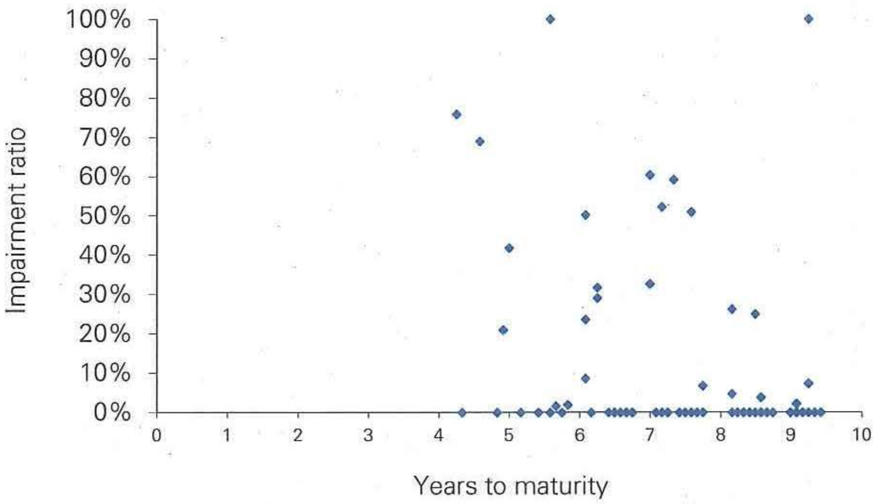
Chart 13 shows that the last of the loans in this category are not expected to mature for another 10 years.

Chart 13 – Contracted Years to Maturity of HB/HBOFF Loans



This loan category currently has 16 Deferred Assistance loans, with a total balance of $0.599m. Although no interest will be charged on the Deferred Assistance balance, the assistance is required to be repaid during the loan term.

Chart 14 – Impairment of Loans as at 31 March 2012



6.2 HBP/HBPOFF Loans

These loans were issued between February 1993 and cessation of lending in 1996. Deferred Assistance is available and borrowers have signed a collateral agreement and agreed to repay 27% of income until all Deferred Assistance is repaid. Loans have a 25-year term with the variable interest rate charged on the principal loan.

Table 10 – Comparative Summary

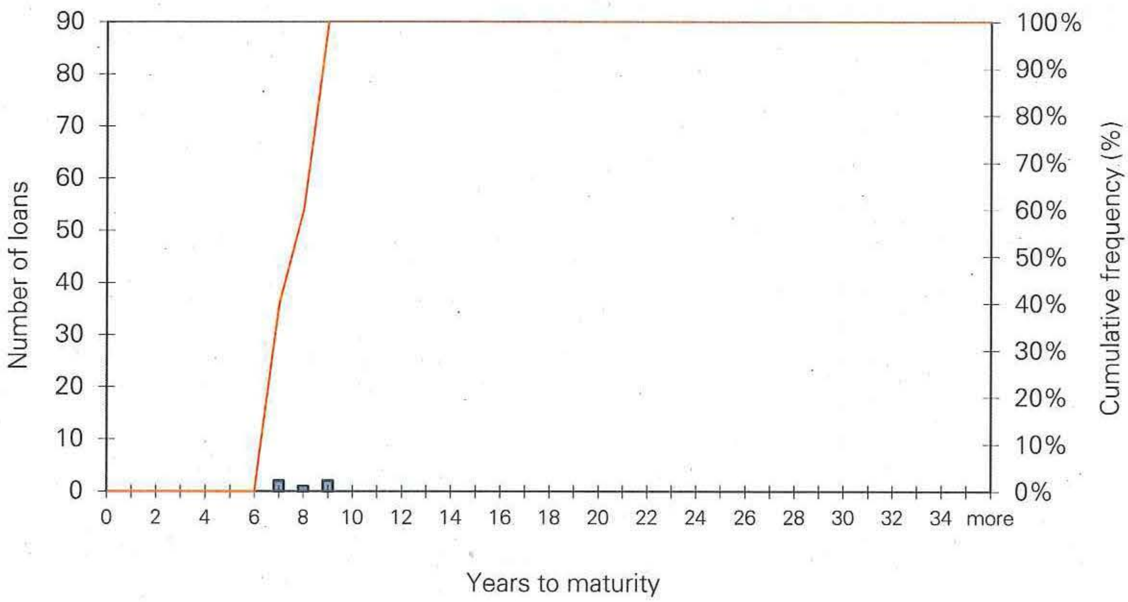
The following table analyses the size and distribution of the loans.

Loan and deferred assistance details- HBP- HBPOFF						
Year	Total value of loans ($'000)	Number of loans	Total deferred assistance (DA) amount ($'000)	DA as % of total value of loans	Number of DA loans	Number of DA loans as % of all loans
2003	3,349	44	10	0.3%	1	2%
2005	1,277	21	7	0.5%	1	5%
2008	566	10	3	0.5%	1	10%
2010	309	6	-	-	-	-
2012	234	5	-	-	-	-

6.2.1 Level of risk and potential life

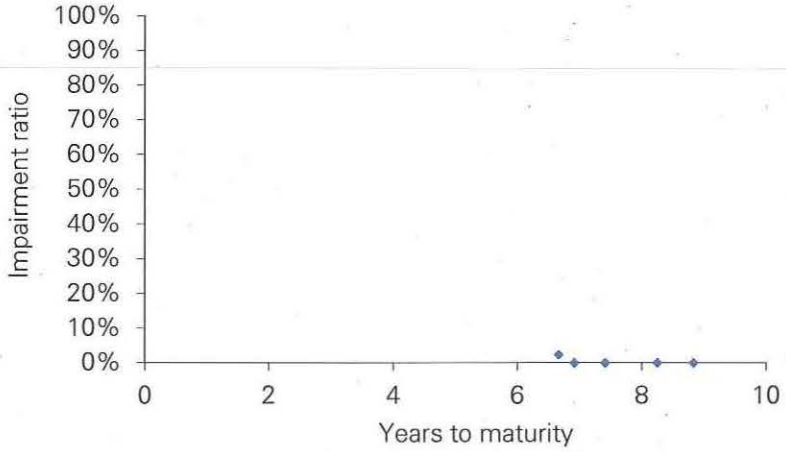
This loan scheme accounts for approximately 6% of the total Portfolio and no longer has any Deferred Assistance. Chart 15 shows that the remaining five loans are expected to mature within nine years.

Chart 15 – Contracted Years to Maturity of HBP/HBPOFF Loans



The following scatter plot shows that this scheme has a low level of impairment. Of the five loans in this scheme, one loan is reporting an impairment ratio of 2%, and all other loans are not impaired.

Chart 16 – Impairment of Loans as at 31 March 2012



6.3 1986 Loans

These loans were issued between January 1986 and April 1991. The loans have a 30 year term and borrowers have not signed a collateral agreement. These loans are eligible for a type of Deferred Assistance called 86DA where there is no requirement to pay interest and also no requirement to repay this Deferred Assistance before the end of the loan term or on discharge.

Table 11 – Comparative Summary

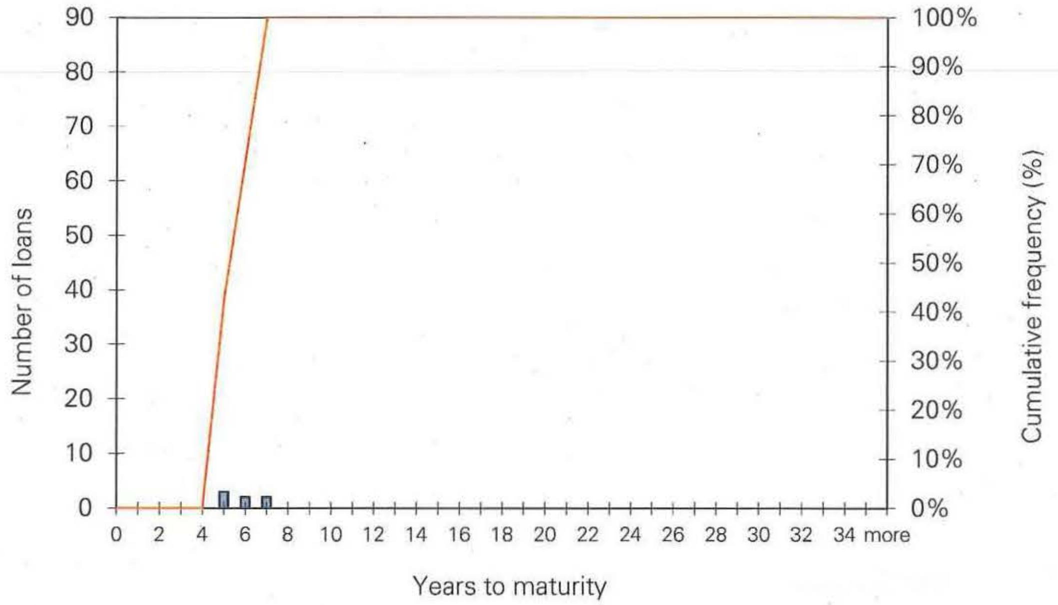
The following table analyses the size and distribution of the loans.

Loan and deferred assistance details- 1986						
Year	Total value of loans ($'000)	Number of loans	Total deferred assistance (DA) amount ($'000)	DA as % of total value of loans	Number of DA loans	Number of DA loans as % of all loans
2003	1,076	43	47	*4%*	11	*26%*
2005	538	23	37	*7%*	8	*35%*
2008	277	16	23	*8%*	6	*38%*
2010	196	10	23	*12%*	6	*60%*
2012	100	7	11	*11%*	3	*43%*

6.3.1 Level of risk and potential life

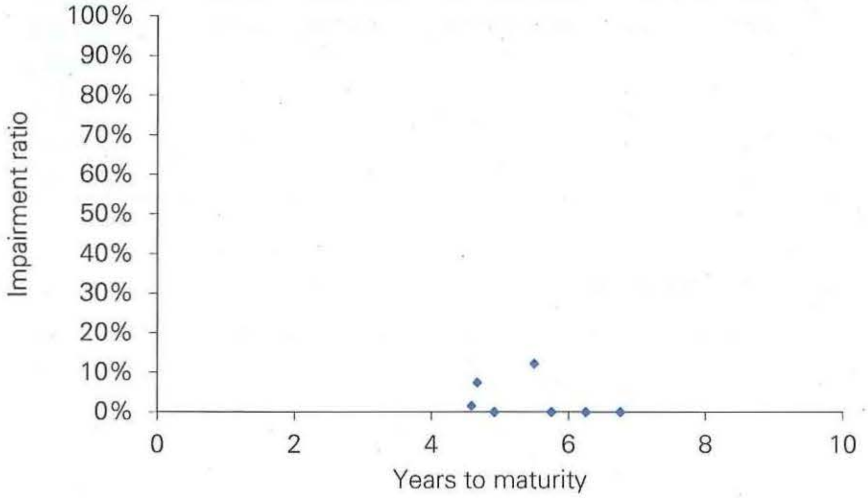
The 1986 loan category currently accounts for approximately 2% of the total value of the Portfolio and just over 1% of the total Deferred Assistance balance. Chart 17 shows that the last of the 1986 loans is expected to mature in seven years.

Chart 17 – Contracted Years to Maturity of 1986 Loans



The Deferred Assistance balance currently stands at $0.011m, however there is no requirement that borrowers repay this amount until the end of the loan term or upon discharge. Provided the Deferred Assistance is paid as a lump sum at the end of the loan term the expected maturity should be achieved, otherwise this loan category could continue beyond this date and may need to be reassessed at that time. Chart 18 shows the impairment ratios of remaining 1986 Loans.

Chart 18 – Impairment of Loans as at 31 March 2012



6.4 86HB Loans

These loans were issued between January 1986 and April 1991. All loans have a 30 year term and all Borrowers have signed collateral agreements and agreed to repay 27% of income until all Deferred Assistance is repaid (excluding 86DA). These loans may have both 86DA as well as HomeBuyer DA, neither of which incur interest charges.

Table 12 – Comparative Summary

The following table analyses the size and distribution of the loans.

Loan and deferred assistance details- 86HB

Year	Total value of loans ($'000)	Number of loans	Total deferred assistance (DA) amount ($'000)	DA as % of total value of loans	Number of DA loans	Number of DA loans as % of all loans
2003	2,012	49	363	*18%*	41	*84%*
2005	1,310	33	239	*18%*	32	*97%*
2008	776	21	214	*28%*	18	*86%*
2010	610	20	211	*35%*	17	*85%*
2012	349	12	176	*50%*	10	*83%*

6.4.1 Level of risk and potential life

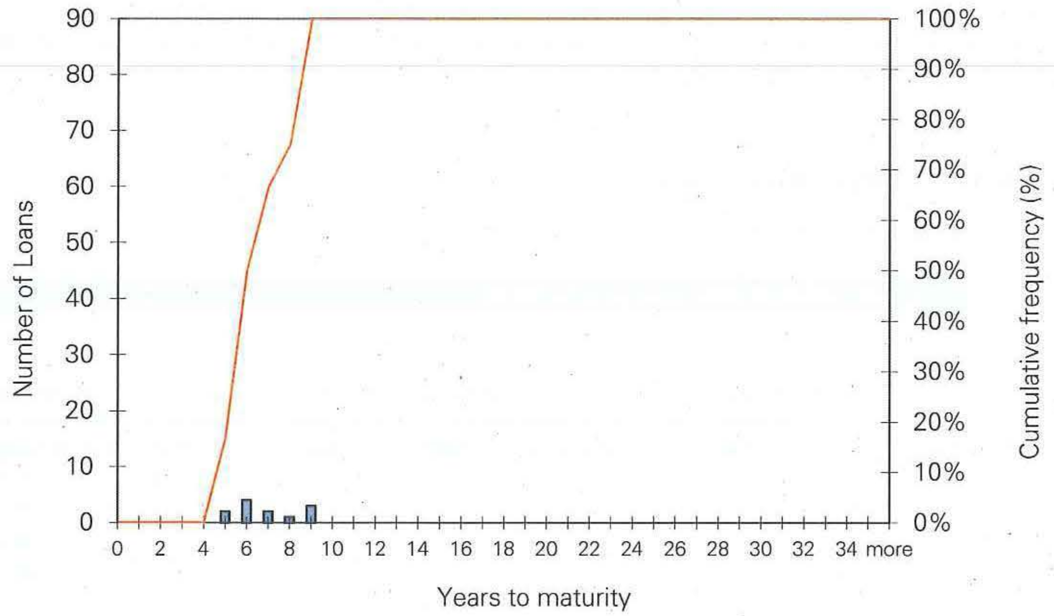
This loan category now accounts for 9% of the total value of the loan Portfolio, representing a small decrease of 1% since 2010. The total value of Deferred Assistance within this loan category continues to account for a disproportionate amount of the total value of the Portfolio's Deferred Assistance, accounting for 22% of total Deferred Assistance.

Currently, 10 out of the 12 loans in this category have a Deferred Assistance balance, indicating 83% of these loans are impaired. This loan category is showing a slight 2% decrease in overall impairment numbers from 2010.

Given the mix of Deferred Assistance options available in this loan category, it was previously difficult to fully ascertain the expected period in which these loans would be repaid. This is because the majority of assistance comes under the 86DA arrangement which is not required to be repaid until the end of the loan term or upon discharge.

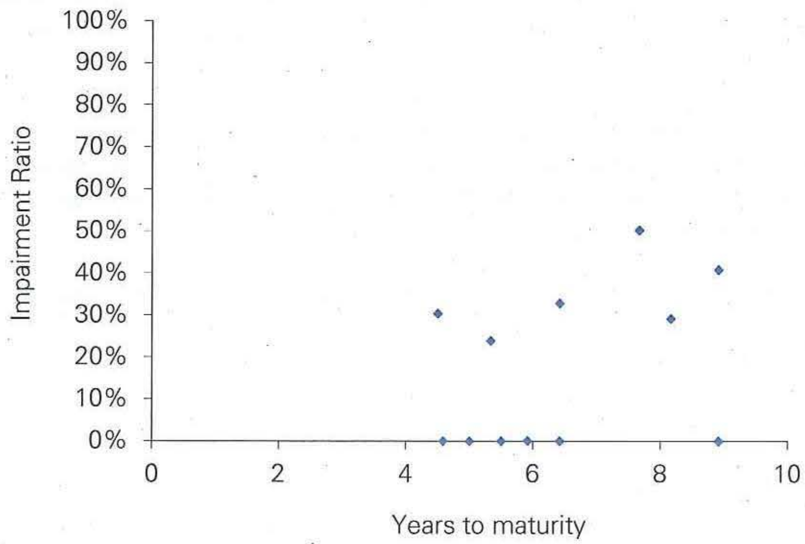
The current data represented in Chart 19 below estimates that the final 86HB loans will reach completion in nine years.

Chart 19 – Contracted Years to Maturity of 86HB Loans



The graph below shows the severity of the impairment for loans in this category is high. Hence, this loan category will continue to require direct intervention as it carries proportionally more risk than any other loan categories.

Chart 20 – Impairment of Loans as at 31 March 2012



6.5 PRE86 Loans

These loans were issued until December 1986. Loans have no Deferred Assistance and the loan terms vary from 30 to 45 years. Variable interest rate is charged on the principal loan.

Table 13 – Comparative Summary

The following table analyses the size and distribution of the loans.

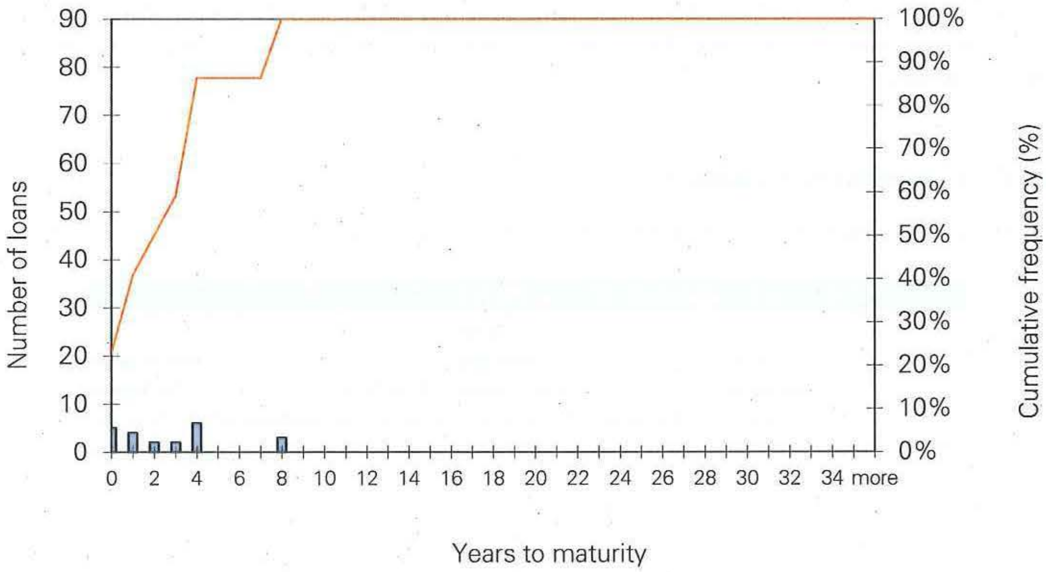
Loan and deferred assistance details- PRE86

Year	Total value of loans ($'000)	Number of loans	Total deferred assistance (DA) amount ($'000)	DA as % of total value of loans	Number of DA loans	Number of DA loans as % of all loans
2003	2,140	314	-	-	-	-
2005	1,018	180	-	-	-	-
2008	373	90	-	-	-	-
2010	164	40	-	-	-	-
2012	66	22	-	-	-	-

6.5.1 Level of risk and potential life

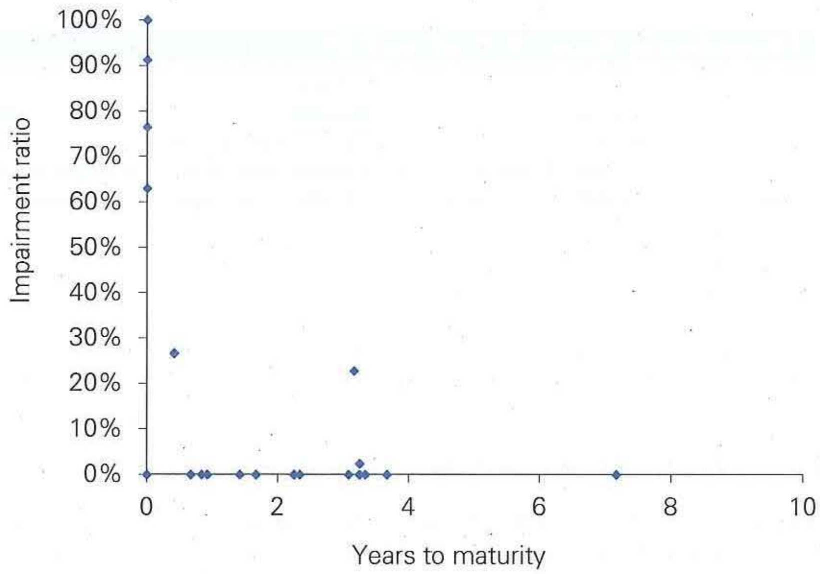
This loan category currently represents 2% of the Portfolio and it does not have a Deferred Assistance balance. Chart 21 below shows that over 85% of the loans in this category will reach maturity within four years, and all loans are expected to reach maturity within eight years.

Chart 21 – Contracted Years to Maturity of PRE86 Loans



Despite Deferred Assistance not being available for this loan type, seven loans are impaired, indicating that these loans are in arrears. Chart 22 shows that the severity of the impairment is significant, with six of the seven impaired loans, having an impairment ratio of above 20%.

Chart 22 – Impairment of Loans as at 31 March 2012



6.6 PREHB Loans

These loans were issued until December 1986. The term of the loans vary from 30 to 45 years. These loans have Deferred Assistance and borrowers have signed a collateral agreement. Repayments are set at 27% of income until all Deferred Assistance is repaid and no interest is charged on the Deferred Assistance component.

Table 14 – Comparative Summary

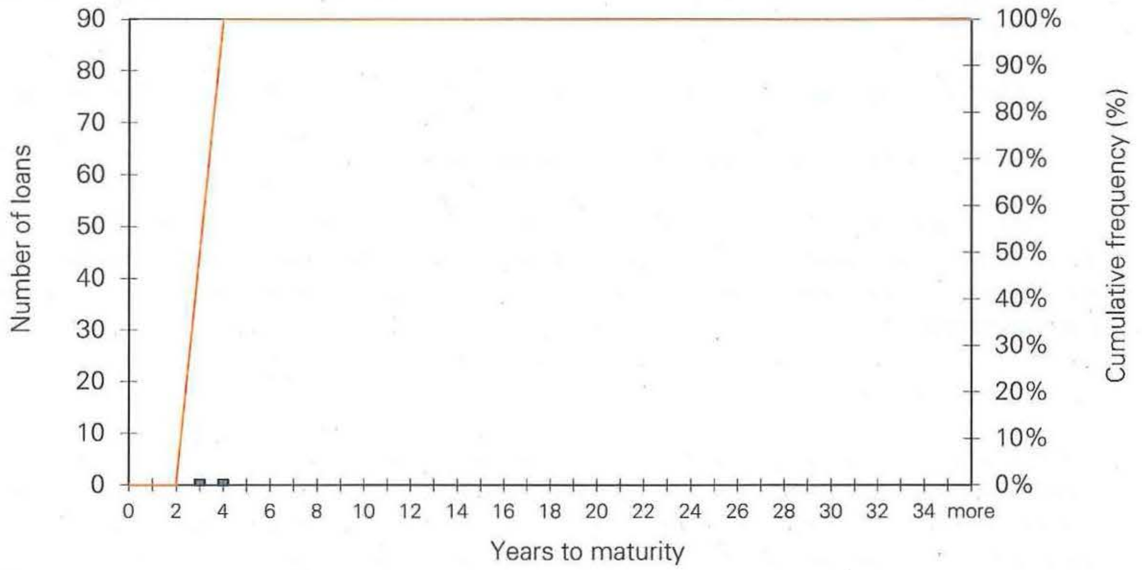
The following table analyses the size distribution of the loans.

Loan and deferred assistance details- PREHB						
Year	Total value of loans ($'000)	Number of loans	Total deferred assistance (DA) amount ($'000)	DA as % of total value of loans	Number of DA loans	Number of DA loans as % of all loans
2003	140	6	12	8.6%	1	17%
2005	33	3	-	-	-	-
2008	26	3	-	-	-	-
2010	20	3	-	-	-	-
2012	06	2	-	-	-	-

6.6.1 Level of risk and potential life

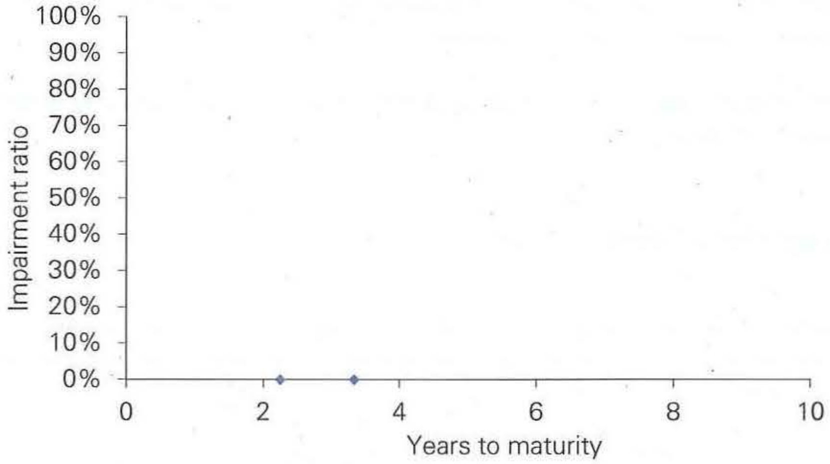
This loan category currently accounts for less than 0.2% of the total Portfolio and has no Deferred Assistance balance. There are only two loans remaining in this category and both are expected to mature in three to four years.

Chart 23 – Contracted Years to Maturity of PREHB Loans



The graph below illustrates that both remaining loans in this category remain unimpaired.

Chart 24 – Impairment of Loans as at 31 March 2012



7 Other Information

7.1 Outstanding debt to the Commonwealth

As at 31 March 2012 the outstanding debt to the Commonwealth was approximately $86.3 million. These borrowings are fixed at an interest rate of 4.5% per annum and are currently being repaid to the Commonwealth as principle and interest repayments. The final repayment on the borrowings is not due until 2040. The annualised interest expense for the 2010-11 financial year was approximately $4.0m.

In assessing the merit of retaining vis-a-vis repaying or replacing the Government debt, we have considered two factors:

1) The cost of debt against the return on investments attached to the Home Loan Portfolio; and

2) The cost of the Commonwealth debt versus alternate financing options.

The second factor is appreciably subject to any restrictions over the current Commonwealth debt, of which KPMG was unable to assess. Any refinancing of the Commonwealth loan should be undertaken with appropriate legal advice and in consultation with the Commonwealth in the absence of relevant loan documentation.

Comparison to investment returns

For the nine months to 31 March 2012, the Central Financing Unit (CF) generated returns of approximately $5.0m, which represents an annualised rate of return of 5.1%. This represents a margin of 0.6% over the 4.5% cost of debt. While this is not a significant margin, it remains a positive impact and it should be noted that the debt cost remains fixed over the longer-term.

Comparison to alternate financing options

Subject to any restrictions in place over the current loan, it is recommended that the Treasury Directorate assess the market[9] to determine if the debt could be financed at a lower interest rate. However, while there have been recent reductions in the cash rate, KPMG understands that the relative cost of State and Territory debt in Australia remains comparably high. Furthermore, the current debt (fixed at 4.5%) remains a low cost source of funds over the long term. As such, short term borrowings at a lower interest rate could result in the Treasury Directorate having to roll over that debt at a higher rate in the future (or sell-down on the investments).

Our recommendation to assess the market is ultimately one of good practice at different points over the life of any long term debt.

7.2 Winding-up the scheme

It is recommended that the Treasury Directorate take a long term view to winding up the scheme. There are several options available to winding up the scheme in the short term, however these are unlikely to result in significant financial savings.

The Portfolio is run at minimal cost with estimated administration costs of $221,000 in 2011-12 (excluding depreciation), noting that a new loan management system has recently been implemented which will reduce these costs. The most viable option to winding-up the scheme is to wait until the

[9] In recommending that the Directorate assess the market this does not necessarily require the Treasury to go to market. The Treasury may already have access to relevant data through its current budget financing activities.

contracted maturity of each loan, with the last of the secured loans expected to mature in eight years[10]. This point presents the opportunity to either write-off existing amounts or encourage individual borrowers to refinance with a financial intuition.

Other options considered by the review were:

Selling the loans to a commercial buyer

Any commercial loan provider looking to purchase the loans would likely seek a significant discount on the Portfolio due to the small size of the loans and the high number of impaired loans. In the current retail banking environment with heightened risk aversion, there is a significant risk that the Territory would be unable to sell a number of its remaining loans, especially those that are non-performing. Even for the performing loans, the remaining term to maturity is closer to that of personal loans then home loans and, as such, the commercial sector would seek a higher return (i.e discount on sale).

As a reasonableness test we have applied a rate of return of 17% (approximating credit card or unsecured loan rates as a reasonable proxy of credit risk) on impaired and unsecured loans, and a rate of 9.41% (representing a 200 point increase of current interest charged[11]) on all other loans. We believe these discount factors are relatively optimistic and they have been used for analysis purposes only

The net present value of impaired and unsecured loans using a discount rate of 17% is $0.884m. The present value of all other loans using a discount rate of 9.41% is $1.373m. Therefore, the total discounted value of the Portfolio is estimated to be $2.256m (and it is likely that a commercial provider would expect a higher return/discount). This indicates that if a commercial loan provider was willing to purchase the loans, the Territory would be required to sell the loans at a discount of at least $1.609m below their current gross value.

Appreciably, there would also be savings in staffing and other administrative costs associated with maintaining the loan Portfolio as these would no longer be required once the loans are sold. Using a discount rate of 3%[12], the present value of administrative costs over eight years is $1.51m[13], however this saving would in part be offset by the additional costs associated with a transfer.

Service provider to administer loans

The Portfolio is run at a low cost, particularly given the reduced administration costs that will be gained from the introduction of the loan management system. This makes it unlikely that the Territory could achieve any significant savings by outsourcing this activity to a service provider.

Accelerated payment options

It is unlikely the Territory would benefit by offering accelerated payment options. Borrowers whose loans are not impaired are most likely to take advantage of the accelerated payment option and these loans are the least costly for the Portfolio to administer. Borrowers with impaired loans are less likely to take the accelerated payment option.

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[10] As outlined in Section 5.2 the assumptions for this prediction is based on the current repayment profile and a refinancing rate of 25%

[11] Based on interest rates charged as at 31 March 2012

[12] The discount rate of 3% p.a. considers both the time value of money and expected salary increases

[13] Calculated based on the 2011-12 estimated administration costs and representing a discount factor net of growth in costs.

Transfer to Rates office/ACT housing to continue collection

While a transfer of the debt to the Rates office would appear attractive, it is not likely to provide significant savings due to the small size of the Portfolio and the different type of debt that this represents (i.e. due to the different debt characteristics the upfront costs of incorporating into the Revenue office systems is likely to exceed the savings, especially in the light of the sunk costs associated with the recent IT upgrade). The Portfolio and the Rates Office could consider how they could work together to co-ordinate recovery action as it is possible that borrowers with impaired loans may also have outstanding rates for their properties.

8 Assessment

The analysis performed in this review relies on assumptions in regard to the future performance of the Portfolio. The data used for this review was the same used in previous engagements.

Overall the Home Loan Portfolio carries a moderate level of risk for the ACT Government. The extent of the risk varies between the loan categories, though the HB/HBOFF and 86HB loan types currently exhibit the greatest level of impairment compared to the total value of loans and are therefore at the greatest risk of default.

Outstanding receivables continue to fall and over the past two years the number of loans has fallen 34%. It is likely that this trend will plateau; recognising the larger more impaired loans are less likely to be refinanced. This is borne out by evidence that shows that those loans with the greatest level of impairment are the longer-lived loans maturing in greater than nine years.

The remaining contracted life of the secured loans within the Portfolio is now in the vicinity of 10 years, assuming each loan that remains reaches its contracted maturity date. All secured loans are however expected to mature within eight years. Those loans left toward the end of the Portfolio life are likely to be severely impaired and the ongoing ability to repay these loans will be questionable.

The provision for doubtful debts should be revisited in line with the recommendations in this report, as should the level of capital adequacy. It is expected the level of provisioning relative to receivables will continue to increase, reflecting the higher risk loans that remain in the scheme.

Any decision to withdraw equity from the fund needs to be carefully considered with regard to potential fluctuations in interest rates, the risk of loan default and the uncertainty of receivables being paid as they fall due.

It is recommended that the Commonwealth debt be assessed against other long-term financing options that may be available as the current cost of finance is relatively low. There is not a financial case for extinguishing this debt over the medium to long term as there are positive cash flows from the associated investments over and above the 4.5% cost of the Commonwealth debt. Any changes to the Commonwealth debt should be made with legal advice and in consultation with the Commonwealth in the absence of relevant loan documentation.

In order for the Territory to ensure that its risk exposure is kept to a minimum it is important that there be an internal monitoring and a review process in place to ensure that the performance of the Portfolio is properly assessed and appropriately managed through to its maturity.

9 Glossary

1986 Loans – These loans were issued between January 1986 and April 1991. The loans have a 30 year term and borrowers have not signed a collateral agreement. These loans were eligible for 86 Deferred Assistance, where there is no requirement to pay interest and also no requirement to repay this Deferred Assistance before the end of the loan term or on discharge.

86 Deferred Assistance – A unique type of Deferred Assistance which was available up until 1986 for both the 1986 Loan Scheme and the 86HB Loan Scheme. 86 Deferred Assistance is provided to borrowers experiencing financial hardship. However, there is no requirement to pay interest on deferred payment or to repay the deferred assistance before the end of the loan term or on discharge

86HB Loans – These loans were issued between January 1986 and April 1991. All loans have a 30 year term and borrowers have signed collateral agreements and agree to repay 27% of income until all Deferred Assistance is repaid (excluding 86DA). These loans have been eligible for both 86 Deferred Assistance as well as the standard Home Buyer Deferred Assistance, neither of which incur interest charges.

Deferred Assistance – Assistance provided to borrowers if borrowers are experiencing financial hardship, are unable to meet the required standard monthly instalment and have a signed Deferral Assistance Agreement. If the standard monthly instalment is greater than 27% of the mortgagors combined income, borrowers may be eligible for assistance. No interest is charged on the Deferred Assistance component.

HB/HBOFF Loans – These loans were issued after 2 April 1991 and have a 25 year term with the variable interest rate charged on the principal loan amount. Deferred assistance is available and borrowers have signed a collateral agreement and agree to repay 27% of income until all deferred assistance is repaid.

HBP/HBPOFF Loans – These loans were issued after February 1993 and have a 25 year term with the variable interest rate charged on the principal loan. Deferred assistance is available and borrowers have signed a collateral agreement and agree to repay 27% of income until all Deferred Assistance is repaid.

Interest Charged – where interest is charged, the rate is aligned to the Commonwealth Bank standard variable rate.

PREHB Loans – These loans were issued up until December 1986. The term of the loan varies from 30 to 45 years and borrowers have signed a collateral agreement. These loans have a Deferred Assistance option available, where repayments are set at 27% of income until all Deferred Assistance is repaid. No interest is charged on the Deferred Assistance component.

PRE86 Loans – These loans were issued up until December 1986. The term of loan varies from 30 to 45 years and Deferred Assistance is not available. Variable interest rate is charged on the outstanding principal.

Unsecured Loans – These loans are former non-performing loans that have been subject to recovery action. The value of unsecured loans is the difference between what was owed by the borrower and the proceeds from the sale of the mortgaged property after recovery, less any payments since recovery.