

# South Australian Housing Trust

Financial report  
for the year ended  
30 June 2019



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
DX 56208  
Victoria Square  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

## To the Chair South Australian Housing Trust

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27(4) of the *South Australian Housing Trust Act 1995*, I have audited the financial report of the South Australian Housing Trust for the financial year ended 30 June 2019.

### Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Housing Trust as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive and the Acting Director Finance.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of South Australian Housing Trust. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the Chief Executive and members of the Board for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The members of the Board are responsible for overseeing the entity's financial reporting process.

## **Auditor's responsibilities for the audit of the financial report**

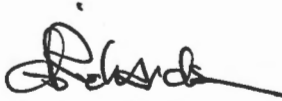
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Housing Trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and members of the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'A Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

**Auditor-General**

18 September 2019

## INTERNAL REPRESENTATION LETTER

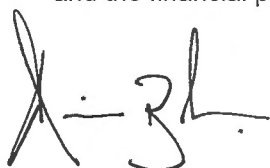
## TO THE MEMBERS OF THE SOUTH AUSTRALIAN HOUSING TRUST

We, the undersigned, hereby certify that:

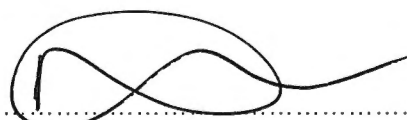
- (a) the attached General Purpose Financial Statement has been prepared pursuant to the *South Australian Housing Trust Act 1995*, the *South Australian Co-operative and Community Housing Act 1991 (SACCH Act)*, and the *Community Housing Providers (National Law) (South Australia) Act 2013* and presents fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Australian Accounting Standards and other mandatory professional reporting requirements in South Australia, the financial position of the South Australian Housing Trust as at 30 June 2019, its financial performance and its cash flows for the reporting period;
- (b) the attached financial statements are in accordance with the accounts and records of the Trust and give an accurate indication of the financial transactions of the authority for the reporting period; and
- (c) the internal controls over financial reporting have been effective for the reporting period.

We have taken the necessary action to ensure that:

- (a) all known debts have been written-off and an adequate provision for doubtful debts was made;
- (b) all current assets have been recorded at amounts not exceeding the values which, in the ordinary course of business, they may be expected to realise;
- (c) all non-current assets are shown at amounts not exceeding their replacement costs as at 30 June 2019, having regard to their value to the Trust as a going concern;
- (d) the financial statements and accompanying notes contain sufficient detailed information and explanations to prevent them from being misleading by reason of the over-statement of the values of assets or the understatement of liabilities; and
- (e) the financial statements give an accurate indication of the financial position as at the reporting date and the financial performance and cash flows for the reporting period.



.....  
Michael Buchan  
Chief Executive  
South Australian Housing Trust



.....  
Nicholas Symons  
A/Director, Finance  
South Australian Housing Trust

Dated: 12/9/19

Dated: 12/9/19

**CERTIFICATION OF THE FINANCIAL STATEMENTS**

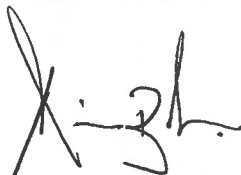
We certify that the attached general purpose financial statements for the South Australian Housing Trust:

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Trust as at 30 June 2019 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Trust for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Gary Storkey  
Chair  
South Australian Housing Trust Board



Michael Buchan  
Chief Executive  
South Australian Housing Trust



Nicholas Symons  
A/Director, Finance  
South Australian Housing Trust

Date... 13 | 09 | 2019 .....

## STATEMENT OF COMPREHENSIVE INCOME

### For the Year Ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
<b>Expenses</b>			
Employee benefits expenses	2.3	85 081	72 711
Supplies and services	3.1	35 609	30 909
Business service fees	3.4	11 904	24 363
Rental property expenses	3.5	382 831	374 909
Depreciation and amortisation	3.2	91 256	89 844
Grants and subsidies	3.3	103 443	32 636
Impairment expenses	3.6	25 280	36 197
<b>Total Expenses</b>		<b>735 404</b>	<b>661 569</b>
<b>Income</b>			
Rental income	4.3	247 361	250 697
Interest revenue	4.8	4 303	3 560
Recoveries	4.4	34 790	30 211
Recurrent Commonwealth Government revenues	4.5	10 083	75 091
Capital Commonwealth Government revenues	4.6	1 000	-
Other revenue	4.7	7 031	6 812
Net gain from disposal of assets	4.9	48 465	17 485
<b>Total income</b>		<b>353 033</b>	<b>383 856</b>
<b>Net Cost of Providing Services</b>		<b>382 371</b>	<b>277 713</b>
<b>Revenues from SA Government</b>			
Recurrent revenues from SA Government	4.1	825 232	171 244
Capital revenues from SA Government	4.2	-	11 581
<b>Total Revenues from SA Government</b>		<b>825 232</b>	<b>182 825</b>
<b>Net Result Before Income Tax Equivalent</b>		<b>442 861</b>	<b>( 94 888)</b>
Income tax equivalent		-	-
<b>Net Result After Income Tax Equivalent</b>		<b>442 861</b>	<b>( 94 888)</b>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus		302 488	407 939
<b>Total Comprehensive Result</b>		<b>745 349</b>	<b>313 051</b>

The Net Result and Comprehensive Result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes

## STATEMENT OF FINANCIAL POSITION

### As at 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	6.1	743 852	127 350
Receivables	6.2	15 772	13 369
Other financial assets	6.3	122 371	49 666
Inventories	5.3	151 575	146 657
Non-current assets classified as held for sale	5.4	15 574	12 898
<b>Total Current Assets</b>		<b>1 049 144</b>	<b>349 940</b>
<b>Non-Current Assets</b>			
Inventories	5.3	4 393	94
Property, plant and equipment	5.1	10 448 491	10 243 128
Intangible Assets	5.2	20 483	10 192
<b>Total Non-Current Assets</b>		<b>10 473 367</b>	<b>10 253 414</b>
<b>Total Assets</b>		<b>11 522 511</b>	<b>10 603 354</b>
<b>Current Liabilities</b>			
Payables	7.1	102 448	46 284
Employee benefits liability	2.4	10 592	9 725
Provisions	7.2	328	660
Other liabilities	7.3	11 673	16 650
<b>Total Current Liabilities</b>		<b>125 041</b>	<b>73 319</b>
<b>Non-Current Liabilities</b>			
Payables	7.1	1 630	1 466
Employee benefits liability	2.4	17 780	15 916
Provisions	7.2	873	1 112
Other liabilities	7.3	904	1 306
<b>Total Non-Current Liabilities</b>		<b>21 187</b>	<b>19 800</b>
<b>Total Liabilities</b>		<b>146 228</b>	<b>93 119</b>
<b>Net Assets</b>		<b>11 376 283</b>	<b>10 510 235</b>
<b>Equity</b>			
Retained earnings		3 707 561	3 164 246
Asset revaluation surplus		7 443 017	7 244 444
Contributed capital		225 705	101 545
<b>Total Equity</b>		<b>11 376 283</b>	<b>10 510 235</b>
The total equity is attributable to the SA Government as owner			
Unrecognised Contractual Commitments	10.1		
Contingent Assets and Liabilities	10.2		

The above statement should be read in conjunction with the accompanying notes



## STATEMENT OF CHANGES IN EQUITY

### For the Year Ended 30 June 2019

	Note No.	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance as at 30 June 2017</b>		93 347	6 934 458	3 161 506	10 189 311
<b>Net Result after income tax equivalent for 2017-18</b>		-	-	(94 888)	(94 888)
Revaluation of property during 2017-18					
Movement in rental houses due to revaluation:					
- Transferred to Capital Works		-	(7 248)	-	(7 248)
- Subject to sales contracts		-	(3 061)	-	(3 061)
Increment in freehold land and buildings due to revaluation	5.1	-	418 248	-	418 248
<b>Total Comprehensive Result for 2017-18</b>		-	407 939	(94 888)	313 051
Transfer to retained earnings of increment realised on sale of freehold land and buildings		-	(97 953)	-	(97 953)
Realisation of asset revaluation surplus on sale of freehold land and buildings		-	-	97 953	97 953
<b>Total transfer between equity components 2017-18</b>		-	(97 953)	97 953	-
Equity contribution received		8 198	-	-	8 198
Assets transferred as part of administrative restructure	1.3	-	-	(325)	(325)
<b>Total transfer between SA Government as owner 2017-18</b>		8 198	-	(325)	7 873
<b>Balance as at 30 June 2018</b>		101 545	7 244 444	3 164 246	10 510 235
<b>Net Result after income tax equivalent for 2018-19</b>		-	-	442 861	442 861
Revaluation of property during 2018-19					
Movement in rental houses due to revaluation:					
- Transferred to Capital Works		-	(10 987)	-	(10 987)
- Subject to sales contracts		-	(2 390)	-	(2 390)
Increment in freehold land and buildings due to revaluation	5.1	-	315 865	-	315 865
<b>Total Comprehensive Result for 2018-19</b>		-	302 488	442 861	745 349
Transfer to retained earnings of increment realised on sale of freehold land and buildings		-	(103 915)	-	(103 915)
Realisation of asset revaluation surplus on sale of freehold land and buildings		-	-	103 915	103 915
<b>Total transfer between equity components 2018-19</b>		-	(103 915)	103 915	-
Equity contribution received	4.1	124 160	-	-	124 160
Liabilities transferred as part of administrative restructure	1.3	-	-	(3 461)	(3 461)
<b>Total transfer between SA Government as owner 2018-19</b>		124 160	-	(3 461)	120 699
<b>Balance as at 30 June 2019</b>		225 705	7 443 017	3 707 561	11 376 283

All changes in equity are attributable to the SA government as owner

The above statement should be read in conjunction with the accompanying notes

## STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
<b>Cash flows from Operating Activities</b>			
<b>Cash Outflows</b>			
Staffing Costs		( 85 550)	( 73 066)
Supplies and Services		( 37 410)	( 26 373)
Business Service Fee		( 11 904)	( 28 881)
Rental Property Payments		( 188 652)	( 189 380)
Grants and Subsidies		( 104 705)	( 36 283)
Land Tax Equivalents Paid		( 147 223)	( 190 019)
Payments for Paid Parental Leave Scheme		( 176)	270
Development Costs		( 155 676)	( 169 094)
<b>Cash used in operations</b>		<b>( 731 296)</b>	<b>( 712 826)</b>
<b>Cash Inflows</b>			
Rent Received		236 692	238 506
Recoveries Received		36 527	32 900
Other Receipts		7 403	7 024
Receipts from Commonwealth Government		11 083	75 091
Interest Received		4 015	3 854
Proceeds from Sale of Property		186 425	144 374
GST receipts from the DHS		748	1 538
<b>Cash generated from operations</b>		<b>482 893</b>	<b>503 287</b>
<b>Cash Flows from SA Government</b>			
Receipts from SA Government		825 232	182 825
<b>Cash generated from SA Government</b>		<b>825 232</b>	<b>182 825</b>
<b>Net Cash provided by/(used in) Operating Activities</b>	8.2	<b>576 829</b>	<b>( 26 714)</b>
<b>Cash flows from Investing Activities</b>			
<b>Cash Outflows</b>			
Purchase of Property, plant and equipment		( 201)	( 2 105)
Purchase of Intangibles		( 11 581)	( 7 717)
<b>Cash used in investing activities</b>		<b>( 11 782)</b>	<b>( 9 822)</b>
<b>Net Cash used in Investing Activities</b>		<b>( 11 782)</b>	<b>( 9 822)</b>
<b>Cash flows from Financing Activities</b>			
<b>Cash Inflows</b>			
Capital contributions from SA Government		124 160	8 198
<b>Cash generated from financing activities</b>		<b>124 160</b>	<b>8 198</b>
<b>Net Cash used in Financing Activities</b>		<b>124 160</b>	<b>8 198</b>
<b>Net Increase/(Decrease) in Cash Held</b>		<b>689 207</b>	<b>( 28 338)</b>
Cash at the Beginning of the Financial Year		177 016	205 354
<b>Cash at the End of the Financial Year</b>	6.1, 6.3	<b>866 223</b>	<b>177 016</b>

The above statement should be read in conjunction with the accompanying notes

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**South Australian Housing Trust****2018-19**

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**Note 1 About the South Australian Housing Trust**

The South Australian Housing Trust (the Trust) is the State's principal housing authority. The Trust's roles and powers are based on the *South Australian Housing Trust Act 1995* (the Act), the *South Australian Co-operative and Community Housing Act 1991* (SACCH Act), *Housing Improvement Act 2016*, and the *Community Housing Providers (National Law) (South Australia) Act 2013*.

As per Section 8 of the Act, the Trust is subject to the control and direction of the Minister for Human Services (formerly the Minister for Housing and Urban Development). Prior to 22 March 2018, the former Minister for Social Housing was responsible for selected functions under the Housing Improvement Act and the Act. From 22 March 2018 all responsibilities under the Act and the Housing Improvement Act were assigned to the Minister for Human Services.

During 2017-18 the Trust delivered on its objectives under the Act via Service Level Administrative Arrangements (SLAAs) established with both Renewal SA (RSA) and the Department of Human Services (DHS). RSA provided, on behalf of the Trust, services for all asset and maintenance strategy, the development and delivery of projects that will renew the Trust's housing stock, and management of not-for-profit community housing growth strategies and transfers, including relevant financial management.

DHS, on behalf of the Trust, delivered social housing services through Housing SA (including property maintenance services as funded by the Trust) to tenants and clients. Housing SA also provided other key housing related programmes and responsibilities as required.

On 1 July 2018, the Trust began operating as an independent Housing Authority. The existing Service Level Administrative Arrangements established with both RSA and DHS were dissolved. To deliver the functions of the Trust, under section 9(1) of the Public Sector Act 2009, RSA employees and DHS employees were transferred to the employment of the Chief Executive, on the same basis of engagement as applied before the transfer (refer to Note 1.3).

**1.1 Basis of Preparation**

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

For the 2018-19 financial statements the Trust adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in Note 9.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

In accordance with section 25 of the Act, the Trust may be required to pay to the State Government tax equivalents. Tax Equivalent Payments are required in respect of income tax and land tax equivalents.

In determining its income tax equivalent commitments, the Trust utilises the accounting profit model. Under this model, income tax expense is calculated by applying the company income tax rate (currently 30%) to the accounting profit for the year, adjusted for any items approved by the Under Treasurer for exclusion from the profit figure. Treasury reimburses the full cost of an Income Tax Expense resulting in a nil effect of these payments on the net result. In 2019 the Under Treasurer approved the exclusion of \$602m of revenue associated with the once-off grant revenue for the determination of the Trust's accounting profit.

Land Tax equivalent is partially reimbursed by the State Government as part of a budget arrangement.

The Trust is liable for the cost of Payroll Tax, Fringe Benefits Tax, Stamp Duty and Goods and Services Tax (GST).

With respect to GST, the Trust is part of a GST group of which the nominated representative of the group is DHS, which is responsible for paying GST on behalf of the Trust and is entitled to claim input tax credits. Administrative arrangements between DHS and the Trust provide for the reimbursement of the GST consequence incurred/earned by the Trust. The reimbursement receivable from/payable to the Trust has been recognised as a payable/receivable in the Statement of Financial Position.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

## 1.2 Objectives and programs

The objectives of the Trust include the provision of affordable housing to households and families on low to moderate incomes, including affordable home purchase opportunities, provision of homelessness services, private rental assistance and support services; and the funding and regulation of Community Housing.

The Trust's Governing Board (The Board) is responsible to the Minister for overseeing the operations of the Trust with the goals of:

- Ensuring the sound administration of the Act and the implementation of the Minister's housing policies and plans
- Achieving continuing improvements in the provision of secure and affordable public housing
- Providing transparency and value in managing the resources available to the Trust and meeting Government and community expectations as to probity and accountability
- Achieving appropriate social justice objectives and the fulfilment of the Trust's community service obligations.

Trust operations have been organised into the following business activities:

**Public Housing** – management of public housing tenancies and assets, and promotion of the development of the social housing sector. Managing tenancies includes assessment of customers for eligibility, allocation of public houses to those in need, provision of rental subsidies, linking customers with appropriate support services, provision of transitional housing and management of supported tenancies by providing properties to support non-government organisations. Managing assets includes maintenance, area regeneration and urban renewal programs, stock replacement programs (construction, purchase and disposal), modification of houses for those with a disability and strategic management and planning for future public housing stock needs. Promoting development of the social housing sector includes furthering the Government's strategies to address the key issues of affordable housing and homelessness, as well as promoting innovation and partnering with private sector organisations.

**Indigenous Housing** – management of tenancies and housing assets specifically for indigenous customers (who may also choose to access assistance via general Public Housing), and management of the Commonwealth Government's National Partnership Agreement for Remote Indigenous Housing. This Agreement provides funding for the purpose of addressing issues of overcrowding in remote indigenous communities by increasing the supply of new houses, improving the condition of existing houses and ensuring ongoing maintenance and management of rental houses in remote indigenous communities.

**Community Housing** – development, support and promotion of the community housing sector, including administering the South Australian Co-operative and Community Housing Act 1991 and the Community Housing Providers (National Law) (South Australia) Act 2013, and assisting in the establishment, regulation and administration of Housing Co-operatives and Housing Associations in South Australia.

**Private Rental Assistance** – provision of financial assistance, information, referral, advocacy and counselling to assist households who are experiencing instability, poverty or housing difficulty in the private rental market.

**Homelessness Services and Support** – supporting the homelessness services sector to enable more integrated and responsive service provision.

**Emergency Relief Support** – The Trust is the lead agency responsible for the Emergency Relief Functional Support Group (ERFSG), at the direction of the SA Government, under the state emergency management arrangements. The ERFSG delivers relief and recovery services for the affected community during and after an emergency/disaster (e.g. bushfire, flood or earthquake).

The tables on the following pages presents expenses, income, assets and liabilities attributable to each program.

## DISAGGREGATED DISCLOSURES - EXPENSES AND REVENUES

For the Year Ended 30 June 2019

	Public Housing		Indigenous Housing		Community Housing		Private Rental Assistance		Homelessness Services & Support		Emergency Relief Function		Program Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Expenses</b>														
Employee Benefits Expenses	60 348	50 991	9 282	8 520	3 300	2 781	6 484	5 685	5 286	4 387	381	347	85 081	72 711
Supplies and Services	24 847	22 497	6 594	4 827	699	866	1 945	1 624	1 346	968	178	127	35 609	30 909
Business Services Fees	8 336	16 626	1 442	2 869	588	2 274	821	1 401	672	1 113	45	80	11 904	24 363
Rental Properties Expenses	366 909	357 587	15 777	17 186	139	129	4	6	2	1	-	-	382 831	374 909
Depreciation and Amortisation	67 133	66 609	12 658	11 709	11 465	11 526	-	-	-	-	-	-	91 256	89 844
Grants and Subsidies	16 983	10 546	2 205	4 143	-	-	19 936	17 866	64 283	48	36	33	103 443	32 636
Impairment Expenses	18 386	27 958	746	1 520	381	70	5 767	6 649	-	-	-	-	25 280	36 197
<b>Total Expenses</b>	<b>562 942</b>	<b>552 814</b>	<b>48 704</b>	<b>50 774</b>	<b>16 572</b>	<b>17 646</b>	<b>34 957</b>	<b>33 231</b>	<b>71 589</b>	<b>6 517</b>	<b>640</b>	<b>587</b>	<b>735 404</b>	<b>661 569</b>
<b>Income (excluding Capital Grants)</b>														
Rental Income	220 745	223 902	13 602	13 914	13 014	12 881	-	-	-	-	-	-	247 361	250 697
Interest Revenue	4 303	3 560	-	-	-	-	-	-	-	-	-	-	4 303	3 560
Recoveries	22 174	15 522	2 949	2 059	337	30	8 194	8 420	926	4 180	210	-	34 790	30 211
Recurrent Commonwealth Revenues	683	75 091	-	-	-	-	-	-	9 400	-	-	-	10 083	75 091
Other Revenue	4 764	5 037	341	281	373	-	1 553	1 491	-	3	-	-	7 031	6 812
Net Gain from Disposal of Assets	46 284	19 070	( 1 690)	( 1 452)	3 871	( 133)	-	-	-	-	-	-	48 465	17 485
Recurrent Revenues from SA Government	604 698	170 083	30	504	648	422	-	-	219 856	235	-	-	825 232	171 244
<b>Total Income (excluding Capital Grants)</b>	<b>903 651</b>	<b>512 265</b>	<b>15 232</b>	<b>15 306</b>	<b>18 243</b>	<b>13 200</b>	<b>9 747</b>	<b>9 911</b>	<b>230 182</b>	<b>4 418</b>	<b>210</b>	<b>-</b>	<b>1 177 265</b>	<b>555 100</b>
<b>Net Result Before Capital Grants</b>	<b>340 709</b>	<b>( 40 549)</b>	<b>( 33 472)</b>	<b>( 35 468)</b>	<b>1 671</b>	<b>( 4 446)</b>	<b>( 25 210)</b>	<b>( 23 320)</b>	<b>158 593</b>	<b>( 2 099)</b>	<b>( 430)</b>	<b>( 587)</b>	<b>441 861</b>	<b>( 106 469)</b>
<b>Capital Grants</b>														
Capital Revenues from SA Government	-	11 581	-	-	-	-	-	-	-	-	-	-	-	11 581
Capital Revenues from Commonwealth Government	1 000	-	-	-	-	-	-	-	-	-	-	-	1 000	-
<b>Net Result Before Income Tax Equivalent</b>	<b>341 709</b>	<b>( 28 968)</b>	<b>( 33 472)</b>	<b>( 35 468)</b>	<b>1 671</b>	<b>( 4 446)</b>	<b>( 25 210)</b>	<b>( 23 320)</b>	<b>158 593</b>	<b>( 2 099)</b>	<b>( 430)</b>	<b>( 587)</b>	<b>442 861</b>	<b>( 94 888)</b>
Income Tax Equivalent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Result After Income Tax Equivalent</b>	<b>341 709</b>	<b>( 28 968)</b>	<b>( 33 472)</b>	<b>( 35 468)</b>	<b>1 671</b>	<b>( 4 446)</b>	<b>( 25 210)</b>	<b>( 23 320)</b>	<b>158 593</b>	<b>( 2 099)</b>	<b>( 430)</b>	<b>( 587)</b>	<b>442 861</b>	<b>( 94 888)</b>

South Australian Housing Trust

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**DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES**

For the Year Ended 30 June 2019

	Public Housing		Indigenous Housing		Community Housing		Private Rental Assistance		Homelessness Services & Support		Emergency Relief Function		Program Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Financial Assets</b>														
Cash and cash equivalents	743 851	127 349	1	1	-	-	-	-	-	-	-	-	743 852	127 350
Receivables	14 219	11 373	1 406	1 407	147	593	-	-	-	-	-	-	15 772	13 373
Other non-financial assets	122 371	49 666	-	-	-	-	-	-	-	-	-	-	122 371	49 666
Inventories	148 522	145 308	1 365	249	6 081	1 194	-	-	-	-	-	-	155 968	146 751
Non-current assets classified as held for sale *	15 574	12 898	-	-	-	-	-	-	-	-	-	-	15 574	12 898
Property, Plant and Equipment	7 129 801	6 998 333	619 273	620 335	2 699 417	2 624 460	-	-	-	-	-	-	10 448 491	10 243 128
Intangible Assets *	20 483	10 192	-	-	-	-	-	-	-	-	-	-	20 483	10 192
<b>Total Assets</b>	<b>8 194 821</b>	<b>7 355 119</b>	<b>622 045</b>	<b>621 992</b>	<b>2 705 645</b>	<b>2 626 247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 522 511</b>	<b>10 603 358</b>
<b>Liabilities</b>														
Payables	102 739	46 681	1 339	1 072	-	-	-	-	-	-	-	-	104 078	47 753
Employee benefits liability	20 125	17 982	3 095	3 004	1 100	981	2 162	2 005	1 763	1 547	127	122	28 372	25 641
Provisions *	1 201	1 772	-	-	-	-	-	-	-	-	-	-	1 201	1 772
Other Liabilities	12 565	17 956	-	-	12	-	-	-	-	-	-	-	12 577	17 956
<b>Total Liabilities</b>	<b>136 630</b>	<b>84 391</b>	<b>4 434</b>	<b>4 076</b>	<b>1 112</b>	<b>981</b>	<b>2 162</b>	<b>2 005</b>	<b>1 763</b>	<b>1 547</b>	<b>127</b>	<b>122</b>	<b>146 228</b>	<b>93 122</b>

\*These items have been attributed wholly to Public Housing as it was not possible to reliably attribute across other programs.



**1.3 Changes to the Trust*****Transferred In***

Under the *Public Sector (Reorganisation of Public Sector Operations – South Australian Housing Trust) Notice 2018*, all employees of the business unit known as Housing SA within the DHS, and all Renewal SA (RSA) employees assigned to the functions of the Trust immediately before 1 July 2018 were transferred to the employment of the Chief Executive.

The effective date of the transfer was 1 July 2018.

Under the *Public Sector (Reorganisation of Public Sector Operations – South Australian Housing Trust No. 2) Notice 2018*, DHS employees previously providing corporate services as per a Memorandum of Administrative Arrangement were transferred from DHS to the Trust.

The effective date of the transfer was 1 December 2018.

There were no activities transferred other than the employees in DHS and RSA whom were existing resources of the Trust previously assigned to work directly for the Trust immediately before 1 July 2018 and 1 December 2018.

**On transfer of the employees from DHS and RSA, the Trust recognised the following liabilities:**

	RSA \$'000	DHS \$'000	Total \$'000
Employee benefits liability	5 904	22 641	28 545
Staff on-costs liability	198	360	558
Staff entitlements liability	(4 088)	(21 554)	(25 642)
<b>Total liabilities</b>	<b>2 014</b>	<b>1 447</b>	<b>3 461</b>
<b>Total Net Assets Transferred In</b>	<b>(2 014)</b>	<b>(1 447)</b>	<b>(3 461)</b>

Net assets assumed by the Trust as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the government as owner.

***Transferred Out***

There were no assets transferred from the Trust in 2018-19.

In 2017-18, pursuant to the provisions of Section 23 of the South Australian Housing Trust Act 1995, a transfer of properties from the Trust to RSA, was effected by Government Gazettal. These properties consisted of the remaining non-tenanted properties of the Woodville West urban renewal project.

The effective date of the transfer is 21 November 2017.

**The following assets were transferred to Renewal SA:**

	2019 \$'000	2018 \$'000
Non Current Assets		
Property, Plant and Equipment	-	325
<b>Total Non Current Assets</b>	<b>-</b>	<b>325</b>
<b>Total Net Assets Transferred Out</b>	<b>-</b>	<b>325</b>

**1.4 Significant transactions with government related entities**

The Trust had the following significant transactions with government:

- transfer of employees from both RSA and DHS as a result of administrative restructure (note 1.3),
- water rates payments of \$31.576m to South Australian Water Corporations (note 3.5),
- land tax equivalent payments of \$196.314m to Revenue SA (note 3.5),
- grant funding received of \$825.232m and an equity contribution of \$124.160m from the Department of Treasury and Finance (note 4.1); and
- recovery of Targeted Voluntary Separation Packages (TVSPs) from the Department of Treasury and Finance of \$7.799m (note 4.4).

**Note 2 Board, Committees and Employees**

Prior to 1 July 2018, the Trust did not directly employ staff. Under Section 17 of the Act the Trust had entered into SLAAs with RSA and DHS who employ staff and assign them, under these agreements, to the Trust to carry out the obligations and functions of the Trust. The Trust reimbursed RSA and DHS for the employee costs incurred.

From 1 July 2018, the Trust began operating as an independent Housing Authority. The existing Service Level Administrative Arrangements established with both RSA and DHS were dissolved. Those RSA and DHS employees that were assigned to Trust functions were transferred to the employment of the Trust.

The cost of directly employing staff is recognised below as Employee Benefits Expenses and the corresponding employee entitlements as Employee Benefits Liabilities. Prior to 1 July 2018 the Trust recognised the cost of reimbursing RSA and DHS for staff assigned as Staffing Costs whilst the employees respective entitlements were accrued as Staff Entitlements. For the purposes of comparability these costs have been reclassified and reflected below as Employee Benefits Expenses and the corresponding employee entitlements as Employee Benefits Liabilities.

**2.1 Key Management Personnel**

Key management personnel of the Trust include the Minister for Human Services, the Board of Management, the Chief Executive, and members of the Executive Team.

Total compensation for key management personnel was \$1.432 million in 2018-19 and \$1.652 million in 2017-18.

The compensation detailed below excludes salaries and other benefits the Minister for Human Services received. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	2019	2018
	\$'000	\$'000
Salaries and other short-term employee benefits	1 241	1 294
Post-Employment benefits	191	319
Other long-term employment benefits	-	39
<b>Total key management personnel compensation</b>	<b>1 432</b>	<b>1 652</b>

**Transactions with Key Management Personnel and other related parties**

There were no reportable transactions between the Trust and any Key Management Personnel and their related parties.

**2.2 Board and Committee Members**

Members during the 2018-19 financial year were:

**SAHT Governing Board**

(appointed by the Governor)

G Storkey (Chairperson) (Appointed 1 July 2018)  
 C Holden (Appointed 1 July 2018; Ceased 31 October 2018)  
 J King (Appointed 1 July 2018; Ceased 31 October 2018)  
 N Morris (Appointed 1 July 2018; Ceased 31 October 2018) \*  
 C Bierbaum (Appointed 1 July 2018) \*  
 S Reid (Appointed 1 November 2018) \*  
 G Bonato (Appointed 1 November 2018)  
 M Perry (Appointed 1 November 2018)  
 A Beer (Appointed 1 November 2018)  
 C Tragakis (Appointed 15 November 2018)

**Audit, Risk & Finance Committee**

(appointed by the Board)

C Tragakis (Chairperson) (Appointed 26 November 2018)  
 C Bierbaum (Appointed 30 July 2018)  
 G Storkey (Appointed 30 July 2018)  
 J King (Chairperson) (Appointed 30 July 2018; Ceased 31 October 2018)

\* In accordance with the Premier and Cabinet Circular No. 016. Government employees did not receive any remuneration for board/committee duties during the financial year.

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The fees paid to Board members in their capacity as Board Members are set by Executive Council.

### Board and committee remuneration

	2019	2018
	No.	No.
\$0 - \$19 999	5	1
\$20 000 - \$39 999	4	5
\$40 000 - \$59 999	-	1
\$80,000 - \$99,999	1	-
	10	7

The total remuneration received or receivable by members was \$0.218m (\$0.194m) including superannuation contributions of \$0.019m (\$0.017m). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

### 2.3 Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and Wages	60 938	56 584
Superannuation	7 310	6 871
Annual Leave	6 361	5 625
Payroll Tax	4 060	3 664
Other employee expenses	2 905	2 555
Long Service Leave	3 686	2 332
Retention Leave	482	375
Workers Compensation	31	( 428)
Targeted Voluntary Separation Packages (refer below)	7 660	121
Board Fees	199	177
Charged to Capital Program	( 8 551)	( 5 165)
<b>Total Employee Benefits Expenses</b>	<b>85 081</b>	<b>72 711</b>

#### *Employment on-costs – superannuation*

The Trust makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

**Executive remuneration**

The number of staff whose remuneration received or receivable falls within the following bands:

	2019 No	2018 No
\$149 000 to \$151 000 <sup>#</sup>	-	2
\$151 001 to \$171 000	10	5
\$171 001 to \$191 000	3	2
\$191 001 to \$211 000	1	3
\$211 001 to \$231 000	2	1
\$231 001 to \$251 000 *	1	-
\$251 001 to \$271 000 *	3	-
\$271 001 to \$291 000 *	2	1
\$291 001 to \$311 000 *	4	1
\$311 001 to \$331 000 *	1	-
\$331 001 to \$351 000 *	1	-
\$371 001 to \$391 000	1	-
<b>Total number of Employees</b>	<b>29</b>	<b>15</b>

<sup>#</sup> This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

\* The table includes the TVSP component paid where the employee meets the \$149,000 threshold on normal remuneration. In 2018-19, there were 11 (1) staff included in the table whom received a TVSP.

The table includes all employees who received normal remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these staff for the year was \$6.631 million (\$2.887 million).

**Targeted Voluntary Separation Packages (TVSPs)**

The number of employees who received a TVSP during the reporting period was 94 (2).

	2019 \$'000	2018 \$'000
Amount paid during the reporting period to separated staff:		
TVSPs	7 660	121
Annual Leave, Retention Leave and Long Service Leave paid to those staff	3 692	154
Recovery from the Department of Treasury & Finance	7 660	-
<b>Net cost to Trust</b>	<b>3 692</b>	<b>275</b>

**2.4 Employee benefits liability**

	2019 \$'000	2018 \$'000
<b>Current</b>		
Annual leave	6 353	6 030
Long service leave	2 267	1 995
Retention leave	440	454
Accrued Salaries and Wages	1 532	1 246
<b>Total Current Employee Entitlements</b>	<b>10 592</b>	<b>9 725</b>
<b>Non-Current</b>		
Long service leave	17 780	15 916
<b>Total Non-Current Employee Entitlements</b>	<b>17 780</b>	<b>15 916</b>
<b>Total Employee Entitlements</b>	<b>28 372</b>	<b>25 641</b>

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

**Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave**

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the SERL liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as sick leave is non-vesting and the anticipated average sick leave to be taken in future years by staff is estimated to be less than the annual entitlement for sick leave.

**Long service leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

**Note 3 Expenses**

This section presents the major components of expenditure incurred by the Trust in relation to operating activities during the reporting period. Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Trust will occur and can be reliably measured.

Employee benefits expenses are disclosed in note 2.3.

**3.1 Supplies and services**

	2019	2018
	\$'000	\$'000
Operating Lease	7 164	6 740
Insurance	5 752	6 288
Contractors	3 355	3 525
Accommodation Expenses	3 177	2 821
Leased Property Expenses	946	956
Administration Expenses	2 359	1 928
Fleet Management	1 861	1 938
Computer Expenses	6 264	3 644
Printing, Stationery and Postage	1 254	1 434
Travel and Accommodation	1 166	1 218
Communications	1 082	837
Tenant Relocation	913	531
Agent Fees	411	433
Other Customer Related Expenses	955	835
Staff Development	657	677
Audit Fees - Auditor-General's Department <sup>(1)</sup>	595	520
Consultants	432	434
Brokerage	166	252
Charged to Capital Program	( 2 900)	( 4 102)
<b>Total Supplies and Services</b>	<b>35 609</b>	<b>30 909</b>

<sup>(1)</sup> Audit fees paid/payable to the Auditor – General's Department relating to the audit of financial statements. No other services were provided by the Auditor-General's Department.

**Operating leases payments**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets.

**Consultants**

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	2019 Number	2019 \$'000	2018 Number	2018 \$'000
Below \$10 000	2	13	3	13
Above \$10 000	11	419	8	421
Total paid/payable to the consultants engaged	13	432	11	434

**3.2 Depreciation and amortisation**

	2019 \$'000	2018 \$'000
Rental Properties	59 046	61 056
Assets under Arrangement	20 756	18 006
Plant and Equipment	563	571
Administrative Properties	182	178
Commercial Properties	94	91
Intangible Assets	1 290	1 731
Leasehold Improvements	124	230
Remote Indigenous Leased Properties	9 201	7 981
<b>Total Depreciation and Amortisation</b>	<b>91 256</b>	<b>89 844</b>

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

The Trust revalued its building upward during 2019. As a result of the revaluation, depreciation on these assets has increased in the current reporting period. Depreciation expenses increased by \$0.712m as a result of the revaluation.

**Review of Accounting Estimates**

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

**Useful Life**

Property, plant and equipment assets have a limited useful life and are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential ranging from 3 to 50 years. The useful lives of all major assets held by the Trust are reassessed on an annual basis.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land, vacant land and capital work in progress are not depreciated.

Depreciation of property, plant and equipment is determined as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Rental Properties (Dwellings)*	Straight Line	50
Administrative Properties	Straight Line	20
Commercial Properties	Straight Line	20
Assets under Arrangement	Straight Line	50
Remote Indigenous Leased Properties	Straight Line	30
Leasehold Improvements	Straight Line	3 - 10
Plant and Equipment	Straight Line	3 - 10
Intangibles	Straight Line	3

## South Australian Housing Trust

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\* An estimated useful life of 50 years is assumed for rental dwellings and depreciation expense is calculated at a rate of 2 percent per annum on the opening revalued amount for each property.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Trust only has intangible assets with finite lives.

### 3.3 Grants and subsidies

	2019	2018
	\$'000	\$'000
Specialist Homelessness Services <sup>(2)</sup>	66 813	-
Private Rental Assistance	12 294	13 033
National Rental Affordability Scheme Subsidies	8 023	7 992
Emergency Accommodation Assistance	7 649	4 837
National Partnership Agreement: Remote Indigenous Housing	2 205	4 070
CBD Respite Facility	5 803	1 860
Affordable Housing Grants	570	690
Other Recurrent Grants	49	118
Emergency Management Grants	37	36
<b>Total Grants and Subsidies</b>	<b>103 443</b>	<b>32 636</b>

(2) Effective 1 July 2018, the responsibility for the payment of grants to Specialist Homelessness Service Providers was transferred from DHS to the Trust.

### 3.4 Business services fees

	2019	2018
	\$'000	\$'000
Computing Services and Processing Charges	3 814	8 343
Project Management Services	538	4 977
SA Government Shared Services	2 144	1 854
Human Resources Services	746	1 712
Staff Development	678	1 001
Procurement Services	511	990
Records Management and Mail Services	686	906
Administration Premises Management	691	896
Internal Audit	322	609
Payroll Services	255	598
GST Expense	363	360
Legal & Financial Services	190	442
Media & Communications Services	138	323
Geographical Information Services	140	292
Business Planning, Strategy and Quality Assurance	124	291
Insurance	120	281
Telecommunications Management and Charges	74	174
Motor Vehicle Hire Charges	370	314
<b>Total Business Service Fees</b>	<b>11 904</b>	<b>24 363</b>

DHS, RSA and Shared Services SA provide services and functions to the Trust pursuant to SLAAs as categorised above. Business Service Fees include payments made to DHS, Renewal SA and Shared Services SA for these services and functions.

As of 1 July 2018 and 1 December 2018 staff performing services and functions previously delivered by DHS and RSA under SLAA's were transferred to the Trust. Prior to 1 July 2018 and 1 December 2018 these services performed under the respective SLAA's were charged to the Trust and classified as Business Service Fees. As a result of these functions transferring to the Trust, Business Service Fees has significantly decreased in 2018-19. DHS and RSA continue to provide some services to the Trust under revised SLAA's.

**3.5 Rental property expenses**

	2019	2018
	\$'000	\$'000
Land Tax Equivalent	196 314	190 019
Maintenance	111 100	108 273
Council Rates	42 622	42 918
Water Rates	31 576	32 673
Construction Variances	406	141
Property Expenses	545	505
Emergency Services Levy	243	335
Stamp Duty & Search Fees	25	45
<b>Total Rental Property Expenses</b>	<b>382 831</b>	<b>374 909</b>

**3.6 Impairment expenses**

	2019	2018
	\$'000	\$'000
Asset Write-offs <sup>(3)</sup>	14 876	21 207
Doubtful Debts Expense	9 848	14 130
Assets Held for Sale	556	860
<b>Total Impairment Expenses</b>	<b>25 280</b>	<b>36 197</b>

<sup>(3)</sup> Expensing of book value of assets demolished.

Receivables were tested for indications of impairment by way of an actuarial review at 30 June. The impairment loss has been offset against receivables and has been recognised in the Statement of Comprehensive Income under Impairment Expenses.

All other non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. If the amount by which the asset's carrying amount exceeds the recoverable amount is material it is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the asset revaluation surplus.

**Note 4 Income**

This section presents the sources and amounts of income recognised by the Trust and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

**4.1 Recurrent Revenues from SA Government**

	2019	2018
	\$'000	\$'000
Tax Equivalent Reimbursement	178 583	167 403
General Purpose Grant	423 298	-
National Rental Affordability Scheme	2 817	2 680
Other State Grants	30	504
Homelessness Program	39 330	235
One-off Homelessness Grant	180 526	-
Equal Remuneration Order Supplementation Funding	648	422
<b>Total Recurrent Revenues from SA Government</b>	<b>825 232</b>	<b>171 244</b>

Revenues from SA Government are recognised as revenues when the Trust obtains control over the funding. Control over these revenues is normally obtained upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Trust and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.



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From 1 July 2018, the Trust commenced operating as an independent housing authority under the Act. In recognition of this change, and to restructure and recapitalise the Trust's financial arrangements, the SA Government provided the Trust with additional once off grants of \$603.824m and an equity contribution of \$124.16m in 2018-19. According to the 2019-20 State Budget the SA Government will provide the Trust with equity contributions totalling \$778 million from 2019-20 to 2022-23 and minimal recurrent grants, resulting in large annual operating deficits over the period 2019-20 to 2022-23.

### 4.2 Capital Revenues from SA Government

	2019	2018
	\$'000	\$'000
Housing Loans Redemption Fund Balance	-	11 581
<b>Total Capital Revenues from SA Government</b>	<b>-</b>	<b>11 581</b>

During 2017-18, the SA government paid to SAHT the balance of the Housing Loans Redemption Fund, being \$11.581m. These funds were applied in full by SAHT to the construction of new social housing dwellings as part of its 2017-18 capital investment program.

### 4.3 Rental income

	2019	2018
	\$'000	\$'000
<b>Rent received/receivable from entities external to the SA Government</b>	<b>\$'000</b>	<b>\$'000</b>
Market Rent Income	430 671	429 719
less Rental Rebates	( 199 106)	( 194 531)
Other Rent	15 796	15 509
<b>Total Rental Income</b>	<b>247 361</b>	<b>250 697</b>

Rent receivable in respect of each property is recognised as revenue and charged to tenants weekly, in advance.

The Trust determines a market rent for each property, structured on the basis of regional rental markets. This represents the potential rental income derivable from the rental stock. The Trust's rental policy is that no eligible tenant will be required to pay more than 25 percent of their household income in rent. The difference between the assessed rent (\$231.565m) for the property and the market rent (\$430.671m) is recognised as a rental rebate subsidy provided to tenants and income forgone by the Trust (\$199.106m).

### 4.4 Recoveries

	2019	2018
	\$'000	\$'000
Water charges	11 032	9 700
Private Rental Assistance	7 601	8 399
Maintenance	5 351	5 941
Homelessness Services Recoveries	-	4 175
Insurance	1 726	1 453
General Service Recoveries	477	302
Other	350	241
TVSP Recoveries	7 799	-
Grant Recoveries	454	-
<b>Total Recoveries</b>	<b>34 790</b>	<b>30 211</b>

Recoveries include costs that are on charged to tenants by the Trust including water usage charges, non-fair wear and tear maintenance charges and Private Rental Assistance bonds that are claimed by landlords.

### 4.5 Recurrent Commonwealth Government revenues

	2019	2018
	\$'000	\$'000
National Affordable Housing Agreement Base Funding	9 400	74 411
Kurlana Tangkuinya 'New Dreams' Project	507	507
Local Support Coordinator - Domestic & Family Violence	176	173
<b>Total Recurrent Commonwealth Government Revenues</b>	<b>10 083</b>	<b>75 091</b>

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Revenues received from the Commonwealth Government are recognised as revenues when the Trust obtains control over the funding. Control over these revenues is normally obtained upon receipt. In 2018-19, the Department of Treasury and Finance provided National Affordable Housing Agreement Base Funding in the form of an equity injection instead of grant revenue resulting in a decrease in recurrent grant revenues (refer Note 4.1).

### 4.6 Capital Commonwealth Government revenues

	2019	2018
	\$'000	\$'000
Specialist Disability Accommodation Initiative	1 000	-
<b>Total Capital Commonwealth Government Revenues</b>	<b>1 000</b>	<b>-</b>

### 4.7 Other revenue

	2019	2018
	\$'000	\$'000
Bad Debts Recovered	5 817	5 409
Sundry Revenue	618	1 282
Shared Value Mortgages	223	121
Local Government Community Housing Program	373	-
<b>Total Other Revenue</b>	<b>7 031</b>	<b>6 812</b>

### 4.8 Interest revenue

	2019	2018
	\$'000	\$'000
Interest from entities within the SA Government	4 282	3 541
Interest from entities external to the SA Government	21	19
<b>Total Interest Revenue</b>	<b>4 303</b>	<b>3 560</b>

### 4.9 Net gain from disposal of assets

	2019	2018
	\$'000	\$'000
<b>Rental Properties</b>		
Proceeds from disposal	53 267	67 701
Less net book value of assets disposed <sup>(4)</sup>	( 55 174)	( 69 936)
<b>Net Loss from disposal of rental properties</b>	<b>( 1 907)</b>	<b>( 2 235)</b>
<b>Inventory - Developed Properties</b>		
Proceeds from disposal	72 928	63 636
Less net book value of assets disposed <sup>(4)</sup>	( 61 580)	( 44 376)
<b>Net Gain from disposal of completed assets</b>	<b>11 348</b>	<b>19 260</b>
<b>Inventory – Vacant Land</b>		
Proceeds from disposal	57 473	2 954
Less net book value of assets disposed <sup>(4)</sup>	( 18 408)	( 2 399)
<b>Net Gain from disposal of vacant land</b>	<b>39 065</b>	<b>555</b>
<b>Plant and Equipment</b>		
Proceeds from disposal	102	-
Less net book value of assets disposed	( 143)	( 95)
<b>Net Loss from disposal of plant and equipment</b>	<b>( 41)</b>	<b>( 95)</b>
<b>Total Assets</b>		
Total proceeds from disposal	183 770	134 291
Less net book value of assets disposed <sup>(4)</sup>	( 135 305)	( 116 806)
<b>Total Net Gain from Disposal of Assets</b>	<b>48 465</b>	<b>17 485</b>

<sup>(4)</sup> The net book value of assets disposed comprises the carrying amount of the properties, plus the costs of marketing and agent fees and the cost of separating services and titles in respect of double units sold. In establishing the property value,

the Valuer includes the impact of capital improvements effected by the tenants. Tenants purchasing properties are allowed discounts consistent with their personal investment in the property.

Gains/Losses on disposal of assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

## Note 5 Non-financial assets

This section presents the assets that are utilised by the Trust to fulfil its objectives and conduct its activities and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

### 5.1 Property, plant and equipment

	2019	2018
	\$'000	\$'000
<b>Rental Properties</b>		
<i>Land</i>		
Land at fair value	4 373 561	4 214 855
<i>Buildings</i>		
Buildings at fair value	2 989 175	2 925 708
Accumulated depreciation	( 39 868)	( 38 966)
<b>Total Buildings</b>	<b>2 949 307</b>	<b>2 886 742</b>
<b>Total Rental Properties</b>	<b>7 322 868</b>	<b>7 101 597</b>
<b>Administrative Properties</b>		
<i>Land</i>		
Freehold Land	1 795	1 822
<i>Buildings</i>		
Buildings	3 509	3 683
Accumulated depreciation	( 134)	( 140)
<b>Total Buildings</b>	<b>3 375</b>	<b>3 543</b>
<i>Leasehold Improvements</i>		
Leasehold Improvements at cost (deemed fair value)	8 268	8 382
Accumulated depreciation	( 5 996)	( 5 872)
<b>Total Leasehold Improvements</b>	<b>2 272</b>	<b>2 510</b>
<b>Total Administrative Properties</b>	<b>7 442</b>	<b>7 875</b>
<b>Commercial Properties</b>		
<i>Land</i>		
Commercial Properties	217	207
<i>Buildings</i>		
Buildings	1 901	1 837
Accumulated depreciation	( 63)	( 61)
<b>Total Commercial Properties - Buildings</b>	<b>1 838</b>	<b>1 776</b>
<b>Total Commercial Properties</b>	<b>2 055</b>	<b>1 983</b>
<b>Assets Under Arrangement</b>		
<i>Land</i>		
Assets Under Arrangement	1 629 242	1 553 452
<i>Buildings</i>		
Assets Under Arrangement	1 035 745	1 034 783
Accumulated depreciation	( 13 857)	( 13 810)
<b>Total Assets Under Arrangement - Buildings</b>	<b>1 021 888</b>	<b>1 020 973</b>
<b>Total Assets Under Arrangement</b>	<b>2 651 130</b>	<b>2 574 425</b>

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	2019	2018
	\$'000	\$'000
<b>Vacant Land</b>		
<i>Land</i>		
Freehold Land	56 369	35 586
<b>Total Vacant Land</b>	<b>56 369</b>	<b>35 586</b>
<b>Remote Indigenous Leased Properties</b>		
Remote Indigenous Buildings	236 160	228 969
Accumulated amortisation	( 15 376)	( 6 176)
<b>Total Remote Indigenous Leased Properties</b>	<b>220 784</b>	<b>222 793</b>
<b>Plant and Equipment</b>		
Plant and Equipment at cost (deemed fair value)	7 054	7 344
Accumulated depreciation	( 4 060)	( 4 115)
<b>Total Plant and Equipment</b>	<b>2 994</b>	<b>3 229</b>
<b>Capital Works in Progress</b>		
Buildings & Land	184 849	295 640
<b>Total Capital Works in Progress</b>	<b>184 849</b>	<b>295 640</b>
<b>Total Property, Plant and Equipment</b>	<b>10 448 491</b>	<b>10 243 128</b>
Total property, plant and equipment at fair value	10 327 674	10 000 902
Total property, plant and equipment at cost	200 171	311 366
Total accumulated depreciation	( 79 354)	( 69 140)
<b>Total Property, Plant and Equipment</b>	<b>10 448 491</b>	<b>10 243 128</b>

Property, plant and equipment with a value equal to or in excess of \$5,000 is capitalised, otherwise it is expensed.

Assets acquired at no value, or minimal value, are recorded at their fair value in the Statement of Financial Position unless they are acquired as part of a restructuring of administrative arrangement, in which case they are recorded at the value recorded by the transferor prior to transfer. Detail about the Trust's approach to fair value is set out in note 11.2.

All other assets are initially brought to account as follows:-

*Rental Properties, Administrative Properties, Commercial Properties, Leasehold Improvements, Vacant Land and Plant and Equipment*

These assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition and are depreciated as outlined below. The Trust capitalises assets with a value of \$5 000 or greater.

Subsequent costs are included in the asset's carrying amount, as appropriate, including capitalised maintenance costs on rental properties.

*Assets Under Arrangement*

Assets under arrangement are tenable properties that have been transferred to a Community Housing Provider (CHP) to manage. In return for the right to manage these properties the CHP has issued a debenture at fair value, or entered into a legal arrangement, with similar provisions. Recognition is based on the Trust's control of the future service potential of the assets and that these are probable and can be reliably measured. Control of these properties resides with the Trust through the Community Housing Providers (National Law) (South Australia) Act 2013 and Funding Agreements which prescribe how the properties are to be used and managed on behalf of the government, the eligible tenants that are entitled to use them and the rent that can be charged by the CHP.

The SACCH Act provides for members of Housing Co-operatives and tenants of Associations to acquire an interest in the properties they occupy, by the Co-operative or Association issuing a participation entitlement to members. The participation entitlement reflect a percentage, as specified in the Deed, of the market value of a specific Co-operative property.

Assets under arrangement are initially recognised at market value.

*Remote Indigenous Leased Properties*

The Minister for Human Services has entered into lease arrangements ranging between 40 and 50 years with numerous indigenous communities to lease parcels of land to allow the construction of new houses and the upgrade of existing

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houses in remote areas utilising National Partnership Agreement funding. The Trust, as agent for the Minister, will oversee all capital works on the properties and overall management of the agreement. Under the terms of the Ground Lease, ownership of the new dwellings will pass to the governing body that manages the land at the end of the lease term.

The constructed assets are recorded as capital works in progress and once complete are recognised as Remote Indigenous Leased Properties.

### *Capital Work in Progress*

Capital work in progress reflects assets under construction that will be used in the Trust's operations.

The carrying amount for capital work in progress includes all construction costs, charges for administrative expenses and a revaluation increment or decrement where the property has previously been revalued but excludes any borrowing costs and feasibility or pre-construction costs.

### *Impairment*

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. If the amount by which the asset's carrying amount exceeds the recoverable amount is material it is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the asset revaluation surplus.

### *Reconciliation 2018-19*

The following table shows the movement of Property, Plant and Equipment during 2018-19 and 2017-18:

	Rental Properties – Land		Rental Properties – Buildings		Admin Properties – Land	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying Amount as at 1 July</b>	<b>4 214 855</b>	<b>4 697 146</b>	<b>2 886 742</b>	<b>3 282 520</b>	<b>1 822</b>	<b>1 771</b>
Additions	-	-	-	-	-	( 35)
Transfer In from other asset category	81 266	43 620	113 976	65 529	-	35
Maintenance Upgrades	-	-	12 476	14 545	-	-
Assets Classified as Held for Sale	( 2 660)	259	( 281)	2 481	-	-
Disposals	( 33 837)	( 40 603)	( 19 217)	( 25 112)	( 90)	235
Transfer out to other asset category	( 73 476)	( 789 867)	( 17 327)	( 426 665)	-	( 235)
Assets transferred due to Admin restructure	-	( 290)	-	( 35)	-	-
Revaluation Increment (Decrement) <sup>(5)</sup>	187 413	304 590	31 984	33 989	63	51
Depreciation and Amortisation expenses	-	-	( 59 046)	( 61 056)	-	-
Depreciation and Amortisation on disposals	-	-	-	546	-	-
<b>Carrying Amount as at 30 June</b>	<b>4 373 561</b>	<b>4 214 855</b>	<b>2 949 307</b>	<b>2 886 742</b>	<b>1 795</b>	<b>1 822</b>

	Admin Properties – Buildings		Admin Properties – Leasehold Improvements		Commercial Property – Land	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying Amount as at 1 July</b>	<b>3 543</b>	<b>3 700</b>	<b>2 510</b>	<b>839</b>	<b>207</b>	<b>206</b>
Additions	-	-	268	2 017	-	-
Transfer In from other asset category	112	-	1 677	-	-	-
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	( 271)	-	( 91)	( 1 367)	-	-
Transfer out to other asset category	-	-	( 1 968)	( 42)	-	-
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) <sup>(5)</sup>	168	21	-	-	10	1
Depreciation and Amortisation expenses	( 182)	( 178)	( 124)	( 230)	-	-
Depreciation and Amortisation on disposals	5	-	-	1 293	-	-
<b>Carrying Amount as at 30 June</b>	<b>3 375</b>	<b>3 543</b>	<b>2 272</b>	<b>2 510</b>	<b>217</b>	<b>207</b>

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	Commercial Property - Buildings		Assets Under Arrangement - Land		Assets Under Arrangement - Buildings	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying Amount as at 1 July</b>	1 776	1 729	1 553 452	824 454	1 020 973	617 975
Additions	-	-	-	-	-	-
Transfer In from other asset category	-	-	7 030	680 859	6 255	407 202
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	-	-	( 479)	( 986)	( 126)	( 1 279)
Transfer out to other asset category	-	-	( 7 633)	( 7 238)	( 1 976)	( 1 739)
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) <sup>(5)</sup>	156	138	76 872	56 363	17 518	16 812
Depreciation and Amortisation expenses	( 94)	( 91)	-	-	( 20 756)	( 18 006)
Depreciation and Amortisation on disposals	-	-	-	-	-	8
<b>Carrying Amount as at 30 June</b>	<b>1 838</b>	<b>1 776</b>	<b>1 629 242</b>	<b>1 553 452</b>	<b>1 021 888</b>	<b>1 020 973</b>

	Vacant Land – Land		Remote Indigenous Leased Properties*		Plant and Equipment	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying Amount as at 1 July</b>	35 586	37 153	222 793	222 839	3 229	3 668
Additions	-	308	-	-	164	50
Transfer In from other asset category	24 308	8 920	7 192	2 502	215	104
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	( 246)	( 733)	-	-	( 669)	( 106)
Transfer out to other asset category	( 4 960)	( 10 912)	-	-	-	-
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) <sup>(5)</sup>	1 681	850	-	5 433	-	-
Depreciation and Amortisation expenses	-	-	( 9 201)	( 7 981)	( 563)	( 571)
Depreciation and Amortisation on disposals	-	-	-	-	618	84
<b>Carrying Amount as at 30 June</b>	<b>56 369</b>	<b>35 586</b>	<b>220 784</b>	<b>222 793</b>	<b>2 994</b>	<b>3 229</b>

	Capital Work in Progress		Total Property, Plant and Equipment	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>Carrying Amount as at 1 July</b>	295 640	191 738	10 243 128	9 885 738
Additions	133 839	146 790	134 271	149 130
Transfer In from other asset category	78 562	129 353	320 593	1 338 124
Maintenance Upgrades	-	-	12 476	14 545
Assets Classified as Held for Sale	-	-	( 2 941)	2 740
Disposals	-	-	( 55 026)	( 69 951)
Transfer out to other asset category	( 323 192)	( 172 241)	( 430 532)	( 1 408 939)
Assets transferred due to Admin restructure	-	-	-	( 325)
Revaluation Increment (Decrement) <sup>(5)</sup>	-	-	315 865	418 248
Depreciation and Amortisation expenses	-	-	( 89 966)	( 88 113)
Depreciation and Amortisation on disposals	-	-	623	1 931
<b>Carrying Amount as at 30 June</b>	<b>184 849</b>	<b>295 640</b>	<b>10 448 491</b>	<b>10 243 128</b>

\* Anangu Pitjantjatjara Yankunytjatjara

<sup>(5)</sup> In 2019, the total \$315.865 million revaluation increment was applied as an increase in revaluation surplus. In 2018, the total \$418.248 million revaluation increment was applied as an increase in revaluation surplus.

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### 5.2 Intangible assets

	2019	2018
	\$'000	\$'000
<b>Computer Software</b>		
Internally Generated Computer software	19 429	18 728
Accumulated amortisation	( 17 309)	( 16 019)
<b>Total Computer Software</b>	<b>2 120</b>	<b>2 709</b>
Work in progress Computer System Development	18 363	7 483
<b>Total Work in progress Computer Systems Development</b>	<b>18 363</b>	<b>7 483</b>
<b>Total Intangible Assets</b>	<b>20 483</b>	<b>10 192</b>

Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Trust only has intangible assets with finite lives.

The acquisition or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an asset as outlined in AASB 138 *Intangible Assets* and when the amount of expenditure is greater than or equal to \$5 000. Amortisation is calculated on a straight-line basis over 3 years from the date that the asset is ready for use.

All research and development projects that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed. An expense of \$0.362m (\$1.439m) for research and development costs has been recognised in 2018-19. Refer Note 3.1.

#### Reconciliation of Intangible Assets During 2018-19 and 2017-18

	Internally Generated Software		Work in Progress Computer System Development		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	2 709	2 502	7 483	1 704	10 192	4 206
Additions	701	1 966	11 581	7 745	12 282	9 711
Transfers to Internally Generated Software	-	-	( 701)	( 1 966)	( 701)	( 1 966)
Disposal	-	( 28)	-	-	-	( 28)
Amortisation	( 1 290)	( 1 731)	-	-	( 1 290)	( 1 731)
Closing Balance	<b>2 120</b>	<b>2 709</b>	<b>18 363</b>	<b>7 483</b>	<b>20 483</b>	<b>10 192</b>

### 5.3 Inventories

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Capital Work in progress	115 460	111 376
Developed properties	31 141	19 881
Vacant land	4 974	15 400
<b>Total Current Inventories</b>	<b>151 575</b>	<b>146 657</b>
<b>Non-Current</b>		
Capital Work in progress	4 393	94
<b>Total Non-Current Inventories</b>	<b>4 393</b>	<b>94</b>
<b>Total Inventories</b>	<b>155 968</b>	<b>146 751</b>

Inventories include capital work in progress, developed properties and vacant land that are expected to be sold in the ordinary course of business. Inventories are carried at the lower of cost and net realisable value. The amount of any inventory write-down to net realisable value is recognised as an expense in the period the write-down occurred. Any write-down reversals are recognised as an expense reduction.

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- (i) Capital work in progress relates to development projects containing both land and building components that are expected to be sold on completion.
- (ii) Developed properties relates to land and building components that have been developed and may be sold in their current condition or transferred to capital work in progress as part of a development project. It is carried at cost.
- (iii) Vacant land consists of land that is expected to be sold.

### 5.4 Non-current assets classified as held for sale

	2019	2018
	\$'000	\$'000
Land	10 603	8 208
Buildings	4 971	4 690
<b>Total Non-Current Assets Classified as Held for Sale</b>	<b>15 574</b>	<b>12 898</b>

Non-Current Assets classified as Held for Sale relate to rental properties and administrative properties that are expected to be sold, through the private property market, within the next 12 months. These assets are measured at the lower of their carrying amount and fair value less costs to sell and are no longer depreciated, pending sale. Detail about the Trust's approach to fair value is set out in note 11.2.

## Note 6 Financial assets

### 6.1 Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	742 401	125 920
Cash – Development Projects	1 433	1 412
Cash on hand	18	18
<b>Total Cash and Cash Equivalents</b>	<b>743 852</b>	<b>127 350</b>

#### *Deposits with the Treasurer*

Relates to working cash held in the Commonwealth Bank Working account through the SA Department of Treasury and Finance.

#### *Cash - Development Projects*

Relates to the ANZ accounts held for the Playford development projects.

### 6.2 Receivables

	2019	2018
	\$'000	\$'000
<b>Current</b>		
<b>Trade receivables</b>		
From government entities	1 825	1 113
From non-government entities	24 393	24 417
Total trade debtors before doubtful debts	26 218	25 530
Less allowance for doubtful debts	( 17 100)	( 17 677)
<b>Total trade receivables</b>	<b>9 118</b>	<b>7 853</b>
Accrued revenues	5 539	5 037
GST receivable	266	-
Prepayments	849	479
<b>Total Current Receivables</b>	<b>15 772</b>	<b>13 369</b>
<b>Total Receivables</b>	<b>15 772</b>	<b>13 369</b>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Rent is payable by tenants in advance and charged weekly. All other receivables are subject to a term of 30 days.



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Other than what is recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being received on demand. The credit risk is concentrated in the rental area due to the nature of the business of the Trust.

Prepayments, accrued revenues and the majority of receivables are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Refer to note 11.3 for further information on risk management.

### *Impairment of receivables*

	2019	2018
	\$'000	\$'000
Balance at 30 June 2018 under AASB 139	17 677	19 062
Adjustments on initial adoption of AASB 9	-	-
<b>Carrying amount at the beginning of the period</b>	<b>17 677</b>	<b>19 062</b>
Increase in the provision	9 848	14 130
Amounts written off	( 10 425)	( 15 515)
<b>Carrying amount at the end of the period</b>	<b>17 100</b>	<b>17 677</b>

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

### **6.3 Other financial assets**

	2019	2018
	\$'000	\$'000
Cash held at SAFA Cash Management Facility	122 371	49 666
<b>Total Other Financial Assets</b>	<b>122 371</b>	<b>49 666</b>

There is no impairment loss on debt securities (being investment with SAFA) due to the rating of the counterparty.

For further information on risk management refer to note 11.3. For further information on the impact of AASB 9 refer to note 9.2.

## Note 7 Liabilities

Employee benefits are disclosed in note 2.4.

### **7.1 Payables**

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Creditors	25 636	23 209
Land Tax Payable	49 091	-
Accrued expenses	26 275	20 786
Staff oncosts	1 446	1 364
GST Payable	-	925
<b>Total Current Payables</b>	<b>102 448</b>	<b>46 284</b>
<b>Non-Current</b>		
Staff oncosts	1 630	1 466
<b>Total Non-Current Payables</b>	<b>1 630</b>	<b>1 466</b>
<b>Total Payables</b>	<b>104 078</b>	<b>47 750</b>

Payables and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

The net amount of GST recoverable from the ATO is included as part of payables.

**Employment on-costs**

Employment on-costs include payroll tax, WorkCover levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave is unchanged from the 2018 rate of 41% and the average factor for the calculation of employer superannuation on-cost has changed from the 2018 rate (of 9.9%) to 9.8%. These rates are used in the employment oncost calculation. The net financial effect of the change in the current financial year is an increase in the employment on-cost and staffing costs expense of \$3.899m.

**7.2 Provisions**

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Public Risk & Professional Indemnity	58	55
Workers Compensation	270	605
<b>Total Current Provisions</b>	<b>328</b>	<b>660</b>
<b>Non-Current</b>		
Public Risk & Professional Indemnity	450	491
Workers Compensation	423	621
<b>Total Non-Current Provisions</b>	<b>873</b>	<b>1 112</b>
<b>Total Provisions</b>	<b>1 201</b>	<b>1 772</b>

An asset of \$0.015m (\$0.039m) for workers compensation recoveries has been recognised for 2018-19. Refer Note 6.2.

**Movement in provisions**

	2019	2018
	\$'000	\$'000
<b>Reconciliation of Public Risk &amp; Professional Indemnity</b>		
The following table shows the movement of Public Risk & Professional Indemnity		
Carrying amount at beginning of financial year	546	744
Additional provisions recognised	531	517
Reduction in provisions	( 499)	( 621)
Payments made	( 70)	( 94)
<b>Carrying amount at 30 June</b>	<b>508</b>	<b>546</b>
<b>Reconciliation of Workers Compensation</b>		
The following table shows the movement of Workers Compensation		
Carrying amount at beginning of financial year	1 226	2 320
Additional provisions recognised	269	-
Reduction in provisions	-	( 428)
Payments made	( 802)	( 666)
<b>Carrying amount at 30 June</b>	<b>693</b>	<b>1 226</b>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Trust is responsible for the payment of workers compensation claims.

**7.3 Other liabilities**

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Rent received in advance	8 978	8 166
Deposits Held:		
Tenant deposits held	2 292	2 235
Sale deposits held	1	5 847
Unearned revenue	159	159
Managed houses scheme	243	243
<b>Total Current Other Liabilities</b>	<b>11 673</b>	<b>16 650</b>
<b>Non-Current</b>		
Unearned revenue	358	517
Managed houses scheme	546	789
<b>Total Non-Current Other Liabilities</b>	<b>904</b>	<b>1 306</b>
<b>Total Other Liabilities</b>	<b>12 577</b>	<b>17 956</b>

**Note 8 Other disclosures****8.1 Equity**

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised

For information about equity contributions see 4.1.

**8.2 Cash flow**

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

## South Australian Housing Trust

2018-19

### *Cash flow reconciliation*

	2019	2018
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents and other financial assets at the end of the reporting period:</b>		
Statement of Cash Flows	866 223	177 016
Statement of Financial Position	866 223	177 016
<b>Reconciliation of Net Cash Inflows from Operating Activities to Net (Revenue from)/Cost of Providing Services:</b>		
Net Cash provided by/(used in) Operating Activities	576 829	( 26 714)
Less Receipts from SA Government	( 825 232)	( 182 825)
	( 248 403)	( 209 539)
<b>Add/Less non cash items</b>		
Depreciation and Amortisation	( 91 256)	( 89 844)
Assets transferred as part of administrative restructure	3 461	-
Net (loss)/gain from disposal of assets	48 465	17 485
Buildings and Other Assets Written Off	( 15 432)	( 22 067)
Construction Variance, surplus on property	( 406)	( 141)
Allowance for Doubtful Debts	577	1 385
Provision adjustment	( 301)	532
Loan Amortisation	243	243
	( 54 649)	( 92 407)
<b>Changes in Assets / Liabilities</b>		
(Decrease) Increase in Receivables	1 826	( 7 640)
(Decrease) Increase in Property, Plant and Equipment	( 28 094)	34 803
(Increase) Decrease in Payables	( 56 328)	1 334
(Increase) Decrease in Staff Entitlements	( 2 731)	( 752)
Decrease (Increase) in Provisions	872	760
(Increase) Decrease in Other Liabilities	5 136	( 4 272)
	( 79 319)	24 233
<b>Net Revenue from/(Cost of) Providing Services</b>	<b>( 382 371)</b>	<b>( 277 713)</b>

### **8.3 Unexpended funding commitments**

#### *Unspent Grant Commitments*

The following table shows grant revenue received which remains unspent as at 30 June 2019 and 30 June 2018.

	2019	2018
	\$'000	\$'000
<i>Unspent SA Government Revenues</i>		
Disability Respite Facility	-	5 580
Public Housing Stimulus	1 115	1 112
Mobility Response Program	-	4
<b>Total Unspent SA Government Commitments</b>	<b>1 115</b>	<b>6 696</b>
<i>Unspent Commonwealth Revenues</i>		
Local Support Coordinator	53	121
<b>Total Unspent Commonwealth Grant Commitments</b>	<b>53</b>	<b>121</b>
<b>Total Unspent Grants</b>	<b>1 168</b>	<b>6 817</b>

Most grants are subject to written agreements outlining the conditions of the funding, including the objectives, outcomes, performance criteria and reporting obligations. Non-compliance with these conditions may result in the Commonwealth or State recovering parts of the funding in accordance with the Implementation Plans (where applicable) for each agreement. The conditions attached to these grants can be summarised as:

*Disability Respite Facility*

The initiative being funded is the establishment of a new disability respite facility in Adelaide, to be developed and managed in partnership with the private and non-government sectors.

*Public Housing Stimulus*

Funding to enable the Trust to progress planning and delivery of a number of projects and programs to help stimulate activity in the state's housing construction sector and improve the quality of public housing.

*Aboriginal Mobility Response Program*

Funding for a project which aims to address the risk and vulnerability associated with individuals and families from regional and remote South Australian communities who travel to metropolitan Adelaide.

*Local Support Coordinator*

Funding for the engagement of a Local Support Coordinator to coordinate support and services for women affected by domestic and family violence.

**Note 9 Changes in accounting policy****9.1 Treasurer's Instructions (Accounting Policy Statements)**

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- removal of the additional requirement to report a statement of equity for administered items.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

**9.2 AASB 9 Financial instruments**

*AASB 9 Financial Instruments* replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Trust adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior year, this information was presented as part of other expenses.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

There are no impact on the Trust's retained earnings as at 1 July 2018.

On 1 July 2018, the Trust has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

**Reclassification of financial instruments on adoption of AASB 9**

On the date of initial application, the Trust's financial instruments were as follows, with any reclassifications noted.

	Measurement category		Carrying amount		
	AASB 139	AASB 9	AASB 139 at 30 June 2018 \$'000	Re - measurement \$'000	AASB 9 at 1 July 2018 \$'000
<b><u>Current financial assets</u></b>					
Trade receivables	Loans and receivables	Amortised cost	12,890	-	12,890
Investments with SAFA	Held to maturity	Amortised cost	49,666	-	49,666
<b><u>Current financial liabilities</u></b>					
Trade payables	Amortised cost	Amortised cost	43,128	-	43,128
Other liabilities	Amortised cost	Amortised cost	8,325	-	8,325
<b><u>Non-current financial liabilities</u></b>					
Other liabilities	Amortised cost	Amortised cost	789	-	789

**Impairment of financial assets**

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of the Trust are subject to AASB 9's new expected credit loss model:

- trade receivables from provision of services
- debt investments carried at amortised cost (i.e. bonds and debentures with SAFA)

The Trust applied the credit loss method in 2018 and 2019 to all except government debtors.

**Trade receivables**

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. This is further discussed in note 11.3.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

**Investments with SAFA**

Investments held with SAFA that would previously have been classified as held-to-maturity are now classified at amortised cost.

The Trust intends to hold the investments to maturity. The cash flows are solely payment of principal and interest on the principal amount and held to collect contractual cash flows. There was no variance between the previous carrying amount (as at 30 June 2018) and the revised carrying amount (at 1 July 2018) to be recognised in the retained earnings opening balance.

Investments with SAFA are considered to be a low credit risk. Applying the expected credit loss model on transition did not result in the recognition of loss allowance, due to Government's high quality credit risk.

**Note 10 Outlook****10.1 Unrecognised contractual commitments**

Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

**Capital Commitments**

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	2019 \$'000	2018 \$'000
Within one year	24 239	18 492
Later than one year but not longer than five years	15 507	39 508
Later than five years	10 078	-
<b>Total Capital Commitments</b>	<b>49 824</b>	<b>58 000</b>

The Trust's capital commitments includes commitments for various capital projects, NPRH, BST and some capital-related maintenance spend.

**Recurrent Commitments**

The Trust's recurrent commitments are for agreements for expenditure on operations and maintenance contracted but not provided for and payable, are as follows:

	2019 \$'000	2018 \$'000
Within one year	3 468	3 516
Later than one year but not longer than five years	943	417
Later than five years	-	-
<b>Total Recurrent Commitments</b>	<b>4 411</b>	<b>3 933</b>

**Management Agreement Commitments**

The Trust's management agreement commitments are to manage houses subject to lease arrangements with Funds SA (formerly Colonial First State and Motor Accident Commission) which are contracted but not provided for are payable as follows:

	2019 \$'000	2018 \$'000
Within one year	298	291
Later than one year but not longer than five years	3 761	4 948
Later than five years	-	-
<b>Total Management Agreement Commitments</b>	<b>4 059</b>	<b>5 239</b>

**Operating Lease Commitments**

The Trust's operating leases are for office accommodation. The leases are non-cancellable with terms ranging up to 10 years with some leases having the right of renewal.

Commitments under non-cancellable operating leases at the reporting date that are not recognised as liabilities in the financial statements, are payable as follows:

	2019 \$'000	2018 \$'000
Within one year	8 303	4 223
Later than one year but not longer than five years	27 907	10 484
Later than five years	10 443	2 603
<b>Total Operating Lease Commitments</b>	<b>46 653</b>	<b>17 310</b>

## 10.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

### *Contingent Assets*

#### *Shared Value Affordable Home Initiative*

The Shared Value Affordable Home Initiative, funded by the Commonwealth Government in conjunction with Local Government, allows eligible buyers the opportunity to purchase a property at a price less than market value. Each purchase is subject to a shared appreciation arrangement and a mortgage is affixed to the property. Under this arrangement when the property is sold or the mortgage discharged, the amount of the original discount, plus a share in any appreciation or depreciation in value, must be paid to the Trust for reinvestment in Affordable Housing outcomes. There are currently 12 (15) properties under this scheme with a total discount provided of \$0.621m (\$0.846m). The current share of depreciation of these properties is approximately \$0.005m (\$0.054m).

### *Contingent Liabilities*

#### *Progressive Purchase Scheme*

Under this scheme the Trust owns portions of properties as tenant in common with other persons. Where the Trust has signed agreements with lending institutions advancing persons mortgage monies, the Trust can be called upon in cases of default to purchase the defaulter's interest at current market value. The 8 (11) properties included in the scheme are subject to mortgages with a collective loan balance of \$0.118m (\$0.140m). The Tenant's share of the value of the properties subject to mortgage is estimated to be \$1.326m (\$1.745m), based on the Valuer-General's overall capital value.

#### *Rental Purchase and Sale Under Agreement House Purchase Schemes*

The rental purchase and sale under agreement portfolio was transferred to HomeStart Finance on 10 December 1993 and due to conditions in some of the agreements, the Trust remains responsible to make good for loss or damage to the subject properties for specific events. There are 5 (6) properties currently under this scheme. The Trust remains the legal owner of these properties until they are transferred to the purchasers upon completion of this agreement. The properties included in the scheme that are subject to indemnity clauses have a collective estimated replacement value of \$1.201m (\$1.411m). These properties together with the Trust's rental properties are subject to an agency agreement with South Australian Government Financing Authority, SAICORP Division (SAICORP) and in the event of a claim will be indemnified by the Treasurer so as to limit the exposure of the Trust to \$1.0m.

#### *Bond Guarantee Scheme*

Under the bond guarantee scheme a guarantee for the bond is given to the landlord. In the event of a claim by a landlord, the Office of Consumer and Business Services makes a payment. The Trust then reimburses the Office of Consumer and Business Services and the private rental customer becomes liable to the Trust for the amount. The value of bond guarantees issued and outstanding at 30 June 2019 is \$57.449m (\$57.867m). The value of claims made this financial year is \$7.538m (\$7.578m).

The Trust pays interest at an agreed market determined rate to the Office of Consumer and Business Services based on the daily outstanding balance of bond guarantees issued.

#### *Equity Shares*

The *South Australian Co-operative and Community Housing Act 1991* provided for members of Housing Co-operatives and tenants of Associations to acquire equity in the properties they occupy, by the Co-operative or Association issuing equity shares to members. The equity shares reflect a proportional interest in the value of a specific Co-operative or Association property. The Trust is obliged to repurchase the equity shares from holders who leave relevant Co-operatives or Associations at a value reflecting their proportion of the current value of the property at the time the equity shares are redeemed. The value of these equity shares at 30 June 2019 is \$10.333m (\$9.865m).

## 10.3 Impact of standards and statements not yet effective

The Trust has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

*Treasurer's Instructions (Accounting Policy Statements) 2019* issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.



The material impacts on the Trust are outlined below.

### **AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities**

The Trust will adopt AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities from 1 July 2019.

#### **Objective**

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. AASB 15 – Revenue from Contracts replaces AASB 111 – Construction Contracts and AASB 118 – Revenue.

AASB 1058 introduces consistent requirements for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. AASB 1058 replaces parts of AASB 1004 – Contributions.

#### **Impact on 2019-20 financial statements**

The Trust has performed a detailed analysis of its revenue streams and concluded that there is no estimated financial impact in 2019-20 of adopting AASB 15 and AASB 1058.

#### **Related accounting policies**

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that the Trust must adopt for the transition to AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities. These requirements include that the Trust will:

- apply AASB 15 and AASB 1058 retrospectively. The cumulative effect of initially applying the Standards will be recognised at 1 July 2019. Comparatives will not be restated.
- not apply the AASB 15 and the AASB 1058 completed contracts practical expedient.
- apply the AASB 15 practical expedient for all contract modifications that occur before the date of initial application.

The *Treasurer's Instructions (Accounting Policy Statements) 2019* also sets out requirements for on-going application. These requirements include that Trust will:

- apply, where permitted, the short-term licences recognition exemption.
- adopt \$15,000 as the threshold to determine whether a licence is a licence for which the transaction price is of low value and will apply the low value licence recognition exemption for all low value licences.
- not recognise volunteer services when the services would not have been purchased if they had not been donated.

### **AASB 16 – Leases**

The Trust will adopt AASB 16 – Leases from 1 July 2019.

#### **Objective**

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. AASB 16 Leases replaces AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation, and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

#### **Impact on 2019-20 financial statements**

The Trust has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the *Treasurer's Instructions (Accounting Policy Statements)*.

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

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AASB 16 is expected to have a material impact on the Statement of Financial Position. The Trust has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the Trust prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's forecast interest rates for principal and interest loans to SA Government agencies for 1 July 2019 as at 4 February 2019.

The estimated impact is set out below.

	As at 1 July 2019 \$'000
<b>Assets</b>	
Right-of-use assets	34,728
<b>Liabilities</b>	
Lease liabilities	(35,067)
<b>Net impact on equity</b>	( 339)

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	2020 \$'000
Depreciation and amortisation	5,961
Supplies and services	(6,106)
Borrowing costs	175
<b>Net impact on net cost of providing services</b>	30

The amounts disclosed are current estimates only. The Trust is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

### **AASB 1059 – Service Concession Arrangement: Grantor**

The Trust will adopt AASB 1059 – *Service Concession Arrangement: Grantor* from 1 July 2020.

#### **Objective**

AASB 1059 prescribes the accounting for a *service concession arrangement* by a *grantor* that is a public sector entity.

#### **Impact on 2020-21 financial statements**

The Trust has various arrangements with community housing providers which would be potentially captured under the AASB 1059. The Trust has commenced assessing but not yet quantified the impact of applying AASB 1059 and the resulting impact on the statement of financial position.

#### **Related accounting policies**

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that the Trust must adopt for the transition from AASB 117 Leases to AASB 16 Leases. These requirements include that the Trust will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated.
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations.
- not transition operating leases for which the lease term ends before 30 June 2020.

The *Treasurer's Instructions (Accounting Policy Statements) 2019* also sets out requirements for on-going application. These requirements include that Trust will:

- not apply AASB 16 to leases of intangible assets.

- adopt \$15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets.
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components.
- adopt the revaluation model, where permitted.
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance.
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable the Trust to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019

## Note 11 Measurement of risk

### 11.1 Long service leave liability - measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave liability and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA government entities.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service liability. The yield on long term Commonwealth Government bonds has decreased from 2018 (2.50%) to 2019 (1.25%). This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$1.722m and employee benefits expense of \$2.578m. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience.

### 11.2 Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

#### *Initial recognition*

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

#### *Revaluation*

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The valuation processes and fair value changes are reviewed by the Director, Finance and the Audit, Risk & Finance Committee at each reporting date.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

**Fair value hierarchy**

The Trust classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The Trust’s policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques used to derive level 2 and 3 fair values are at Note 5.1 and 5.4.

During 2019 and 2018, the Trust had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

**Fair value classification – non-financial assets at 30 June 2019**

	\$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurement</b>			
Land (Note 5.1)	6 004 815	6 004 815	-
Buildings (Note 5.1)	3 976 408	3 976 408	-
Vacant Land (Note 5.1)	56 369	56 369	-
Leasehold Improvements (Note 5.1)	2 272	-	2 272
Plant and Equipment (Note 5.1)	2 994	-	2 994
Remote Indigenous Leased Properties (Note 5.1)	220 784	-	220 784
Capital Works in Progress (Note 5.1)	184 849	184 849	-
<b>Total recurring fair value measurements</b>	<b>10 448 491</b>	<b>10 222 441</b>	<b>226 050</b>
<b>Non-recurring fair value measurement</b>			
Land held for sale (Note 5.4) <sup>(6)</sup>	10 603	10 603	-
Buildings held for sale (Note 5.4) <sup>(6)</sup>	4 971	4 971	-
<b>Total non-recurring fair value measurements</b>	<b>15 574</b>	<b>15 574</b>	<b>-</b>
<b>TOTAL</b>	<b>10 464 065</b>	<b>10 238 015</b>	<b>226 050</b>

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*Fair value classification – non-financial assets at 30 June 2018*

	\$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurement</b>			
Land (Note 5.1)	5 770 336	5 770 336	-
Buildings (Note 5.1)	3 913 034	3 913 034	-
Vacant Land (Note 5.1)	35 586	35 586	-
Leasehold Improvements (Note 5.1)	2 510	-	2 510
Plant and Equipment (Note 5.1)	3 229	-	3 229
Remote Indigenous Leased Properties (Note 5.1)	222 793	-	222 793
Capital Works in Progress (Note 5.1)	295 640	295 640	-
<b>Total recurring fair value measurements</b>	<b>10 243 128</b>	<b>10 014 596</b>	<b>228 532</b>
<b>Non-recurring fair value measurement</b>			
Land held for sale (Note 5.4) <sup>(6)</sup>	8 208	8 208	-
Buildings held for sale (Note 5.4) <sup>(6)</sup>	4 690	4 690	-
<b>Total non-recurring fair value measurements</b>	<b>12 898</b>	<b>12 898</b>	<b>-</b>
<b>TOTAL</b>	<b>10 256 026</b>	<b>10 027 494</b>	<b>228 532</b>

<sup>(6)</sup> The Trust has measured land and buildings held for sale at fair value less costs to sell in accordance with AASB 5 because the assets' fair value less costs to sell is lower than its carrying amount. Refer to Note 5.4.

### ***Rental Properties, Administrative Properties, Commercial Properties, Vacant Land and Assets Under Arrangement***

In compliance with AASB 116 Property, Plant & Equipment, all land and buildings are subsequently measured at fair value less accumulated depreciation.

The Trust revalues all land and buildings annually using the Valuer-General's values for rating purposes, issued as at 1 July 2018 reflecting "the capital amount that an unencumbered estate of fee simple in the land might reasonably be expected to realise upon sale" in accordance with the *Valuation of Land Act 1971* and is determined in line with the property market evidence at that time. This value is deemed to be fair value for financial reporting purposes.

Revaluation occurred at 31 October 2018, using the 1 July 2018 values, for all land and buildings acquired or completed before 31 October 2017.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or de-recognition, any revaluation surplus relating to that asset is transferred to retained earnings.

### ***Remote Indigenous Leased Properties***

Remote Indigenous Leased Properties are amortised over the life of the building relevant to the ground lease (30 years). Each property is revalued every three years based on their depreciated replacement cost. The replacement cost is derived from information provided by the Trust's construction programs for similarly configured properties being constructed remotely. Due to the remoteness of many of these leased properties, there is no observable market for these properties, nor consistent Valuer-Generals information that could be applied to an alternative valuation method. The properties were last revalued at 31 October 2017.

### ***Leasehold Improvements***

The value of leasehold improvements is recorded at cost (deemed fair value).

**Plant and Equipment**

Plant and equipment is brought to account at historical cost (deemed fair value).

**Reconciliation of level 3 recurring fair value measurements**

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

	Plant & Equipment	Leasehold Improvements	Remote Indigenous Properties
	2019 \$'000	2019 \$'000	2019 \$'000
<b>Opening balance at the beginning of the period</b>	3 229	2 510	222 793
Acquisitions	164	268	-
Transfer into level 3 <sup>(7)</sup>	215	1 677	7 192
Transfer out of level 3 <sup>(7)</sup>	-	( 1 968)	-
Disposals	( 51)	( 91)	-
Total gains (losses) for the period recognised in net result:			
Depreciation and Amortisation expenses	( 563)	( 124)	( 9 201)
Revaluation increments	-	-	-
<b>Carrying amount at the end of the period</b>	<b>2 994</b>	<b>2 272</b>	<b>220 784</b>

	Plant & Equipment	Leasehold Improvements	Remote Indigenous Properties
	2018 \$'000	2018 \$'000	2018 \$'000
<b>Opening balance at the beginning of the period</b>	3 668	839	222 839
Acquisitions	50	2 017	-
Transfer into level 3 <sup>(7)</sup>	104	-	2 502
Transfer out of level 3 <sup>(7)</sup>	-	( 42)	-
Disposals	( 22)	( 74)	-
Total gains (losses) for the period recognised in net result:			
Depreciation and Amortisation expenses	( 571)	( 230)	( 7 981)
Revaluation increments	-	-	5 433
<b>Carrying amount at the end of the period</b>	<b>3 229</b>	<b>2 510</b>	<b>222 793</b>

<sup>(7)</sup> Transfers into and out of level 3 relate to transfers from and to other asset classes disclosed in different fair value hierarchy levels.

**11.3 Financial instruments****Financial risk management**

Risk management is managed by the Trust's finance division. The Trust risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Trust's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

**Liquidity risk**

In relation to liquidity/funding risk, the continued existence of the Trust in its present form, and with its present programs, is dependent on Government policy and associated funding programs for the Trust's administration and outputs.

The Trust works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processed to meet the expected cash flows.

In 2018-19 the Trust received a one-off grant payment of \$602m, being an up-front payment of grants previously budgeted to be received over the four-year period 2019-20 to 2022-23. This grant is sufficient to fund the net cost of the Trust's approved operations for this period, significantly reducing liquidity risk. The Trust also received equity contributions of \$124m.

**Credit risk**

The Trust is exposed to credit risk associated with the amounts due to it from tenants for rent and other charges. Credit risk is ameliorated by the fact that amounts due from individual tenants are relatively small. The Trust manages credit risk associated with its tenants by establishment of a Credit Policy which is communicated to Trust staff and tenants. The performance of individual tenants and of components of the total population of tenants are monitored and reported upon to Trust management and the Board.

Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations resulting in financial loss to the Trust. The Trust measures credit risk on a fair value basis and monitors risk on a regular basis.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Trust does not hold any collateral as security to any of its financial assets.

**Impairment of financial assets**

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment has been recognised in impairment expenses for specific debtors and debtors assessed on a collective basis for which such evidence exists.

The provision for doubtful debts/impairment loss is based on an actuarial review conducted by the consulting actuaries Brett & Watson Pty Ltd in June 2018. The actuarial assessment conducted by Brett & Watson Pty Ltd was based on the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The basic assumptions used in calculating the percentage of impairment loss included a discount rate of 2.3 per cent per annum, based on the risk free rate as at 30 April 2018, an estimated future debt write off of 2.3 per cent per annum and an assumption that 72 per cent of first arrangements will be written off by the end of their twelfth year. The provision covers variations to the net present value of debts as well as the debts not expected to be recovered. The next actuarial review of the impairment percentage will be undertaken in 2021.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Trust is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor. Loss rates are calculated and applied to debtors on a consistent basis regardless of current maturity of debt.

The following table provides information about the exposure to credit risk and ECL for non-government debtors.

	Debtor gross carrying amount	Loss %	Lifetime expected losses
	\$'000		\$'000
1 – 30 days past due	1,652	72	1,189
31 – 60 days past due	394	72	284
More than 60 days past due	15,950	72	11,484
<b>Loss allowance</b>			<b>12,957</b>

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Trust and a failure to make contractual payments for a period of greater than 18 months past due. Debts that are outsourced are written off and subsequently any monies recovered are recorded as an income.

Receivables with a contractual amount of \$7.318m written off during the year are still subject to enforcement activity.

The Trust considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

**Market risk**

The Trust is also exposed to risk arising from property values in the real estate market, due to its reliance on asset sales to fund capital works. The Trust manages any risk of not meeting its sales revenue requirements by regular monitoring and reporting of sales performance.

**Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

**Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement**

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Held-to-maturity investments
- Loan and receivables
- Financial liabilities measured at cost

The Trust does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the nature of these (refer to notes 6.2 and 7.1)
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer to note 6.3).

**Classification applicable from 1 July 2018 under AASB 9 Financial Instruments**

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The Trust measures all financial instruments at amortised cost.

Category of financial assets and financial liability	Note	2019 Carrying Amount / Fair value \$'000	2019 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial Assets</b>					
<b>Cash and cash equivalents</b>					
Cash and cash equivalents	6.1	743 852	743 852	-	-
<b>Financial assets at amortised cost</b>					
Receivables	6.2	14 657	14 657	-	-
Other financial assets	6.3	122 371	122 371	-	-
<b>Total financial assets</b>		<b>880 880</b>	<b>880 880</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables	7.1	99 830	99 830	-	-
Other liabilities	7.3	3 082	2 536	546	-
<b>Total financial liabilities</b>		<b>102 912</b>	<b>102 366</b>	<b>546</b>	<b>-</b>



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Category of financial assets and financial liability	Note	2018 Carrying Amount / Fair value \$'000	2018 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial Assets</b>					
<b>Cash and cash equivalents</b>					
Cash and cash equivalents	6.1	127 350	127 350	-	-
<b>Financial assets at amortised cost</b>					
Receivables	6.2	12 891	12 891	-	-
Other financial assets	6.3	49 666	49 666	-	-
<b>Total financial assets</b>		<b>189 907</b>	<b>189 907</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables	7.1	43 128	43 128	-	-
Other liabilities	7.3	9 114	8 325	789	-
<b>Total financial liabilities</b>		<b>52 242</b>	<b>51 453</b>	<b>789</b>	<b>-</b>

*Receivables and payables*

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

**Note 12 Disclosure of Administered Items**

**12.1 Disclosure of Administered Items as at 30 June 2019**

	Homelessness Social Impact Bond		HomeStart Community Service Obligations		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Administered expenses</b>						
Grants, subsidies and client payments	1 200	-	6 921	-	8 121	-
<b>Total administered expenses</b>	<b>1 200</b>	<b>-</b>	<b>6 921</b>	<b>-</b>	<b>8 121</b>	<b>-</b>
<b>Administered income</b>						
Revenues from SA Government	1 200	-	6 921	-	8 121	-
<b>Total administered income</b>	<b>1 200</b>	<b>-</b>	<b>6 921</b>	<b>-</b>	<b>8 121</b>	<b>-</b>
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As of 1 July 2018, The Trust is responsible for administering the Homelessness Social Impact Bond and the HomeStart Community Service Obligations (CSO). Transactions and balances relating to these administered resources are not recognised as the Trust's income, expenses, cash inflows, cash outflows, assets or liabilities. They are recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities.

**Homelessness Social Impact Bond**

The South Australian Government has undertaken a Social Impact Bond project in the area of Homelessness in South Australia. A Social Impact Bond is a financial arrangement that pays a return to private investors based on achievement of agreed social outcomes. Under a Social Impact Bond, an investor provides upfront funds to a partner (non-government

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organisation or intermediary) to provide services to government that will, if successful, reduce future costs to government through improved social outcomes in the relevant area. The control of these funds and administration is specified in the *Social Impact Bond Program Deed 2017 between the Minister for Social Housing and SVA Nominees Pty Ltd as trustee of the Aspire Social Impact Bond Trust and the Deed of Direct Agreement between the Minister for Social Housing and Hutt Street Centre*. State funds are grant funded to the Service Provider to manage the project and deliver outcomes.

***HomeStart Community Service Obligations***

HomeStart's requirement to undertake Community Service Obligations are set out in regulation 6(1)(a) of the *Housing and Urban Development (Administrative Arrangements) (HomeStart Finance) Regulations 2007* which permits HomeStart to provide housing finance on concessional or special terms.

The Trust administers the payment that the Government provides to HomeStart in recognition of the cost of the following non-commercial activities in providing housing finance on concessional or special terms:

- Acceptance of non-commercial credit risk
- Advantage Loan program
- Nunga Loan program
- Contribution to achieve required return to equity, where necessary