

SOUTH AUSTRALIA

Report
of the
Auditor-General
for the
Year ended 30 June 2005

Tabled in the House of Assembly and ordered to be published, 22 November 2005

Fourth Session, Fiftieth Parliament

Supplementary Report
Agency Audit Report

By Authority: K. O'Callaghan, Government Printer, South Australia

2005



Government
of South Australia



**Auditor-General's
Department**

21 November 2005

9th Floor State Administration Centre
200 Victoria Square
Adelaide
South Australia 5000

Telephone +61 +8 8226 9640
Facsimile +61 +8 8226 9688
DX 56208 Victoria Square

The Hon R R Roberts, MLC
President
Legislative Council
Parliament House
ADELAIDE SA 5000

The Hon R Such, MP
Speaker
House of Assembly
Parliament House
ADELAIDE SA 5000

E-mail: audgensa@audit.sa.gov.au
Web: <http://www.audit.sa.gov.au>

ABN: 53 327 061 410

Gentlemen,

AUDITOR-GENERAL'S SUPPLEMENTARY REPORT: AGENCY AUDIT REPORT

Pursuant to section 36(3) of the *Public Finance and Audit Act 1987*, I herewith provide to each of you a copy of my Supplementary Report 'Agency Audit Report' containing the accounts of the South Australian Housing Trust which are required to be reported on by me in accordance with section 36 of the Act.

Yours sincerely,

K I MacPherson
AUDITOR-GENERAL

**Report of the Auditor-General 2004-05
Supplementary Report: Agency Audit Report**

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SOUTH AUSTRALIAN HOUSING TRUST

FUNCTIONAL RESPONSIBILITY AND STRUCTURE

Establishment

The South Australian Housing Trust was established by the *South Australian Housing Trust Act 1936* to administer the Act. The Trust also administers the *Housing Improvement Act 1940*.

The *South Australian Housing Trust Act 1995* repealed the *South Australian Housing Act 1936* and amended the *Housing Improvement Act 1940*. The Act provides for the continuation of the Trust as the principal provider of public housing in the State.

Functions

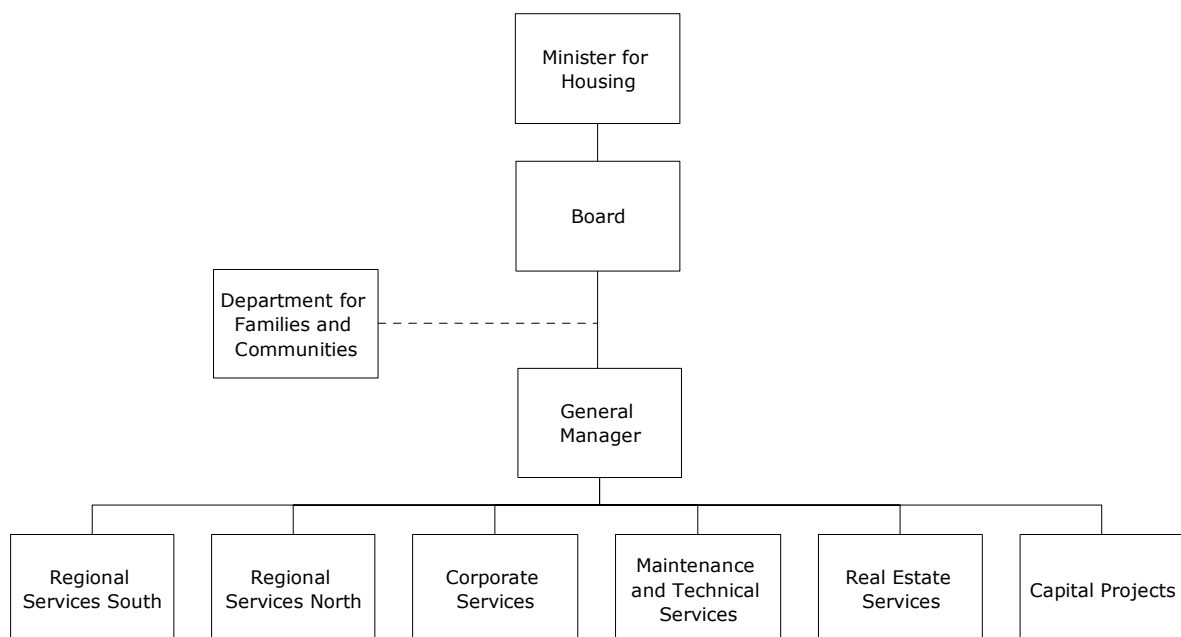
The functions of the Trust include the following:

- The ownership of houses and units for tenant occupation.
- The construction and purchase of houses and other properties.
- The management of tenancy arrangements for Trust properties including the assessment of rents and provision of reduced rents, and the raising and receiving of rent and other monies from tenants.
- The management of costs associated with ownership of Trust properties including the maintenance of those properties.

In addition, the Trust manages a range of programs related to housing on behalf of the Government with respect to which the Trust receives direct capital and recurrent grant funding. The range of programs managed is detailed in Note 8 to the Trust’s financial statements.

Structure

The structure of the South Australian Housing Trust is illustrated in the following organisation chart.



AUDIT MANDATE AND COVERAGE

Audit Authority

Audit of Financial Statements

The *South Australian Housing Trust Act 1995* (the Act), subsection 27(2), requires the Trust to keep proper accounting records and to produce financial statements, in respect of each financial year. Section 31 of the *Public Finance and Audit Act 1987* and subsection 27(4) of the *South Australian Housing Trust Act 1995* requires the Auditor-General to audit the accounts and financial statements.

Assessment of Controls

Subsection 36(1)(a)(iii) of the *Public Finance and Audit Act 1987* provides for the Auditor-General to assess the controls exercised by the South Australian Housing Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether those controls are consistent with the prescribed elements of the Financial Management Framework as required by Treasurer's Instruction 2 'Financial Management Policies'.

Scope of Audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable audit opinions to be formed with respect to the financial statements and internal controls.

During 2004-05, specific areas of audit attention included:

- revenue, including rent raising and recovery
- accounts payable
- staffing costs
- maintenance expenditure
- council and water rates
- fixed assets, including rental properties
- inventory
- fixed asset and inventory work in progress.

In addition, system operations and activities undertaken by the Department of Health and the Department for Families and Communities on behalf of the Trust, which included corporate related services, payroll and aspects of accounts payable processing, were reviewed as part of the audit of the Departments.

The work of the internal auditor was considered in designing the audit programs. Where appropriate reliance was placed on the work of internal audit in assessing the effectiveness of the Trust's internal controls. Internal Audit coverage in 2004-05 included:

- electronic document records management system
- capital project management - capital works data base and related processes.

AUDIT FINDINGS AND COMMENTS

Audit Opinions

Audit of Financial Statements

In my opinion the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the South Australian Housing Trust as at 30 June 2005, the results of its operations and its cash flows for the year then ended.

Assessment of Controls

In my opinion, the controls exercised by the South Australian Housing Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to fixed asset and inventory work in progress, council and water rates, and accounts payable as outlined under 'Audit Communications to Management and Other Matters', are sufficient to provide reasonable assurance that the financial transactions of the South Australian Housing Trust have been conducted properly and in accordance with law.

Audit Communications to Management and Other Matters

Matters arising during the course of the audit were detailed in management letters to the General Manager. Responses to the management letters were generally considered to be satisfactory. Major matters raised with the Trust and the related responses are discussed herein.

Inventory and Fixed Asset Work in Progress

In 2003-04 Audit identified areas of weaknesses in controls over the Trust's work in progress (WIP) which included:

- the properties listed on the WIP Spreadsheet (used to record project costs for individual properties) were not checked with the Capital Projects Database to ensure the two records were consistent;
- Trust procedures did not ensure project costs were correctly allocated to the individual properties;
- projects in the Job Cost System were not reviewed to identify outstanding project costs which should be allocated to Inventory or Fixed Assets;
- there was no structured system in place to record actual financial performance against budget for each individual capital project; and
- the review of completed projects, required by Trust procedures, was not performed for all projects.

In response to the Audit findings the Trust established a project to address the control weaknesses. The project scope included development of a robust automated IT based system to improve data management and control over capital projects and work in progress information. Follow up by Audit in 2004-05 noted that the system is not due to be implemented until late 2005.

During 2004-05 the Trust implemented a project to substantiate work in progress balances within the Job Cost System to ensure the information was reliable for financial reporting purposes. This process was in progress for the majority of the financial year and was completed in November 2005.

The lack of robust systems and reconciliation procedures during 2004-05 is considered by Audit to reflect a fundamental weakness in controls over work in progress balances.

In August 2005, in response to a request from Audit for an update on progress, the Trust advised that the development of a Project Accounting System (PAS) is expected to be implemented in November 2005.

Accounts Payable

The audit of the Trust has, since 2002-03, identified weakness in the controls over accounts payable processing and non-compliance with the controls implemented. In the current year the audit of accounts payable found:

- instances where payments were not processed through the Online Purchase Order System in accordance with the Trust's Purchasing Policy;
- the Trust did not monitor or report on the use of the Online Purchase Order System versus the use of manual payment vouchers;
- a lack of control to ensure manual payment vouchers were authorised in accordance with the Trust's Levels of Authority;
- authority levels within the Purchasing System were not consistent with the Levels of Authority approved by the Board. Audit communicated the view that the Levels of Authority were not expressed in a manner which enables them to be efficiently and effectively administered;
- Capital Project payments were approved using manual payment vouchers rather than Online Purchase Order System. Audit review found, however, that Accounts Payable are not provided with the necessary information to determine whether the payments have been approved in accordance with the Levels of Authority;
- there was scope to improve systems controls to prevent duplicate payments;
- property purchases were not certified by the Crown Solicitor in accordance with the Treasurer's Instructions and the Trust's Capital Projects Procedures Manual;
- there was a lack of formal procedure for removing user access from the Online Purchase Order System when staff resign.

The Audit findings were communicated to the Trust who advised the following actions were proposed or had been implemented:

- Staff were reminded of the requirement to use the Purchase Order System in July 2005. An action plan will be developed to enable a planned approach to identifying, reporting, and correcting, instances of non-compliance and the Purchase Order Exemption list will be reviewed.
- The Trust will investigate the feasibility of implementing a system to enable the automatic verification of authority signatures and/or position titles.
- The Trust will review automating the payment of capital project invoices to reduce the opportunity for manual error and, if possible, replicate the controls of the on line system. Consideration will also be given to using the on line system for some payments.
- A review of the Levels of Authorities will be undertaken by the Trust.
- The Trust has commenced investigating controls to prevent the duplication of payments.
- The Trust will seek exemption from the requirements of Treasurer's Instruction 10.8.
- The Trust will enhance existing procedures by implementing a review to verify the appropriateness of Purchase Order authorities.

Service Level Agreements

Audit review found that service level agreements (for 2004-05) between the Trust and service providers were not entered into for the following areas:

- Information and Technology
- Building Management Fees
- Office Accommodation Rental
- Cleaning
- Human Resources.

Audit consider service level agreements ensure roles and responsibilities are clearly defined and agreed to by each party to the agreement.

In response the Trust advised that work has commenced with the Department for Families and Communities to develop documented agreements.

Water and Council Rates

Water and Council Rates expenditure processed through the Water/Council Rate system represents a significant expenditure item for the Trust. Audit review found that there was scope to improve controls in a number of areas. The more significant matters raised by Audit were:

- Audit was unable to locate evidence that Council and SA Water rates were authorised in accordance with the Trust's Levels of Authority;
- Audit identified no evidence of a reconciliation which ensures that information from the Water/Council Rates system is completely and accurately transferred to the Accounts Payable system;
- no check was performed to ensure that the Trust had received bills for water rates and water usage for all Trust owned properties and there was scope to improve controls to ensure that the Trust received Council rate bills for all Trust owned properties;
- there was scope to improve the segregation of duties associated with the processing of water and Council rates.

In response the Trust advised of proposed actions to address the matters raised which included:

- developing a reporting and authorisation procedure to ensure compliance with the Trust's Levels of Authority;
- implementing a reconciliation procedure between the Water/Council Rates system and the Accounts Payable system;

- investigating the feasibility of developing an exception report which will identify Trust properties for which rates bills are not received;
- undertaking a review of system access levels.

Rent

The provision of Rent Rebates by the Trust is a significant element of providing housing assistance to those in housing need. The value of rebates for the year to 30 June 2005 was \$147 million (\$135 million) of which \$36 million (\$40 million) is provided to the Trust as grant funds from the Commonwealth and State Governments and the balance represents foregone revenue to the Trust.

Self Audit Program

In 2004 the Trust reviewed the Regional Self Assessment (RSA) program which evaluated compliance by regional staff with Trust policies and procedures. The review recommended that the RSA be replaced by a self audit program to be undertaken by the Regions in the form of a Progressive Quality Review (PQR) process.

Audit review found that the Trust has developed a series of checklists and a number of work tools to assist in completing the PQR process. It was noted, however, that there was scope to enhance the documentation of policies and procedures to support the revised self audit program.

Income Confirmations Service

The Income Confirmation Service (ICS) supports regular confirmation of tenants' incomes received as benefits via Centrelink. Audit noted that the Trust's Rent Assessment Policy require the ICS process to be undertaken on a monthly basis, however, it was only performed on a quarterly basis during 2004-05.

Other Matters

Other matters raised by Audit included:

- debt arrangements were entered into with tenants which were inconsistent with Trust policy;
- a number of outsourced debt write-offs were approved by officers who did not have the delegated authority;
- employees with access to the Rent Management System have the ability to override the rent as calculated by the system. Audit found that there was no evidence of a review to ensure rent overrides were bona fide and made in accordance with Trust policy.

Trust Response

The Trust advised of actions to address the matters raised which included:

- developing an overarching policy and operational statement for the PQR process;
- the Trust intend to run the Income Confirmation process monthly, as stipulated in policy, however, it will not be possible to run the program monthly until the number of rejections have been reduced considerably;
- a review of the debt policies and procedures was performed and revised procedures were prepared which will become operational in September 2005. Also, staff will be reminded to follow the policy and procedures.

Edwardstown Land Sale Process

Audit reviewed the processes associated with the sale of land owned by the Trust at Edwardstown. As part of the sale process the Trust requested expressions of interest for the purchase of the parcels of land. The Department of Trade and Economic Development (DTED) assisted in the sale process by evaluating the expressions of interest on the basis of net economic benefit to the State.

The review found the following:

- Mechanisms were not established to monitor compliance with aspects of the proposals/commitments, included in the expression of interest, relating to net economic benefits.
- Certain information provided by the bidders to support their expressions of interest was not validated.
- Processes for seeking, receiving and evaluating the expressions of interest could be improved.

In response the Trust advised that it will ensure that matters raised are taken into account in all future land sales.

Payroll

The Department of Health was responsible for processing payroll transactions for staff assigned to the Trust in accordance with a service level agreement. Audit review of the Department's payroll function revealed that internal controls over the processing of the payroll transactions were ineffective in key areas including:

- bona fide certification processes;
- leave recording and management processes;
- lack of independent review over payroll processing.

Further commentary on these matters is provided under the Department of Health section of my Annual Report tabled in October 2005 (under the heading 'Audit Communications to Management and Other Matters').

INTERPRETATION AND ANALYSIS OF FINANCIAL STATEMENTS

Highlights of Financial Statements

	2005	2004	Percentage
	\$'million	\$'million	Change
OPERATING REVENUE			
Rent	195	190	3
Commonwealth Government grants	35	65	(46)
State Government grants	164	136	21
Other	44	57	(23)
Total Operating Revenue	438	448	(2)
OPERATING EXPENDITURE			
Staffing costs	38	38	-
Borrowing costs	43	44	(2)
Maintenance	67	64	5
Council rates and water charges	49	47	4
Land tax equivalent	97	71	37
Depreciation	56	48	17
Other expenses	76	81	(6)
Total Operating Expenses	426	393	8
Surplus (Deficit) Before Income Tax	12	55	(78)
Income Tax Equivalent	(8)	(8)	-
Surplus (Deficit) After Income Tax	4	47	(91)
NET CASH FLOWS	13	26	(50)
ASSETS			
Current assets	168	158	6
Non-current assets	5 303	4 256	25
Total Assets	5 471	4 414	24
LIABILITIES			
Current liabilities	60	53	13
Non-current liabilities	786	804	(2)
Total Liabilities	846	857	(1)
EQUITY	4 625	3 557	30

Statement of Financial Performance

Operating Revenues

Revenue from Ordinary Activities for year ended 30 June 2005 decreased by \$10 million (2 percent). Notably, Commonwealth Government Grants decreased from \$65 million to \$35 million due mainly to:

- the transfer of management of the Supported Accommodation Assistance Program (effective from 1 July 2004) from the Trust to the Department for Families and Communities. Funding received from the Commonwealth in 2003-04 was \$17.3 million;
- a decrease of \$3.8 million in Rebate Subsidy grants;
- an \$8.0 million decrease in Crisis Accommodation funding.

State Government Grants for the year increased by \$28 million to \$164 million. The main increases were:

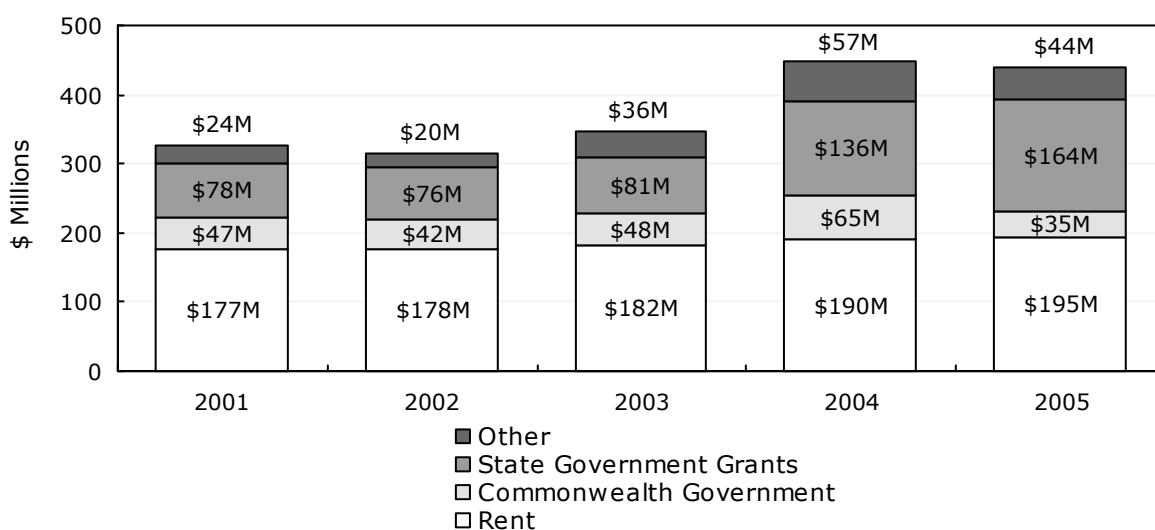
- an increase of \$26.0 million in Tax Equivalent Reimbursement funding relating to land tax and income tax;
- the receipt of capital funding totalling \$18.3 million for Urban Renewal Projects (\$15.0 million) and Special Purpose House Purchases (\$3.3 million);
- the receipt of \$15.4 million in relation to the Affordable Accommodation Initiative.

These increases were offset by:

- a \$10.6 million decrease in Supported Accommodation Assistance Program funding due to the transfer of the program to the Department for Families and Communities effective 1 July 2004;
- a decrease of \$20.0 million in general purpose grants. During 2003-04 the former Department of Human Services transferred to the Trust cash balances relating to the Commonwealth State Housing Agreement (CSHA) that were held by the Department as at 30 June 2003. Of this total an amount of \$19.4 million was allocated to State general purpose grants.

Net Revenue from Disposal of Assets decreased from \$37.4 million to \$22.3 million. Refer to Note 15 to the financial statements.

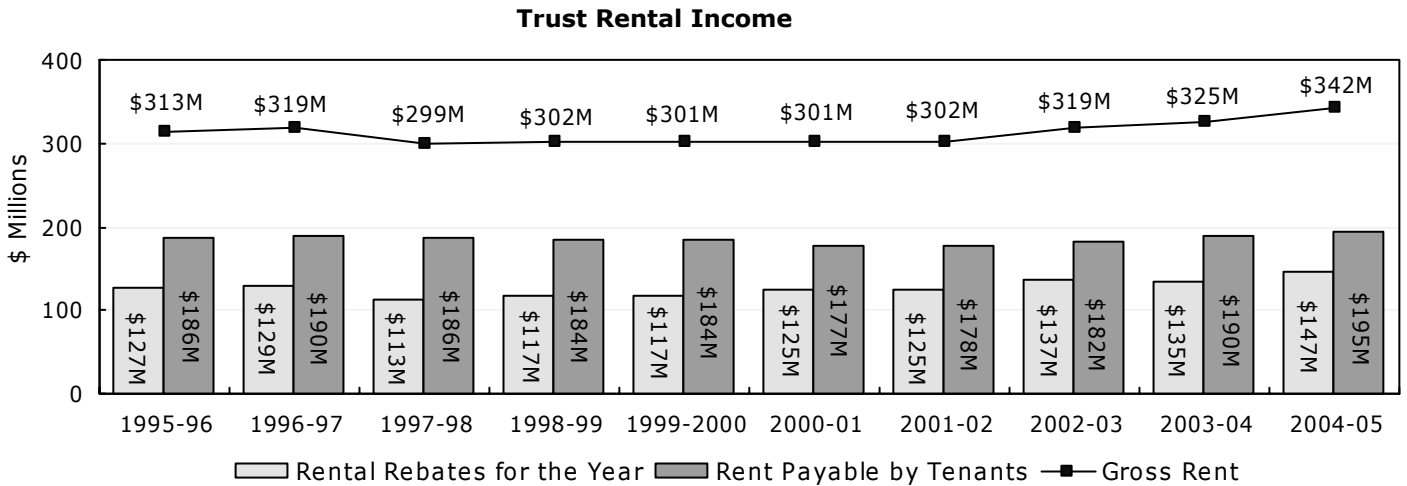
For the five years to 2005 a structural analysis of Operating Revenues for the Trust is presented in the following chart. The chart shows higher Operating Revenues in 2004 and 2005 when compared to previous years, due principally to increased grant contributions from State Government.



Rental Operations

The Trust has continued to experience a high level of demand for its rental accommodation as it received 8093 (8573) new applications for tenancies and was able to house 3213 (3595) new tenants during the year. The level of housing stock, excluding unlettable properties, was 46 122 (46 737) at 30 June 2005.

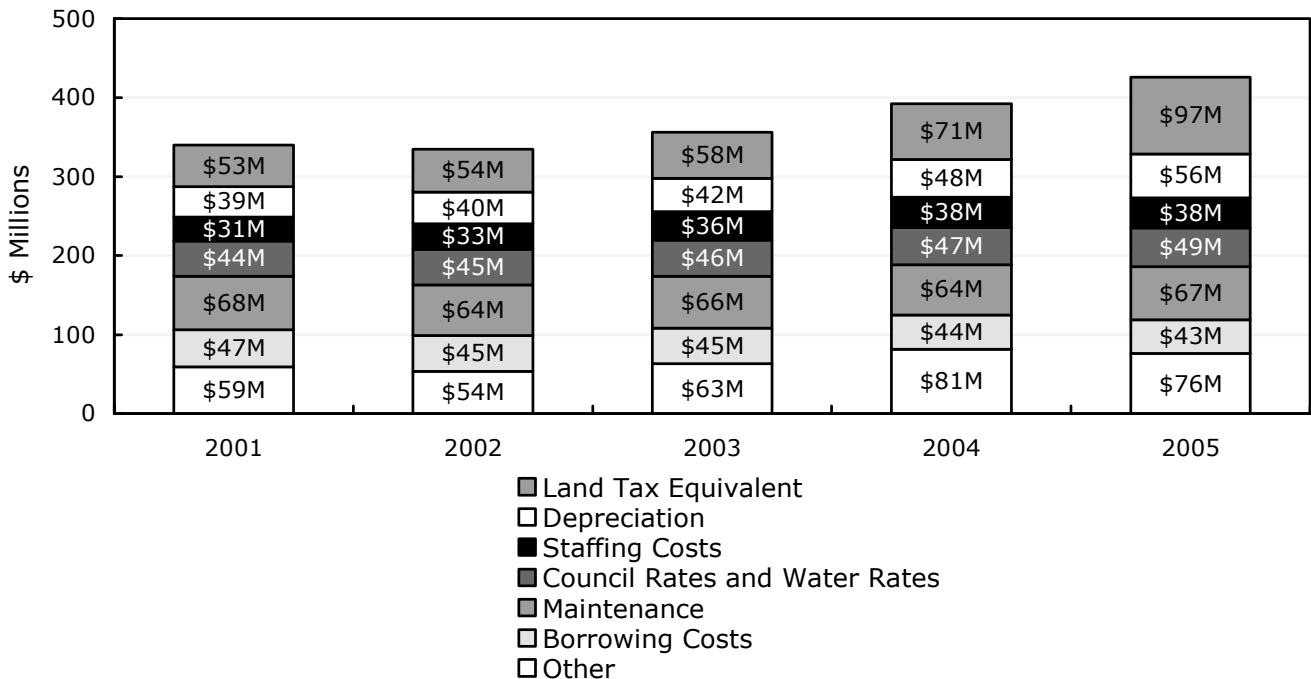
The trend identified in previous years, of a high proportion of Trust tenants being eligible for reduced rent due to low income, continued and, at 30 June 2005, 38 440 (38 598) tenants or 85 percent (84 percent) of all tenants paid reduced rent. The trend is illustrated in the following chart:



The chart highlights that Gross Rent has steadily increased over the last three years due to increases in market rents. In 2005 Gross Rent increased 5.2 percent (\$17 million), Rent Rebates increased 8.9 percent (\$12 million) and Rent Revenue increased 2.6 percent (\$5 million).

Operating Expenses

For the five years to 2005, a structural analysis of the major operating expense items for the Trust is shown in the following chart.



The chart shows higher Operating Expenses in 2004 and 2005 when compared with previous years, mainly as a result of higher Land Tax Equivalent expenses.

During the year ended 30 June 2005, total Operating Expenses increased by \$33 million (8 percent). This increase was due to increases in the expense items, land tax equivalent (\$26 million) and depreciation (\$8 million). The increase in both these expense items reflects increased values in Trust owned properties. The Trust also recognised a Net Expense Resulting from a Correction of an Error of \$6 million. The correction relates to write-offs of work in progress balances processed during the year arising from the review of work in progress projects. Refer to Note 10 of the Trust's financial statements for further details.

The increase in expenses was offset by a \$18.2 million reduction in Grant and Subsidy expenses attributable mainly to a \$23.8 million decrease in Supported Accommodation Assistance Program payments. Refer to commentary provided under the heading 'Grant Funded Programs' for further details.

Grant Funded Programs

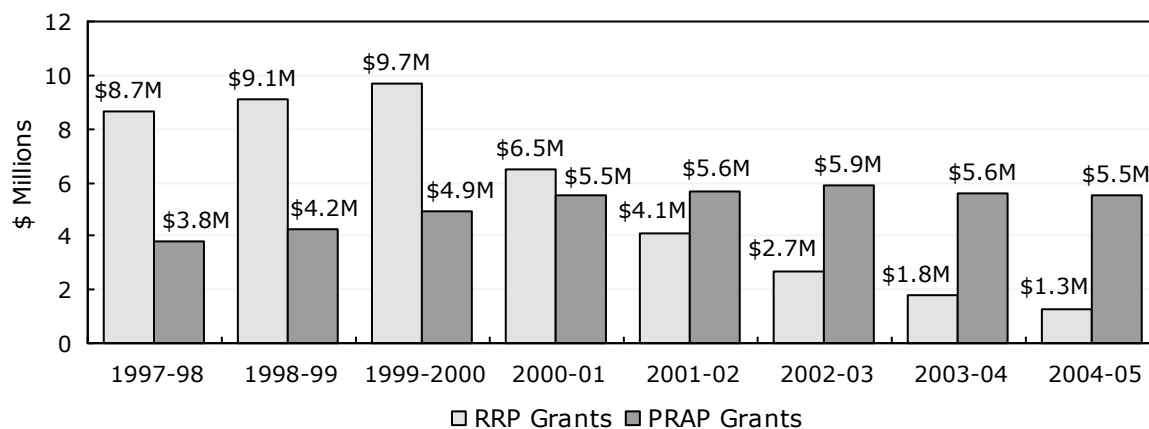
The Trust's recurrent direct expenditure with respect to grant funded programs was \$18.4 million (\$36.6 million). This decrease was due mainly to the transfer of the Supported Accommodation Assistance Program (SAAP) from the Trust to the Department for Families and Communities. In addition, there were decreases in other grant funded programs including Crisis Accommodation, the Private Rental Assistance Program (PRAP), and the Rent Relief Program (RRP) which decreased by \$1.9 million, \$83 000 and \$524 000 respectively. These decreases were offset by a \$7.3 million grant payment to the Aboriginal Housing Authority.

Supported Accommodation Assistance Program

The Supported Accommodation Assistance Program (SAAP) funds non-government organisations to allow for the provision of crisis and transitional accommodation and support for homeless people at risk. This function was transferred to the Trust from the former Department of Human Services in July 2003 and subsequently transferred to the Department for Families and Communities on 1 July 2004.

Rent Relief Program and Private Rental Assistance Program

The following chart shows the changing level of grant funded spending (excluding administration costs) over the past eight years for the Rent Relief Program (RRP) and the Private Rental Assistance Program (PRAP).



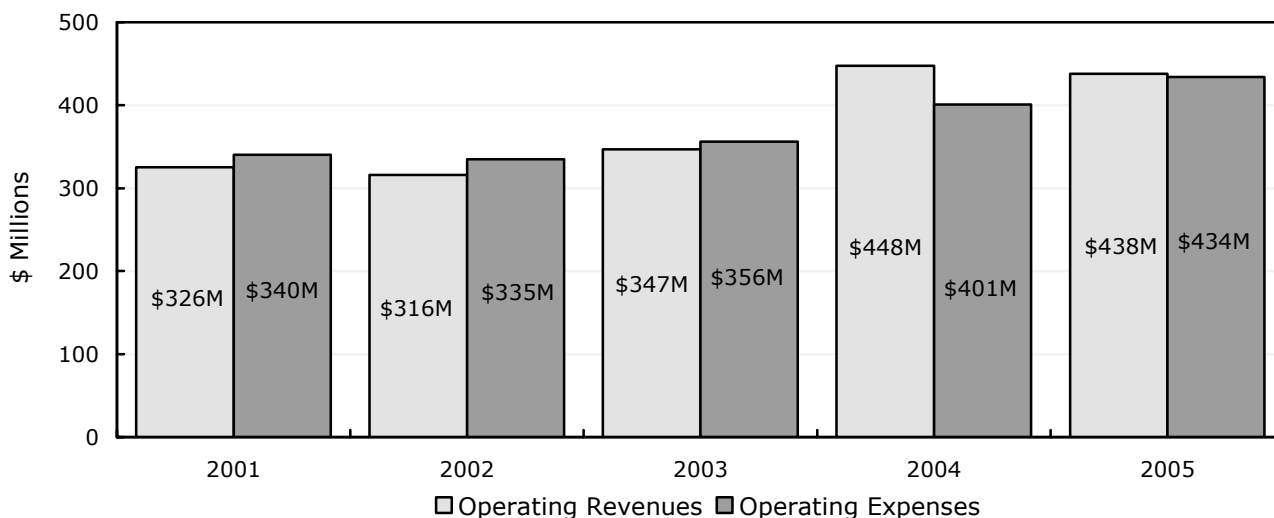
The RRP provides assistance to tenants in private rental accommodation, who are experiencing financial difficulty, by providing payments to tenants, of amounts up to \$25 per week. The number of recipients of assistance for the year to 30 June 2005 was 1235 (1673), reflecting an ongoing reduction in the number of beneficiaries following closure of the scheme to new entrants in May 2000. This reduction resulted in a decrease in RRP grant payments of \$524 000.

The PRAP assists people to establish themselves in privately owned rental accommodation by providing an information service to help locate suitable accommodation; financial assistance to tenants with respect to security bonds and rent in advance; and short term emergency accommodation in Trust houses. Grant payments for the program in 2005 decreased by \$83 000.

The Private Rental Assistance Program includes a bond guarantee scheme which enables the Trust to guarantee payments to landlords in the event of a claim against a bond. The Trust's contingent liability with respect to Bond Guarantees increased by \$700 000 from \$11.6 million to \$12.3 million as at 30 June 2005.

Operating Result

The following chart shows the operating revenues and operating expenses (including Income Tax Equivalent) for the five years to 2005.

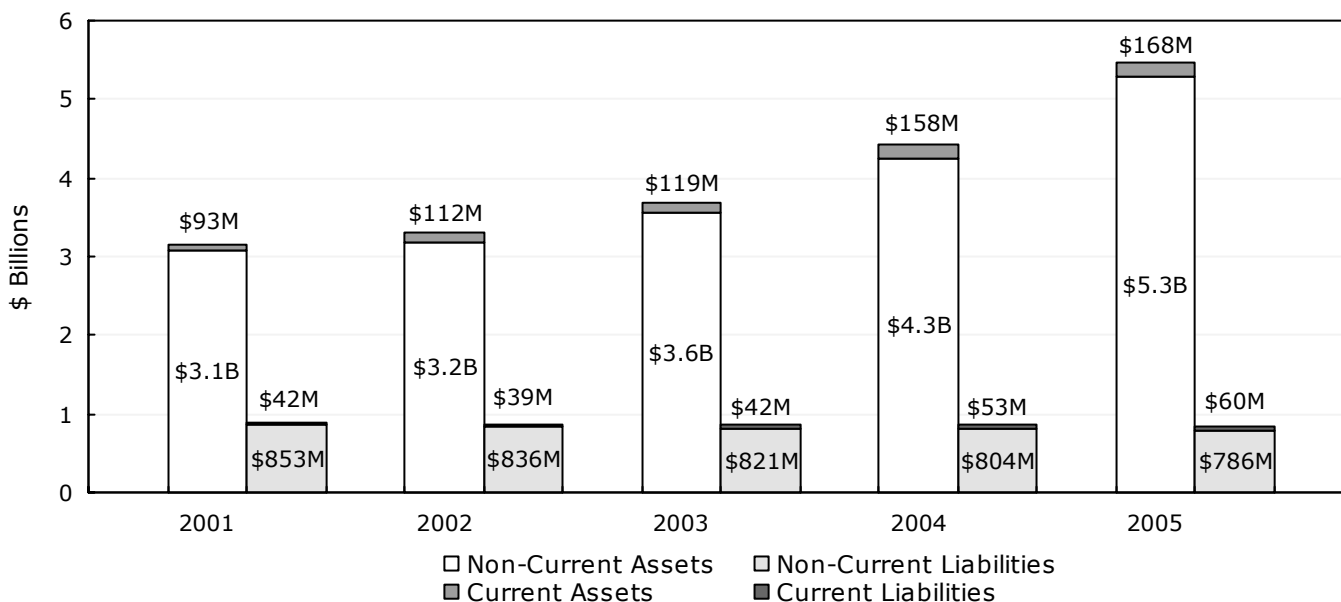


The chart demonstrates that the Trust recorded relatively small deficits for the first three years followed by surpluses of \$47 million and \$4 million in 2004 and 2005 respectively.

The operating result recorded in 2005 decreased by \$43 million reflecting an increase in operating expenses of \$33 million and a decrease in operating revenues by \$10 million. Refer to commentary under the headings Operating Revenues and Operating Expenses for more detailed analysis of revenues and expenses.

Statement of Financial Position

For the five years to 2005, a structural analysis of assets and liabilities is shown in the following chart.



The analysis shows a decrease in liabilities of 5 percent (\$49 million) over the period of review, in comparison to an increase in assets of 71 percent (\$2.3 billion) over the same period.

Over the past three years, there has been a significant increase in the value of non-current assets which is due primarily to the continued upward trend in the property market with the Trust’s rental property values over this period increasing by \$2.1 billion or 68 percent. As at 30 June 2005 the value of the Trust’s rental properties was \$5.2 billion (\$4.1 billion in 2004)

The increase in property values has occurred notwithstanding that there has been a reduction of 3421 in the number of properties held over the same period representing a decrease of 7 percent.

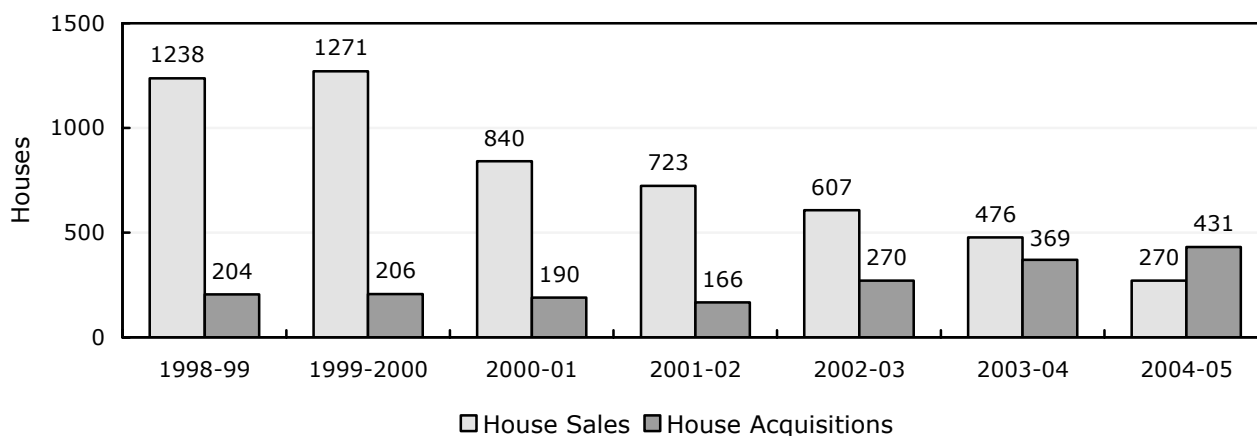
The decrease in liabilities over the period is due primarily to the reduction in Trust borrowings due to principal repayments.

Asset Management

The Trust has continued to respond to changes in demand for housing, the need to quit housing stock which is of inappropriate amenity or involves high levels of maintenance by establishing annual targets for house sales. In addition to house sales the Trust transfers houses to the South Australian Aboriginal Housing Authority and the South Australian Community Housing Authority.

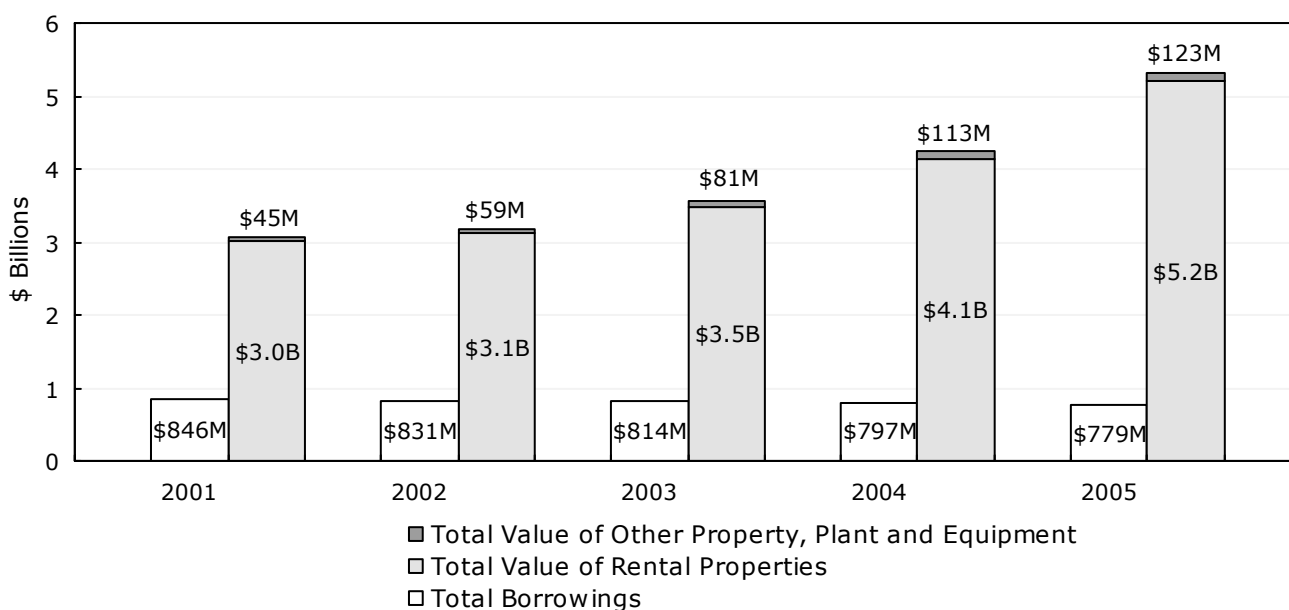
The Trust’s lettable housing stocks have fallen from 46 737 dwellings as at 30 June 2004 to 46 122 dwellings as at 30 June 2005 reflecting the impact of the house sales and acquisition program, the transfer of properties to other housing authorities and transfers of properties to work in progress.

The following chart depicts the level of house sales (excluding transfer to other housing authorities) and the offsetting acquisitions of houses over the past seven years to demonstrate the net impact of house sales on the level of Trust housing stock.



Indebtedness

The following chart demonstrates the ongoing reduction in Trust indebtedness over the past five years in comparison to the increase in the value of the Trust’s assets. Notably, the chart highlights a 7.9 percent (\$67 million) decrease in borrowings over the period against a 73 percent increase (\$2.2 billion) in property values. The increase in property values has occurred notwithstanding that there has been a 10 percent decrease in the number of properties held over the same period.



Statement of Cash Flows

The following table summarises the net cash flows for the five years to 2005.

	2005	2004	2003	2002	2001
	\$'million	\$'million	\$'million	\$'million	million
Net Cash Flows					
Operations	61.4	72.5	28.0	15.3	18.4
Investing	(30.9)	(28.8)	(9.9)	16.2	9.8
Financing	(17.8)	(17.2)	(16.5)	(15.9)	(15.1)
Change in Cash	12.7	26.5	1.6	15.6	13.1
Cash at 30 June	93.7	81.0	54.5	52.9	37.3

The analysis shows that the Trust's cash holdings increased over the five years of review.

In 2005 the Trust recorded a net cash surplus of \$12.7 million compared to a net cash surplus of \$26.5 million in 2004.

As was discussed under the heading 'Operating Revenues', in 2004 the former Department of Human Services (DHS) transferred \$34.3 million of cash balances relating to the Commonwealth State Housing Agreement to the Trust.

Net cash outflows from Investing activities for 2005 was consistent with 2004 and reflected the excess of payments for purchases of property, plant and equipment compared to cash inflows from the proceeds of sale of property, plant and equipment.

Net cash outflows from Financing Activities have increased consistently over the five years of review reflecting repayments of borrowings in accordance with repayment schedules.

**Statement of Financial Performance
for the year ended 30 June 2005**

		2005	2004
	Note	\$'000	\$'000
EXPENSES FROM ORDINARY ACTIVITIES:			
Staffing costs	5	38 385	38 281
Supplies and services	6	233 916	202 151
Depreciation and amortisation	7	56 013	48 131
Grants and subsidies	8	18 439	36 625
Borrowing costs	9	42 942	43 816
Net expense resulting from correction of an error	10	5 908	-
Other	11	30 887	23 958
Total Expenses from Ordinary Activities		426 490	392 962
REVENUES FROM ORDINARY ACTIVITIES:			
Rental income	13	195 080	190 294
Interest	14	5 724	3 413
Net gain from disposal of assets	15	22 326	37 446
Recoveries	16	11 296	11 241
Commonwealth revenues	17	34 776	65 366
Other	18	5 318	3 707
Total Revenues from Ordinary Activities		274 520	311 467
Net Cost of Services from Ordinary Activities		151 970	81 495
REVENUES FROM/PAYMENTS TO SA GOVERNMENT:			
Revenues from SA Government	19	163 787	136 036
Net Result from Ordinary Activities Before Income Tax		11 817	54 541
Income tax equivalent		7 511	7 837
Net Result from Ordinary Activities After Income Tax		4 306	46 704
Increase (Decrease) in the asset revaluation reserve		1 063 548	689 002
Total Valuation Adjustments Recognised Directly in Equity		1 063 548	689 002
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH THE STATE GOVERNMENT AS OWNER			
		1 067 854	735 706

**Statement of Financial Position
as at 30 June 2005**

		2005	2004
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash	20	93 744	80 967
Receivables	21	20 684	24 096
Inventories	22	53 756	52 813
Other	25	287	251
Total Current Assets		168 471	158 127
NON-CURRENT ASSETS:			
Receivables	21	469	634
Inventories	22	2 061	2 061
Property, plant and equipment	23	5 291 736	4 246 926
Intangibles	24	8 514	6 921
Total Non-Current Assets		5 302 780	4 256 542
Total Assets		5 471 251	4 414 669
CURRENT LIABILITIES:			
Payables	26	25 534	21 995
Interest-bearing liabilities	27	18 803	18 043
Provisions	28	3 407	3 875
Other current liabilities	29	12 083	9 248
Total Current Liabilities		59 827	53 161
NON-CURRENT LIABILITIES:			
Payables	26	4 804	3 841
Interest-bearing liabilities	27	760 452	779 143
Provisions	28	17 841	17 829
Other	29	3 052	3 274
Total Non-Current Liabilities		786 149	804 087
Total Liabilities		845 976	857 248
NET ASSETS		4 625 275	3 557 421
EQUITY:			
Accumulated surplus	30	977 404	928 532
Asset revaluation reserve	30	3 647 871	2 628 889
TOTAL EQUITY		4 625 275	3 557 421
Commitments for Expenditure	32		
Contingent Assets and Liabilities	33		

**Statement of Cash Flows
for the year ended 30 June 2005**

		2005	2004
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		(Outflows)	(Outflows)
CASH OUTFLOWS:	Note	\$'000	\$'000
Staffing costs		(37 714)	(39 504)
Supplies and services		(158 188)	(163 773)
Borrowing costs		(41 794)	(42 430)
Land tax equivalents paid		(97 147)	(70 617)
GST remitted to Department of Health		(2 547)	16
Other		(13 469)	(11 098)
Total Outflows from Ordinary Activities		(350 859)	(327 406)
CASH INFLOWS:			
Fees and charges		205 447	201 793
Receipts from Commonwealth		34 776	66 819
Interest received		5 460	3 398
GST receipts from Department of Health		2 030	-
Total Inflows from Ordinary Activities		247 713	272 010
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		164 545	127 927
Total Cash Flows from SA Government		164 545	127 927
Net Cash Inflows from Operating Activities	34	61 399	72 531
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(129 549)	(124 864)
Total Outflows from Investing Activities		(129 549)	(124 864)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		98 654	95 997
Proceeds from of investments		15	61
Total Inflows from Investing Activities		98 669	96 058
Net Cash Outflows from Investing Activities		(30 880)	(28 806)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of borrowings		(17 742)	(17 262)
Total Outflows from Financing Activities		(17 742)	(17 262)
Net Cash Outflows from Financing Activities		(17 742)	(17 262)
NET INCREASE IN CASH HELD		12 777	26 463
CASH AT THE 1 JULY		80 967	54 504
CASH AT THE 30 JUNE	20	93 744	80 967

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the South Australian Housing Trust

The South Australian Housing Trust (the Trust) is the State's principal public housing authority. The Trust's roles and powers are based on the *South Australian Housing Trust Act 1995* and *Housing Improvement Act 1940*. The Board of the Trust is responsible to the Minister for Housing for overseeing the operations of the Trust. This responsibility is formalised in a Ministerial Agreement that defines the objectives and responsibilities of the Trust.

The role of the South Australian Housing Trust is to assist low income and special needs households and individuals to access appropriate housing. This is achieved by direct provision of public housing and through a variety of programs and services. *The South Australian Housing Trust Act 1995* lists the key functions of the organisation as being to:

- Assist people to secure and maintain affordable and appropriate housing;
- Provide houses to meet public and community housing requirements;
- Manage public housing assets so as to ensure acceptable rates of return and to protect the value of the assets over the longer term; and
- Undertake programs for the improvement of community housing within the State and to support various housing programs.

In achieving these functions, the Trust and its Board are accountable to the South Australian State Government through the Minister for Housing and reports regularly on progress against programs and associated activities.

2. Summary of Significant Accounting Policies

2.1 Basis of Accounting

The financial report is a general purpose financial report. The statements have been prepared in accordance with:

- Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*
- Applicable Australian Accounting Standards
- Other mandatory professional reporting requirements in Australia

The Trust's Statement of Financial Performance and Statement of Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that have been revalued.

2.2 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

2.3 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2.4 Taxation

In accordance with Treasurer's Instructions issued under the *Public Finance and Audit Act 1987*, the Trust is required to pay to the State Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit after extraordinary items, of certain property activities of the Trust only. The Trust is liable for Payroll Tax, Fringe Benefits Tax, Goods and Services Tax (GST), Land Tax Equivalents and Emergency Services Levy on vacant properties.

With respect to GST, the Trust is part of a GST group of which the nominated representative of the group is the Department of Health (DH), which is responsible for paying GST and is entitled to claim input tax credits. Administrative arrangements between DH 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.

In accordance with the requirements of UIG Abstract 31 'Accounting for the Goods and Services Tax', revenues, expenses and assets are recognised net of the amount of GST except that:

- The amount of GST incurred by the statutory authority as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- Receivables and payables are stated with the amount of GST included.

2.5 Revenues and Expenses

Revenues and Expenses are recognised in the Trust's Statement of Financial Performance only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Revenues and Expenses have been classified according to their nature in accordance with Accounting Policy Statement (APS) 13 'Form and Content of General Purpose Financial Reports' and have not been offset unless required or permitted by another accounting standard.

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

The Trust calculates 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 tenant will be required to pay more than 25 percent of their household income in rent. The difference between the assessed rent for the property and the market rent is recognised as a rental rebate subsidy provided to tenants.

2.5 Revenues and Expenses (continued)

Revenues received from SA Government are recognised as revenues when the Trust obtains control over them, normally upon receipt.

Grants received for any purpose have been included as revenue upon receipt.

Revenues from disposal of real property asset sales are included as revenue of the Trust when settlements are complete, which is judged to be the point when control of the asset has passed to the buyer. Refer to Note 15 for further details. Recoveries for costs on-charged by the Trust are included as revenue.

2.6 Current and Non-Current Items

Assets and liabilities are characterised as either current or non-current in nature. The Trust has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.7 Receivables

Receivables arise in the normal course of the Trust's tenant operations and in providing services to other agencies and to the public. Other debtors arise outside the normal course of selling goods and services to other agencies and to the public. The Trust determines the provision for doubtful debts based on a review of balances within receivables that are unlikely to be collected. This is based on the profile of the Trust's debt and debt write-off history. Specific provision has been made for particular doubtful debts.

2.8 Inventories

At 31 October 2004, the carrying amount of real property inventories, other than those subject to development as capital work in progress, have been compared with an independent valuation and where the carrying amount exceeded this valuation, the carrying amount has been reduced to reflect the independent valuation.

Independent valuations for real property inventories reflect:

- For vacant properties, the Valuer-General's value (for rating purposes) issued as at 1 July 2004;
- For houses and developed land, the value as per current sale prices.

Inventories of stores are carried at cost.

2.9 Non-Current Asset Acquisition and Recognition

Assets are initially recorded at cost, plus any incidental cost involved with the acquisition. The Trust capitalises all non-current physical assets with a value of \$5 000 or greater in accordance with APS 2 'Asset Recognition'.

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position unless they are acquired as part of a restructuring of administrative arrangements, in which case they are recorded at the value recorded by the transferor prior to transfer.

Capital works in progress reflects developments that will be utilised in the Trust's operations. The carrying amount for capital work in progress includes charges for administrative expenses and a revaluation increment or decrement where the property has previously been revalued.

Plant and equipment are carried at cost.

2.10 Revaluation of Non-Current Assets

The Trust complies with APS 3 'Revaluation of Non-Current Assets' and revalues all land and buildings annually at 31 October to reflect the Valuer-General's values (for rating purposes) issued as at 1 July. The Valuer-General's values are deemed to be fair value for financial reporting purposes. The Trust, as part of its operations, transfers non-current assets from one class to another and in doing so also transfers the relevant asset revaluation component from one class to another within the Equity asset revaluation reserve accounts. However, if the transferred assets have a revaluation component attached to them and their new class has a previous un-recouped decrement, the assets revaluation component shall remain in the asset revaluation reserve balance but unattached to an individual asset.

2.11 Depreciation and Amortisation of Non-Current Assets

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. Amortisation is used in relation to intangible assets, while depreciation is applied to physical assets such as property, plant and equipment.

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.

Depreciation/amortisation for non-current assets is determined as follows:

2.11 Depreciation and Amortisation of Non-Current Assets (continued)

Class of Asset	Depreciation Method	Useful Life (Years)
Rental properties (dwellings) *	Straight line	50
Administrative properties	Straight line	10-30
Plant and equipment	Straight line	3-10
Intangibles	Straight line	3

The capital works in progress and vacant properties (which consist mainly of land) are not depreciated.* An estimated useful life of 50 years is assumed for rental dwellings buildings and depreciation expense is calculated at a rate of 2 percent per annum on the opening revalued amount for each property. This is consistent with the national accounting policy framework for State Housing Authorities and ensures consistency and comparability between these authorities.

2.12 Intangible Assets

The acquisition or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an asset and when the amount of expenditure is greater than or equal to \$5 000, in accordance with APS 2 'Asset Recognition'.

Capitalised software is amortised over the useful life of the asset, with a maximum time limit for amortisation of three years.

2.13 Payables

Payables include creditors, accrued expenses, employee entitlements and employment on-costs including workers compensation.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Trust.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All amounts are measured at their nominal amount and are normally settled within 30 days in accordance with Treasurer's Instruction 8 'Expenditure for Supply Operations and Other Goods and Services' after the Trust receives an invoice.

The Trust is an exempt employer under the *Workers Rehabilitation and Compensation Act 1986*. The Trust has insurance cover which limits the exposure for losses.

The workers compensation provision relating to Department for Families and Communities employees assigned to the Trust has been recognised in the Statement of Financial Position as an amount payable by the Trust to the Department.

The workers compensation liability recognised for the employees assigned to the Trust is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries based on 31 May 2005 data. Taylor Fry Consulting Actuaries extrapolate this data to 30 June 2005. For the 2004-05 financial year the Trust has reflected a workers compensation provision of \$1.299 million (\$0.250 million). This is the first year that the whole of government actuarial assessment has been used by the Trust, resulting in a movement in the provision of \$1.049 million. The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the Payment Per Claim Incurred (PPCI) valuation method. The assessment has been conducted in accordance with AASB 1023 'Financial Reporting for General Insurance Activities' and the WorkCover Guidelines for Actuarial Assessments. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims do not have to be paid out in the immediate future.

2.14 Employee Benefits

The Trust's staff are employees of DFC who have been assigned to the Trust. The accruing entitlements of departmental employees assigned to the Trust have been recognised in the Statement of Financial Position as an amount payable by the Trust.

In determining the outstanding payable to DFC, the Trust provision for long service leave is recognised and measured at the actuarial assessment of seven years as advised by the Department of Treasury and Finance, based on a significant sample of employees throughout the South Australian public sector. This calculation is consistent with the Trust experience of employee retention and leave taken.

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. The liability for annual leave reflects the value of total annual leave entitlements of all employees as at 30 June 2005 and is measured at the nominal amount.

2.14 Employee Benefits (continued)

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave. The Trust has accrued the cost of payroll tax on accrued employee entitlements for annual leave, long service leave and the superannuation contributions thereon. This provision, relating to employee entitlements of departmental employees assigned to the Trust, has been recognised in the Statement of Financial Position as an amount payable by the Trust to the Department for Families and Communities (DFC).

Accruing employee entitlements to long service and annual leave were charged to the Statement of Financial Performance as they were incurred.

2.15 Superannuation

Since 1 July 1995 the Trust has paid to the State Superannuation Fund the incremental cost of its superannuation obligations as they were incurred.

During the year the Trust has provided for employer superannuation contributions at the average rate of 10 percent, on accruing employee entitlements to annual leave and on part of the provision for long service leave. Superannuation on-costs are included for part only of the long service leave provision in recognition that it is estimated that 45 percent of the provision will be paid as a lump sum payment on cessation of employment and will not be subject to employer superannuation contributions.

Prior to 1 July 1995 the Trust made provision for its superannuation obligations in respect of contributors to the South Australian Superannuation Fund, in accordance with a formula recommended by the Public Actuary. The carried forward provision is indexed annually and subject to annual payment such that it will be extinguished by 31 December 2025.

The latest actuarial review of the superannuation liabilities of the Trust as at 30 June 2002 was completed by the consulting actuaries Brett & Watson Pty Ltd in June 2003. The provision for superannuation, recognised in the accounts as at 30 June 2005 is consistent with the review recommendations.

2.16 Insurance Provisions

The Trust has arranged, through SA Government Captive Insurance Corporation (SAICORP), to insure all major risk of the Trust. The excess payable under this arrangement varies depending on each class of insurance held. The amount of insurance reported in the Statement of Financial Performance recognises the contribution to SAICORP and any losses met by the Trust as deductibles under the cover.

The Trust undertakes annual reviews of insurance risks and provides for losses or other charges that are not covered by the Treasurer's indemnity with respect to each category of potential loss or claim reflected below.

The provision for Rental and Purchase Agreement Properties represent payments due to contractors for incurred claims where the works have not been finalised at balance date, the un-expensed write-down estimate of properties that have not been repaired and may be sold in a damaged condition, and for Rental Purchase and Sale Under Agreement properties an estimate for future claim payments for claims incurred but not reported at balance date.

The provision for Public Risk and Professional Indemnity includes estimates for future claim payments for reported claims with an allowance for claims incurred but not reported at balance date.

For all classes of insurance, claims liabilities are measured as the present values of the expected future payments.

2.17 Other Provisions*Audit Fees*

The Trust provides for the fees payable to the Auditor-General's Department for the current financial year's audit. The provision was based on a current estimate and was not discounted to its present value as the effect of discounting was not material.

Deferred Separation Title Costs for Attached Housing

For sales of rental properties to tenants subject to the separation of the property title and services, the Trust provides for the estimated cost of such separation. Due to the duration of separation projects being variable and less than 12 months the provision value was not discounted to its present value as the effect of discounting was not material.

2.18 Leases

In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are charged to the Statement of Financial Performance on a basis which is representative of the pattern of benefits derived from the leased assets.

As at 30 June 2005 the Trust has no finance leases.

2.19 Unearned Revenue

Lump sums received for leases assigned on Trust properties are progressively brought to account as income on a straight-line basis over the term of their respective agreements.

3. Changes in Accounting Policies**3.1 Government/Non-Government Disclosures**

In accordance with APS 13, the Trust has included details of revenue, expenditure, assets and liabilities according to whether the transactions are with entities internal or external to the SA Government in notes to the accounts.

3.2 Impact of Adopting Australian Equivalents to International Financial Reporting Standards

Australia will be adopting Australian equivalents to International Financial Reporting Standards (AIFRS) for reporting periods commencing on or after 1 January 2005. The Trust will adopt these standards for the first time in the published financial report for the year ended 30 June 2006.

In accordance with requirements of AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards', a table has been prepared summarising any known or reliably estimated information about the impacts on the financial report had it been prepared using the AIFRS. At this stage, no major or material changes are anticipated.

Reconciliation of key aggregates	Known or reliably estimated impact on the financial report						Amount to be reported after adopting AIFRS \$'000	Notes
	Amount currently reported per GAAP (30.6.05) \$'000	AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors \$'000	AASB 138 Intangible Assets \$'000	AASB 5 Non-Current Assets Held for Sale and Discontinued Operation	AASB 136 Impairment of Assets \$'000			
Net Cost of Services	151 970	(5 908)	-	-	-	-	146 062	No material change
Net Result form Ordinary Activities	4 306	5 908	-	-	-	-	10 214	No material change
Total Assets	5 471 251	-	(1 230)	No change in total assets but a move between non-current categories to reflect those assets expected to be sold within the next 12 months - estimated at \$2.45 million	(40)	5 469 981	No material change	
Total Liabilities	845 976	-	-	-	-	845 976	No material change	
Net Assets	4 625 275	-	(1 230)	-	(40)	4 624 005	Adjust against retained earnings as per AASB 1	
Total Equity	4 625 275	5 908	(1 230)	-	(40)	4 629 913	No material change	
Cash Flows from Operating Activities	61 399	-	-	-	-	61 399	No change	
Cash Flows from Investing Activities	(30 880)	-	-	-	-	(30 880)	No change	
Cash Flows from Financing Activities	(17 742)	-	-	-	-	(17 742)	No change	

The following standards will have some impact on the financial statements, although it is expected that the impact will not be significant.

AASB 138 'Intangible Assets'

AASB 138 allows the capitalisation of the development stage of internally developed software, with costs pertaining to the research stage required to be expensed. The Trust will derecognise internally developed software costs relating to research activities or where the original cost data can not be reconstructed to distinguish between the research and development phases. The reduction of assets of \$1.2 million is the written down value of the derecognised assets as at 30 June 2005.

3.2 **Impact of Adopting Australian Equivalents to International Financial Reporting Standards (continued)**

AASB 5 'Non-Current Assets Held for Sale and Discontinued Operations'

In accordance with AASB 5, land or rental properties held for sale, where the sale is expected to be completed within 12 months of reporting date, that land or property needs to be separately classified and reported on the balance sheet as 'assets held for sale'. These assets are to be measured at the lower of carrying amount and fair value less cost to sell and are not to be depreciated. The Trust's current measurement and depreciation policy for these assets is consistent with the treatment under AASB 5. Therefore the only anticipated change will be to report these assets as current rather than non-current under the designation of 'Assets Held for Sale'. The value of this category of assets as at 30 June 2005 was \$2.45 million. The figure for any given balance date will depend on the number of houses expected to be sold within the following 12 month period.

AASB 136 'Impairment of Assets'

Under this standard, the Trust is required to identify those assets that as at balance date are impaired. Once identified, these assets must be recognised at the lower of recoverable amount and book value. An analysis of impaired assets as at 30 June 2005 would have resulted in a write-down of non-current assets by \$40 000 with a corresponding reduction in retained earnings. This figure is a fair estimate of the impairment write-down expected as at 30 June 2006.

AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'

This standard requires that prior period errors must be corrected retrospectively by restating comparative amounts for the prior periods presented or, if the error occurred in a prior period to those presented in the financial report, restate the opening balances of the identified assets, liabilities and equity.

During the current year the Trust recognised \$5.91 million in errors in the statement of financial performance, due mainly to a review of the work in progress account.

Under AIFRS, these errors would have been reversed out of the net cost of services and reflected in the opening balance of retained earnings. The financial impact of these amendments is reflected in the table above.

AASB 123 'Borrowing Costs'

It has been the Trust's policy to capitalise borrowing costs in relation to capital works in progress where specific project funding has been acquired. In accordance with the Accounting Policy Framework the Trust has changed its policy to expense all borrowing costs. This has no financial effect on the financial statements as at 30 June 2005 and onwards as there were no such borrowings tied to projects.

AASB 119 'Employee Benefits'

Trust staff are employees of the Department for Families and Communities assigned to the Trust and as such any accruing entitlements of departmental employees are recognised in the Statement of Financial Position as a payable by the Trust to the department. The Trust will measure that portion of the liability payable later than 12 months (currently measured at nominal amounts) at present value.

4. **Programs of the South Australian Housing Trust**

In achieving its objectives, the Trust has organised its operations into the following business programs:

Tenancy Management – Management of public housing tenancies including assessment of customers for eligibility, allocation of public houses to those in need, provision of rental subsidies, tenancy management, linking customers with appropriate support services, provision of transitional housing and management of supported tenancies by providing properties to support agencies.

Asset Management – Management of public housing assets including 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.

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.

Supported Accommodation Assistance Program (SAAP) – The provision and management of grants for the delivery of supported accommodation and support services to assist people who are homeless or at imminent risk of homelessness. As from 1 July 2004 the Trust transferred the SAAP management and funding allocation to the Department for Families and Communities. Net allocated expenses – The cost of goods and services indirectly contributing to the provision of the Trust's programs. In 2003-04, these costs were allocated to programs through the 'other' expenditure category. In 2004-05, these costs were allocated to programs through the expenditure category in which the costs were initially incurred.

5. Staffing Costs	2005	2004
	\$'000	\$'000
Salaries and wages	30 375	27 126
Superannuation	4 076	3 871
Annual leave	3 058	3 091
Payroll tax	2 228	2 265
Workers compensation	1 648	557
Other employee expenses	1 333	3 061
Long service leave	1 419	2 025
Board fees	143	144
TVSP (refer below)	-	478
Charged to capital program	(5 895)	(4 337)
Total Staffing Costs	38 385	38 281

Targeted Voluntary Separation Packages (TVSPs)

Amount paid to these employees:

TVSPs (there were no TVSPs offered during 2004-05)	-	478
Annual leave and long service leave paid during the reporting period	-	117
	-	595
Recovery from the Department of the Premier and Cabinet	119*	359
Number of Employees who were paid TVSPs during the Reporting Period	-	4

* This relates to TVSPs paid during 2003-04.

Remuneration of Employees

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

	2005	2004
	Number	Number
\$100 000 to \$109 999	3	3
\$110 000 to \$119 999	3	2
\$130 000 to \$139 999	-	2
\$140 000 to \$149 999	-	3
\$150 000 to \$159 999	3	-
\$160 000 to \$169 999	1	-
\$210 000 to \$219 999	-	1
\$230 000 to \$239 999	1	-
Total Number of Employees	11	11

The table includes all DFC employees assigned to the Trust who received remuneration of \$100 000 or more 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 employees for the year was \$1.519 million (\$1.456 million).

Related Party Disclosure

All amounts provided by the Trust to related parties are provided on arms length terms.

Board Members' Remuneration

The Trust Board comprises seven members appointed by the Governor. The fees paid to Board members in their capacity as Board Members are set by Executive Council.

The number of board members whose remuneration for the Trust falls within the following bands:	2005	2004
	Number	Number
\$1 - \$10 000	1	2
\$10 001 - \$20 000	5	4
\$20 001 - \$30 000	2	2
	8	8
	2005	2004
	\$'000	\$'000
Total remuneration received, or due and received by board members from the Trust	143	144

6. Supplies and Services

Supplies and Services Provided by entities within the SA Government:

Land tax equivalent	97 147	70 617
Water rates	21 175	20 817
Business service fee	10 606	11 514
Insurance	3 780	3 815
Rental	4 337	3 188
Emergency service levy	123	110
Total Supplies and Services - SA Government Entities	137 168	110 061

6. Supplies and Services (continued)	2005	2004
	\$'000	\$'000
Supplies and Services Provided by entities external to the SA Government:		
Maintenance	66 696	63 464
Council rates	27 932	26 525
Rental	2 120	2 101
Total Supplies and Services - Non-SA Government Entities ⁽¹⁾	96 748	92 090
Total Supplies and Services	233 916	202 151

(1) The total may include supplies and service paid or payable to SA Government entities where the amount paid or payable to the SA Government entity was less than \$100 000

7. Depreciation and Amortisation		
Depreciation:		
Rental properties	53 314	45 325
Plant and equipment	138	113
Administrative properties	95	81
Total Depreciation	53 547	45 519
Amortisation:		
Intangible assets	2 086	2 237
Leasehold improvements	380	375
Total Amortisation	2 466	2 612
Total Depreciation and Amortisation	56 013	48 131

8. Grants and Subsidies		
Grants and subsidies paid/payable to entities within the SA Government:		
One-off funding to Aboriginal Housing Authority	7 300	-
Total Grants and Subsidies - SA Government Entities	7 300	-
Grants and subsidies paid/payable to entities external to the SA Government:		
Private rental assistance	5 484	5 567
Supported accommodation assistance program	1 900	25 682
Rent relief	1 295	1 819
Crisis accommodation	1 144	3 064
Social inclusion initiatives	964	493
Age care support	225	-
Other	127	-
Total Grants and Subsidies - Non-SA Government Entities ⁽¹⁾	11 139	36 625
Total Grants and Subsidies	18 439	36 625

(1) The total may include grants and subsidies paid or payable to SA Government entities where the amount paid or payable to the SA Government entity was less than \$100 000

9. Borrowing Costs		
Interest on borrowings	35 619	36 299
Treasurer's guarantee fee	5 929	6 077
Interest accrued against provision for superannuation	1 337	1 386
Bank fees	57	54
Total Borrowing Costs	42 942	43 816

10. Net Expense Resulting from Correction of an Error
As a result of a review of all projects in the Work in Progress account, 380 projects were closed in 2004-05 where their balances hadn't moved for more than 12 months and were deemed to be practically and financially complete by the project managers.

In addition, the balances of all projects in the Work in Progress account have been reviewed and required adjustments made. These adjustments relate to costs accumulated in work in progress in previous years which should have been expensed at the completion of the projects.

Below is a summary of the impacts on the Statement of Financial Performance of adjustments that relate to prior periods.

	2005	2004
	\$'000	\$'000
Construction variances	3 946	-
Cost of sales	1 962	-
Total	5 908	-

It has not been practicable to restate comparative information for each prior reporting period.

11. Other Expenses	2005	2004
Other expenses paid/payable to entities within the SA Government:	\$'000	\$'000
Motor vehicles	1 875	1 721
Audit fees (refer Note 12)	271	242
Total Other Expenses - SA Government Entities	2 146	1 963
Other expenses paid/payable to entities external to the SA Government:		
Asset write-offs	8 371	7 813
Bad and doubtful debts expense	7 141	5 097
Administration expenses	4 446	4 165
Contract management	2 441	868
Construction variances	1 886	-
Staffing contractors	1 484	1 792
Property expenses	702	660
Communications	910	946
Consultants	434	273
Other	926	381
Total Other Expenses - Non-SA Government Entities ⁽¹⁾	28 741	21 995
Total Other Expenses	30 887	23 958
(1) The total includes other expenses paid or payable to SA Government entities where the amount paid or payable to the SA Government entity was less than \$100 000		
12. Auditor's Remuneration		
Audit fees paid/payable to the Auditor-General's Department	271	242
Total Audit Fees	271	242
Other Services		
No other services were provided by the Auditor-General's Department.		
13. Rental Income		
Rent received/receivable from entities external to the SA Government:		
Market rent revenue	342 002	325 244
Less: Rental rebates	(146 922)	(134 950)
Total Rent - Non-SA Government Entities	195 080	190 294
Total Rent	195 080	190 294
14. Interest		
Interest from entities within the SA Government	5 712	3 397
Other	12	16
Total Interest	5 724	3 413
15. Net Gain (Loss) from Disposal of Assets		
Rental Properties:		
Proceeds from disposal	35 336	50 900
Net book value of assets disposed *	28 379	38 734
Net Gain from Disposal Rental Properties	6 957	12 166
Inventory - Capital Works in Progress:		
Proceeds from disposal	59 991	40 496
Net book value of assets disposed	45 865	21 503
Net Gain from Disposal of Completed Projects	14 126	18 993
Inventory - Vacant Properties:		
Proceeds from disposal	2 050	8 020
Net book value of assets disposed	807	1 733
Net Gain from Disposal of Vacant Properties	1 243	6 287
Total Assets:		
Total proceeds from disposal	97 377	99 416
Total value of assets disposed	75 051	61 970
Net Gain (Loss) from Disposal of Assets	22 326	37 446

* The cost of sales comprise the carrying amount of the properties at the depreciated Valuer-General's property valuations, plus the costs of marketing and agent fees and the cost of separating services and titles in respect to double units sold. In establishing the property value, the Valuer-General includes the impact of capital improvements effected by the tenants. Tenants purchasing properties are allowed discounts consistent with their personal investment in the property.

16. Recoveries	2005	2004
	\$'000	\$'000
Maintenance	4 032	3 840
Grant program receipts	2 954	3 181
Administrative services to other agencies	2 432	2 309
Water charges	1 878	1 911
Total Recoveries	11 296	11 241
17. Commonwealth Revenues	24 092	27 923
Rebate subsidy grant	6 528	7 177
Private rental assistance program	1 085	1 451
Rent relief	3 071	11 090
Crisis accommodation	-	17 255
Supported accommodation assistance program (as at 1 July transferred to DFC)	-	470
General purpose	-	-
Total Commonwealth Revenues	34 776	65 366
18. Other Revenues	2 124	1 933
Bad debts recovered	1 480	604
Writeback of asset decrements	1 714	1 170
Other	-	-
Total Other Revenues	5 318	3 707
19. Revenues from to SA Government	105 149	79 107
Tax equivalent reimbursement	15 420	-
Affordable accommodation initiative	477	418
Housing improvement and rent control	3 219	3 543
Private rental assistance	498	682
Rent relief	-	10 601
Supported accommodation assistance program (as at 1 July transferred to DFC)	720	701
Social inclusion initiatives	11 802	11 960
Rebate subsidy grant	3 030	3 030
Partial GST compensation	3 421	23 372
General Purpose *	15 000	-
Capital funding urban renewal projects	3 300	-
Capital funding special purpose house purchases	1 751	2 622
Other capital programs	-	-
Total Revenues from SA Government	163 787	136 036
* 2004 figure relates to accumulated unspent CSHA funds transferred from the former Department of Human Services.		
20. Cash	20 391	77 569
Deposits with the Treasurer	71 312	-
Cash held at SAFA cash management fund *	1 193	987
Cash - Development Projects	848	2 411
Deposits at call with other entities	-	-
Total Cash	93 744	80 967
Interest rates applicable at 30 June 2005:		
• Cash at Treasury: 5.15 percent to 5.35 percent (5.1 percent)		
• Cash - Development Projects: 0.0 percent to 5.5 percent (0.0 percent - 5.35 percent)		
• Cash held at SAFA Cash Management Fund: 5.42 percent to 5.70 percent *		
* In August 2004 a policy decision was made to hold surplus cash in a Cash Management Fund at SAFA. All working cash is held in the Westpac Working Account held through the Department of Treasury and Finance.		
21. Receivables	2005	2004
Current:	\$'000	\$'000
Receivables	17 022	18 179
Less: Provision for doubtful debts	(4 641)	(4 035)
Accrued revenues	8 254	9 919
GST receivable	49	33
Total Current Receivables	20 684	24 096
Non-Current:		
Receivables	469	634
Total Non-Current Receivables	469	634
Total Receivables	21 153	24 730

21. Receivables	2005	2004
Government/Non-Government Receivables	\$'000	\$'000
Receivables from SA Government entities:		
Receivables	1 789	2 173
Accrued revenues	8 088	8 581
GST receivable from Department of Health	49	33
Total Receivables from SA Government Entities	9 926	10 787
Receivables from non-SA Government entities		
Receivables	15 702	16 640
Less: Provisions for doubtful debts	(4 641)	(4 035)
Accrued revenues	166	1 338
Total Receivables from Non-SA Government Entities ⁽¹⁾	11 227	13 943
Total Receivables	21 153	24 730

(1) The total may include receivables from SA Government entities where the amount received or due from the SA Government entity was less than \$100 000.

22. Inventories		
Current:		
Capital work in progress	34 797	43 958
Developed land	16 418	5 821
Vacant land	2 519	2 978
Stores	22	56
Total Current Inventories	53 756	52 813
Non-Current:		
Capital work in progress	2 061	2 061
Total Non-Current Inventories	2 061	2 061
Total Inventories	55 817	54 874

23. Property, Plant and Equipment	Cost/ Valuation 2005 \$'000	Accum. Depr. 2005 \$'000	Written Down Value 2005 \$'000	Cost/ Valuation 2004 \$'000	Accum. Depr. 2004 \$'000	Written Down Value 2004 \$'000
Rental properties (dwellings) - Land *	2 395 921	-	2 395 921	1 782 001	-	1 782 001
Rental properties (dwellings) - Buildings *	2 810 671	37 565	2 773 106	2 390 975	31 825	2 359 150
Administrative properties - Freehold land	650	-	650	594	-	594
Administrative properties - Buildings	2 255	64	2 191	2 105	60	2 045
Administrative properties - Leasehold Improvements	3 895	1 801	2 094	3 012	1 421	1 591
Vacant Properties - Freehold land	12 625	-	12 625	12 784	-	12 784
Vacant Properties - Buildings	25	-	25	195	-	195
Plant and equipment (deemed fair value)	1 468	688	780	1 537	764	773
Capital works in progress - Freehold land	57 923	-	57 923	44 835	-	44 835
Capital works in progress - Buildings	46 421	-	46 421	42 958	-	42 958
	5 331 854	40 118	5 291 736	4 280 996	34 070	4 246 926

* Includes \$26.611 million (\$20.641 million) for properties subject to lease and management agreements and \$11.604 million (\$12.331 million) for properties subject to purchase by tenants under the Trust's Progressive Purchase Scheme. It excludes \$0.135 million (\$0.109 million) for a property transferred to the South Australian Aboriginal Housing Authority that is subject to management agreement with the Trust.

24. Intangible Assets	2005	2004
Software:	\$'000	\$'000
Computer software	23 729	23 428
Accumulated amortisation	(21 267)	(19 180)
Total Computer Software	2 462	4 248
Work in progress computer system development	6 052	2 673
Total Intangible Assets	8 514	6 921
25. Other Assets		
Current Assets:		
Prepayments	287	251
Total Current Other Assets	287	251

26. Payables	2005	2004
Current:	\$'000	\$'000
Creditors	12 907	10 433
Employee entitlements	2 834	2 150
Workers compensation	371	75
Accrued expenses	9 084	9 304
GST payable	338	33
Total Current Payables	25 534	21 995
Non-Current:		
Employee entitlements	3 876	3 666
Workers compensation	928	175
Total Non-Current Payables	4 804	3 841
Total Payables	30 338	25 836
Payables to SA Government entities:		
Creditors	3 040	4 854
Employee entitlements	6 710	5 816
Workers compensation	1 299	250
Accrued expenses	9 084	9 304
GST payable	338	33
Total Payables to Other SA Government Entities	20 471	20 257
Payables to Non-SA Government entities:		
Creditors	9 867	5 579
Total Payables to Non-SA Government Entities ⁽¹⁾	9 867	5 579
Total Payables	30 338	25 836
(1) The total includes grants and subsidies paid or payable to SA Government entities where the amount paid or payable to the SA Government entity was less \$100 000.		
27. Interest Bearing Liabilities		
Current:		
Borrowings - SA Department of Treasury and Finance	18 560	17 800
Managed houses scheme	243	243
Total Current Interest Bearing Liabilities	18 803	18 043
Non-Current:		
Borrowings - SA Department of Treasury and Finance	756 505	774 953
Managed houses scheme	3 947	4 190
Total Current Interest Bearing Liabilities	760 452	779 143
Total Interest Bearing Liabilities	779 255	797 186
South Australian Department of Treasury and Finance loans consist of concessional interest rate borrowing (originally under the Commonwealth/State Housing Agreement), of \$775.1 million (\$792.8 million) which are repayable over a period of 53 years, with the final instalment scheduled for the year 2042. The loans are subject to principle repayments and interest at fixed interest rates ranging from 3.0 percent to 5.73 percent (3.0 percent to 5.73 percent). The weighted average interest rate is 4.5 percent (4.5 percent).		
28. Provisions	2005	2004
Current:	\$'000	\$'000
Superannuation	1 324	1 273
Insurance of rental and purchase agreement properties	581	767
Public risk	1 011	902
Professional indemnity	241	230
Deferred separation title costs for attached housing	(16)	461
Audit fees	266	242
Total Current Provisions	3 407	3 875
Non-Current:		
Superannuation	17 841	17 829
Total Non-Current Provisions	17 841	17 829
Total Provisions	21 248	21 704
Carrying amount at 1 July	21 704	21 076
Increase in the provision - New and additions	5 099	6 192
Reductions to provisions	898	853
Reductions to payments	4 657	4 711
Carrying Amount at 30 June	21 248	21 704

29. Other Liabilities	2005	2004
Current:	\$'000	\$'000
Unearned revenues	8 175	5 342
Deposits held:		
Tenant deposits held	2 080	2 034
Sale deposits held	1 828	1 872
Total Current Other Liabilities	12 083	9 248
Non-Current:		
Unearned revenue	3 052	3 274
Total Non-Current Other Liabilities	3 052	3 274
Total Other Liabilities	15 135	12 522

30. Equity		
Accumulated surplus	977 404	928 532
Asset revaluation reserve	3 647 871	2 628 889
Total Equity	4 625 275	3 557 421

Accumulated Surplus

Balance at 1 July	928 532	843 106
Net result from ordinary activities after income tax	4 306	46 704
Realisation of asset revaluation reserve on sale of freehold land and buildings	44 566	38 722
Balance at 30 June	977 404	928 532

Asset Revaluation Reserve

Balance at 1 July	2 628 889	1 978 609
Increment in freehold land and buildings due to revaluation	1 098 492	699 946
Decrement in rental houses due to revaluation:		
Transferred to capital works program	(34 720)	(10 491)
Subject to sale contracts	(224)	(453)
Transfer to accumulated surplus of increment realised on sale of freehold land and buildings	(44 566)	(38 722)
Balance at 30 June	3 647 871	2 628 889

31. Financial Instruments**(a) Terms, Conditions and Accounting Policies***(i) Financial Assets*

Cash is available at call and is recorded at cost.

Trade Receivables are raised for all goods and services provided for which payment has not been received.

Trade Receivables are normally settled within 30 days.

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

(ii) Financial Liabilities

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Concessional Housing Loans consist of concessional interest rates which are repayable over a period of 53 years, with the final instalment scheduled for the year 2042. The loans are subject to principle repayments and interest at fixed interest rates.

(b) Interest Rate Risk

The Trust has certainty with respect to the Interest Expense arising from the fixed rate concessional loans from the Treasurer, which comprises the major part of its debts.

Note 20 contains details of the interest rates applicable to the cash held in bank accounts. Note 27 contains details of the interest rates applicable to the interest-bearing liabilities.

Financial Instrument	2005			Weighted Average Effective Interest Rate Percent
	Interest Bearing \$'000	Non-Interest Bearing \$'000	Total Carrying Amount \$'000	
Financial Assets:				
Cash	93 744	-	93 744	5.1
Receivables	-	21 153	21 153	
	93 744	21 153	114 897	

(b) Interest Rate Risk (continued)

Financial Instrument	2005			Weighted Average Effective Interest Rate Percent
	Interest Bearing \$'000	Non-Interest Bearing \$'000	Total Carrying Amount \$'000	
Financial Liabilities:				
Payables	-	30 338	30 338	
Concessional housing loans	775 065	-	775 065	4.5
Managed houses scheme	4 190	-	4 190	
	779 255	30 338	809 593	
2004				
Financial Instrument	Interest Bearing \$'000	Non-Interest Bearing \$'000	Total Carrying Amount \$'000	Weighted Average Effective Interest Rate Percent
Financial Assets:				
Cash	80 967	-	80 967	5.1
Receivables	-	24 730	24 730	
	80 967	24 730	105 697	
Financial Liabilities:				
Payables	-	25 836	25 836	
Concessional housing loans	792 753	-	792 753	4.5
Managed houses scheme	4 433	-	4 433	
	797 186	25 836	823 022	

(c) Net Fair Values

Analysis of the net fair value of financial instruments is detailed below.

The entity has calculated net fair value for Concessional Loans using estimated cost of borrowing at current yields for matching terms.

The fair value of the Trust's other financial assets and liabilities which are subject to normal trade credit terms, is considered to be face value.

	2005		2004	
	Carrying Value \$'000	Fair Value \$'000	Carrying Value \$'000	Fair Value \$'000
Financial Assets:				
Cash	93 744	93 744	80 967	80 967
Receivables	21 153	21 153	24 730	24 730
Total Financial Assets	114 897	114 897	105 697	105 697
Financial Liabilities:				
Payables	30 338	30 338	25 836	25 836
Concessional housing loans	775 065	691 648	792 753	645 419
Managed houses scheme	4 190	4 190	4 433	4 433
Total Financial Liabilities	809 593	726 176	823 022	675 688

32. Commitments for Expenditure**Capital Commitments**

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

	2005 \$'000	2004 \$'000
Not later than one year	23 432	35 929
Later than one year but not later than five years	-	-
Later than five years	-	-
Total Capital Commitments	23 432	35 929

Recurrent Commitments

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

	2005 \$'000	2004 \$'000
Not later than one year	9 103	6 242
Later than one year but not later than five years	-	-
Later than five years	-	-
Total Recurrent Commitments	9 103	6 242

Management Agreement Commitments

The Trust's management agreement commitments reflect its obligation to manage houses subject to a lease arrangement with the South Australian Police Pension Fund, Funds SA and Motor Accident Commission. The amounts contracted but not provided for and payable, are as follows:

	2005	2004
	\$'000	\$'000
Not later than one year	1 087	1 065
Later than one year but not later than five years	4 313	4 288
Later than five years	17 356	18 829
Total Management Agreement Commitments	22 756	24 182

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 report, are payable as follows:

	2005	2004
	\$'000	\$'000
Not later than one year	4 596	3 779
Later than one year but not later than five years	16 212	11 088
Later than five years	2 826	2 717
Total Operating Lease Commitments	23 634	17 584

33. Contingent Assets and Liabilities Contingent Assets

South Australian Housing Trust does not have any contingent assets as at 30 June 2005.

Contingent Liabilities*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 Residential Tenancies Branch makes a payment. The Trust then reimburses the Residential Tenancies Branch and the private rental customer becomes liable to the Trust for the amount. The value of bond guarantees issued and outstanding at 30 June 2005 is \$12.303 million (\$11.618 million).

The Trust pays interest at an agreed market determined rate to the Residential Tenancies Branch based on the daily outstanding balance of bond guarantees issued.

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. Approximately 69 (97) of the properties included in the scheme are subject to mortgages with a collective loan balance of \$2.334 million (\$3.248 million). The Tenants share of the value of the properties subject to mortgage is estimated to be \$4.731 million (\$10.563 million), 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. 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 \$4.480 million (\$4.198 million). These properties together with the Trust's and the South Australian Aboriginal Housing Authority (AHA) rental properties are subject to an agency agreement with South Australian Government Captive Insurance Corporation (SAICORP) and in the event of a claim will be indemnified by the Treasurer so as to limit the combined exposure of the Trust and the AHA to \$1.0 million.

Properties Subject to Lease Agreement

The South Australian Housing Trust transferred properties to the South Australian Aboriginal Housing Authority (AHA) that are subject to a lease/management agreement. The agreement provides for the Trust to purchase the properties on vacancy of the current AHA tenant. The total value of properties subject to this agreement is \$0.135 million (\$0.109 million).

Bonding Agreements with Local Government

The South Australian Housing Trust is required by the City of Port Adelaide Enfield to execute Bonding Agreements in relation to the Trust's Gilles Plains and Kilburn South projects. The Council requires the agreements to be supported by a guarantee from the South Australian Financing Authority. As at 30 June 2005 the bond stands at \$1.783 million (\$1.052 million).

34. Cash Flow Reconciliation

Reconciliation of cash - Cash at 30 June as per:

Statement of Cash Flows	\$'000	\$'000
Statement of Financial Position	93 744	80 967
	93 744	80 967

34. Cash Flow Reconciliation (continued)

	2005	2004
	\$'000	\$'000
Reconciliation of Net Cash Provided by Operating Activities to Net Cost of Services:		
Net cash provided by (used in) operating activities	61 399	72 531
Less: Revenues from SA Government	163 787	136 036
	(102 388)	(63 505)
Add (Less) Non-Cash Items:		
Depreciation and amortisation	(56 013)	(48 131)
Net gain from disposal of non-current assets	22 326	37 446
Provision for doubtful debts	(606)	15
Construction variance, surplus on property	(1 886)	105
Provision adjustment	170	(150)
Revaluation adjustment	1 479	604
Notional interest on superannuation provision	(1 337)	(1 386)
Correction of error	(5 908)	-
Income tax equivalent	7 511	7 837
Buildings written off	(8 371)	(7 813)
	(42 635)	(11 473)
Changes in Assets/Liabilities:		
Increase (Decrease) in Receivables	(9 145)	(1 405)
Increase (Decrease) in Other assets	37	(401)
(Increase) Decrease in Payables	3 008	(3 591)
(Increase) Decrease in Provisions	1 811	908
(Increase) Decrease in Other liabilities	(2 658)	(2 028)
	(6 947)	(6 517)
	(151 970)	(81 495)
Net Cost of Services from Ordinary Activities		

35. Events After Balance Date

There have been no after balance date events identified that require reporting.

36. Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2004-05

	Rental Properties Land \$'000	Rental Properties Buildings \$'000	Admin Properties Land \$'000	Admin Properties Buildings \$'000	Admin Properties Leasehold Improve- ments \$'000	Vacant Property Land \$'000
Carrying Amount at July	1 782 001	2 359 150	594	2 045	1 591	12 784
Additions	24 350	79 105	-	19	936	3 286
Disposals/write offs	(79 728)	(40 567)	-	-	(53)	(4 985)
Revaluation Increment (Decrement)	669 298	381 160	56	131	-	1 540
Depreciation and amortisation expenses	-	(53 314)	-	(95)	(380)	-
Depreciation and amortisation on disposals	-	428	-	-	-	-
Depreciation and amortisation On Net revaluation decrements	-	47 144	-	91	-	-
Carrying Amount at 30 June	2 395 921	2 773 106	650	2 191	2 094	12 625
		Vacant Property Buildings \$'000	Plant and Equipment \$'000	Capital Work in Progress Land \$'000	Capital Work in Progress Buildings \$'000	Total Property, Plant and Equipment \$'000
Carrying Amount at July		195	773	40 052	47 741	4 246 926
Additions		-	145	17 871*	-	125 712
Disposals/write offs		(105)	(215)	-	(1 320)*	(126 973)
Revaluation Increment (Decrement)		(65)	-	-	-	1 052 120
Depreciation and amortisation expense		-	(138)	-	-	(53 927)
Depreciation and amortisation on disposals		-	215	-	-	643
Depreciation and amortisation On Net revaluation decrements		-	-	-	-	47 235
Carrying Amount at 30 June		25	780	57 923	46 421	5 291 736

* These amounts represent the net movement in capital work in progress accounts.