

South Australian Housing Trust

Financial report
for the year ended
30 June 2020



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
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 Chief Executive South Australian Housing Trust

Opinion

I have audited the financial report of South Australian Housing Trust for the financial year ended 30 June 2020.

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 2020, its financial performance and its cash flows for the year then ended in accordance with relevant 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 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive and the 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* (including Independence Standards) have been met.

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

Responsibilities of the Chief Executive and the 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 relevant 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

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 1995*, I have audited the financial report of South Australian Housing Trust for the financial year ended 30 June 2020.

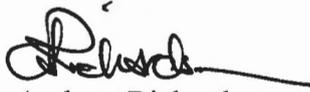
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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

22 September 2020

**SOUTH AUSTRALIAN
HOUSING TRUST**

FINANCIAL STATEMENTS

FOR THE PERIOD

1 July 2019 TO 30 June 2020



CERTIFICATION OF THE FINANCIAL STATEMENTS

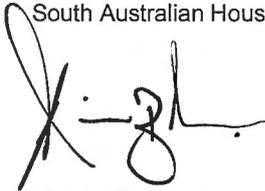
We certify that the attached general purpose financial statements for the South Australian Housing Trust:

- 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 2020 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
Director, Finance
South Australian Housing Trust

Date... 17/9/2020

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
Income			
Recurrent revenues from SA Government	4.1	15 569	825 232
Rental income	4.2	249 408	247 361
Recoveries	4.3	27 181	34 790
Interest revenue	4.4	7 645	4 303
Recurrent Commonwealth Government revenues	4.5	628	10 083
Capital Commonwealth Government revenues	4.6	-	1 000
Other revenue	4.7	5 177	7 031
Net gain from disposal of assets	4.9	6 910	48 465
Resources received free of charge	4.8	725	-
Total income		313 243	1 178 265
Expenses			
Employee benefits expenses	2.3	77 364	85 081
Supplies and services	3.1	47 394	35 609
Business service fees	3.4	4 443	11 904
Rental property expenses	3.5	399 103	382 831
Depreciation and amortisation	3.2	93 309	91 256
Grants and subsidies	3.3	99 034	103 443
Impairment expenses	3.6	21 062	25 280
Total Expenses		741 709	735 404
Net Result Before Income Tax Equivalent		(428 466)	442 861
Income tax equivalent		-	-
Net Result After Income Tax Equivalent		(428 466)	442 861
Other Comprehensive Income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus		280 119	302 488
Total Comprehensive Result		(148 347)	745 349

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
Current Assets			
Cash and cash equivalents	6.1	108 075	743 852
Receivables	6.2	23 786	15 772
Other financial assets	6.3	803 614	122 371
Inventories	5.5	132 717	151 575
Non-current assets classified as held for sale	5.6	2 620	15 574
Total Current Assets		1 070 812	1 049 144
Non-Current Assets			
Receivables	6.2	438	-
Inventories	5.5	8 991	4 393
Property, plant and equipment	5.1	10 676 510	10 448 491
Intangible Assets	5.4	33 256	20 483
Total Non-Current Assets		10 719 195	10 473 367
Total Assets		11 790 007	11 522 511
Current Liabilities			
Payables	7.1	272 758	102 448
Employee benefits liability	2.4	12 248	10 592
Provisions	7.2	318	328
Financial liabilities	7.3	512	-
Other liabilities	7.4	14 536	11 673
Total Current Liabilities		300 372	125 041
Non-Current Liabilities			
Payables	7.1	1 637	1 630
Employee benefits liability	2.4	17 658	17 780
Provisions	7.2	963	873
Financial liabilities	7.3	339	-
Other liabilities	7.4	503	904
Total Non-Current Liabilities		21 100	21 187
Total Liabilities		321 472	146 228
Net Assets		11 468 535	11 376 283
Equity			
Retained earnings		3 353 608	3 707 561
Asset revaluation surplus		7 648 623	7 443 017
Contributed capital		466 304	225 705
Total Equity		11 468 535	11 376 283
The total equity is attributable to the SA Government as owner			
Unrecognised Contractual Commitments	10.1		
Contingent Assets and Liabilities	10.2		

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2020

	Note No.	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 30 June 2018		101 545	7 244 444	3 164 246	10 510 235
Net Result for 2018-19		-	-	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	5.2	-	315 865	-	315 865
Total Comprehensive Result for 2018-19		-	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
Total transfer between equity components 2018-19		-	(103 915)	103 915	-
Equity contribution received	4.1	124 160	-	-	124 160
Liabilities transferred as part of administrative restructure	1.4	-	-	(3 461)	(3 461)
Total transfer between SA Government as owner 2018-19		124 160	-	(3 461)	120 699
Balance as at 30 June 2019		225 705	7 443 017	3 707 561	11 376 283
Net Result for 2019-20		-	-	(428 466)	(428 466)
Revaluation of property during 2019-20					
Movement in rental houses due to revaluation:					
- Transferred to Capital Works		-	(2 914)	-	(2 914)
- Subject to sales contracts		-	(2 571)	-	(2 571)
Increment in freehold land and buildings due to revaluation	5.2	-	285 604	-	285 604
Total Comprehensive Result for 2019-20		-	280 119	(428 466)	(148 347)
Transfer to retained earnings of increment realised on sale of freehold land and buildings		-	(74 513)	-	(74 513)
Realisation of asset revaluation surplus on sale of freehold land and buildings		-	-	74 513	74 513
Total transfer between equity components 2019-20		-	(74 513)	74 513	-
Equity contribution received	4.1	240 599	-	-	240 599
Total transfer between SA Government as owner 2019-20		240 599	-	-	240 599
Balance as at 30 June 2020		466 304	7 648 623	3 353 608	11 468 535

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
Cash flows from Operating Activities			
Cash Inflows			
Receipts from SA Government		15 569	825 232
Rent Received		243 114	236 692
Recoveries Received		24 713	36 527
Other Receipts		5 232	7 403
Receipts from Commonwealth Government		628	11 083
Interest Received		7 902	4 015
Proceeds from Sale of Property		97 399	186 425
Receipts for Paid Parental Leave Scheme		47	-
GST receipts from the DHS		7 269	748
Cash generated from operations		401 873	1 308 125
Cash Outflows			
Staffing Costs		(75 798)	(85 550)
Supplies and Services		(41 588)	(37 410)
Business Service Fee		(4 443)	(11 904)
Rental Property Payments		(186 174)	(188 652)
Grants and Subsidies		(110 959)	(104 705)
Land Tax Equivalents Paid		(49 084)	(147 223)
Payments for Paid Parental Leave Scheme		-	(176)
Development Costs		(109 120)	(155 676)
Cash used in operations		(577 166)	(731 296)
Net Cash provided by/(used in) Operating Activities	8.2	(175 293)	576 829
Cash flows from Investing Activities			
Cash Outflows			
Purchase of Property, plant and equipment		(4 878)	(201)
Purchase of Intangibles		(14 622)	(11 581)
Affordable Assist Payments		(340)	-
Cash used in investing activities		(19 840)	(11 782)
Net Cash used in Investing Activities		(19 840)	(11 782)
Cash flows from Financing Activities			
Cash Inflows			
Capital contributions from SA Government	4.1	240 599	124 160
Cash generated from financing activities		240 599	124 160
Net Cash provided by Financing Activities		240 599	124 160
Net Increase/(Decrease) in Cash Held		45 466	689 207
Cash at the Beginning of the Financial Year		866 223	177 016
Cash at the End of the Financial Year	8.2	911 689	866 223

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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. The Board of the Trust 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 (subsection 16(1)(a))
- providing transparency and value in managing the resources available to the Trust and meeting Government and community expectations as to probity and accountability (subsection 16(1)(b))
- achieving appropriate social justice objectives and the fulfilment of the Trust's community service obligations (subsection 16(1)(c))

The financial statements and accompanying notes include all the controlled activities of the Trust (refer to the disaggregated disclosures for details of the Trust's controlled activities).

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 2019-20 financial statements the Trust adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. 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 \$602 million 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 Department of Human Services (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.

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).

In 2019-20 this activity included providing emergency relief support to the affected community as a result of the bushfires at Kangaroo Island, Cuddle Creek and Yorketown. The Trust has worked with a range of non-government partners to establish and operate relief centers to provide vital support and services to people affected by these bushfires. Support included payment of emergency management grants totaling \$2.075 million and a reimbursement of these costs from the Department of Treasury and Finance. The Trust also transitioned the Kangaroo Island and Lobethal relief centers into longer term recovery centers to assist the community in the recovery from the fires. These centers are likely to remain open for 12 to 18 months. The Trust also entered a partnership with the Minderoo Foundation to provide 48 temporary housing pods for accommodation for those affected by the bushfires.

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

South Australian Housing Trust

2019-20

DISAGGREGATED DISCLOSURES - EXPENSES AND REVENUES

For the Year Ended 30 June 2020

	Public Housing		Indigenous Housing		Community Housing		Private Rental Assistance		Homelessness Services & Support		Emergency Relief Function		Program Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income														
Recurrent revenues from SA Government	4 679	604 698	-	30	-	648	-	-	1 466	219 856	9 424	-	15 569	825 232
Rental income	223 877	220 745	12 652	13 602	12 879	13 014	-	-	-	-	-	-	249 408	247 361
Recoveries	18 539	22 174	1 489	2 949	313	337	6 701	8 194	89	926	50	210	27 181	34 790
Interest revenue	7 645	4 303	-	-	-	-	-	-	-	-	-	-	7 645	4 303
Recurrent Commonwealth Government revenues	176	683	-	-	-	-	-	-	452	9 400	-	-	628	10 083
Capital Commonwealth Government revenues	(15)	1 000	1	-	2	-	3	-	4	-	5	-	-	1 000
Other revenue	3 786	4 764	320	341	7	373	1 051	1 553	7	-	6	-	5 177	7 031
Net gain from disposal of assets	7 190	46 284	(341)	(1 690)	61	3 871	-	-	-	-	-	-	6 910	48 465
Resources received free of charge	725	-	-	-	-	-	-	-	-	-	-	-	725	-
Total income	266 602	904 651	14 121	15 232	13 262	18 243	7 755	9 747	2 018	230 182	9 485	210	313 243	1 178 265
Expenses														
Employee benefits expenses	53 857	60 348	8 507	9 282	2 689	3 300	5 738	6 484	4 322	5 286	2 251	381	77 364	85 081
Supplies and services	30 416	24 847	7 479	6 594	1 010	699	2 289	1 945	1 915	1 346	4 285	178	47 394	35 609
Business service fees	2 900	8 336	586	1 442	292	588	269	821	237	672	159	45	4 443	11 904
Rental property expenses	385 220	366 909	13 819	15 777	49	139	10	4	3	2	2	-	399 103	382 831
Depreciation and amortisation	68 612	67 133	13 248	12 658	11 449	11 465	-	-	-	-	-	-	93 309	91 256
Grants and subsidies	11 139	16 983	228	2 205	-	-	18 701	19 936	66 030	64 283	2 936	36	99 034	103 443
Impairment expenses	16 592	18 386	519	746	37	381	3 914	5 767	-	-	-	-	21 062	25 280
Total Expenses	568 736	562 942	44 386	48 704	15 526	16 572	30 921	34 957	72 507	71 589	9 633	640	741 709	735 404
Net Result Before Income Tax Equivalent	(302 134)	341 709	(30 265)	(33 472)	(2 264)	1 671	(23 166)	(25 210)	(70 489)	158 593	(148)	(430)	(428 466)	442 861
Income Tax Equivalent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Result After Income Tax Equivalent	(302 134)	341 709	(30 265)	(33 472)	(2 264)	1 671	(23 166)	(25 210)	(70 489)	158 593	(148)	(430)	(428 466)	442 861

South Australian Housing Trust

2019-20

DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES
For the Year Ended 30 June 2020

	Public Housing		Indigenous Housing		Community Housing		Private Rental Assistance		Homelessness Services & Support		Emergency Relief Function		Program Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets														
Cash and cash equivalents	108 074	743 851	1	1	-	-	-	-	-	-	-	-	108 075	743 852
Receivables	23 045	14 219	901	1 406	278	147	-	-	-	-	-	-	24 224	15 772
Other financial assets *	803 614	122 371	-	-	-	-	-	-	-	-	-	-	803 614	122 371
Inventories	130 897	148 522	1 098	1 365	9 713	6 081	-	-	-	-	-	-	141 708	155 968
Non-current assets classified as held for sale *	2 620	15 574	-	-	-	-	-	-	-	-	-	-	2 620	15 574
Property, Plant and Equipment	7 296 156	7 129 801	615 413	619 273	2 764 900	2 699 417	-	-	41	-	-	-	10 676 510	10 448 491
Intangible Assets *	33 256	20 483	-	-	-	-	-	-	-	-	-	-	33 256	20 483
Total Assets	8 307 662	8 194 821	617 413	622 045	2 774 891	2 705 645	-	-	41	-	-	-	11 790 007	11 522 511
Liabilities														
Payables	274 389	102 739	6	1 339	-	-	-	-	-	-	-	-	274 395	104 078
Employee benefits liability	20 820	20 125	3 288	3 095	1 039	1 100	2 218	2 162	1 671	1 763	870	127	29 906	28 372
Provisions *	1 281	1 201	-	-	-	-	-	-	-	-	-	-	1 281	1 201
Financial liabilities	664	-	146	-	-	-	-	-	41	-	-	-	851	-
Other Liabilities	15 039	12 565	-	-	-	12	-	-	-	-	-	-	15 039	12 577
Total Liabilities	312 193	136 630	3 440	4 434	1 039	1 112	2 218	2 162	1 712	1 763	870	127	321 472	146 228

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

1.3 Impact of COVID-19 pandemic on the Trust

In response to the outbreak of COVID-19, a major emergency was declared in South Australia on 22 March 2020 under the *Emergency Management Act 2004*. The COVID-19 pandemic has impacted on the operations of the Trust and the impacts are included under the relevant disclosure notes. The key impacts in 2019-20 were:

- A COVID-19 Relief Call Centre was set up to help people affected by the COVID-19 emergency. The call center provided information and assistance with such things as:
 - personal hardship support
 - advice on short-term accommodation options for people unable to achieve self-quarantining or self-isolation
 - accommodation for emergency services personnel who are required to quarantine but unable to do so at home.
- Emergency accommodation was provided for people who were required to self-isolate but were rough sleeping. This included support from outreach services and assistance with meals.
- Funding to Specialist Homelessness Services to provide case management support to those rough sleepers in emergency accommodation to transition to longer term sustainable accommodation.
- Accommodation and transport for indigenous community members required to quarantine prior to returning to remote communities.

\$2.551 million in total was incurred as a result of the Trust's response to the COVID-19 pandemic and the Trust has received \$4.172 million funding from the Department of Treasury and Finance.

1.4 Changes to the Trust

Transferred In

There were no assets transferred into the Trust in 2019-20.

In 2018-19, pursuant to 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)
Total liabilities	2 014	1 447	3 461
Total Net Assets Transferred In	(2 014)	(1 447)	(3 461)

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.

1.5 Significant transactions with government related entities

The Trust had the following significant transactions with government:

- Business Service Fees totalling \$4.443 million include payments made to DHS, RSA and Shared Services SA for these services and functions under the Service Level Administrative Arrangements (SLAA's) (note 3.4);

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- water rates payments of \$32.405 million to South Australian Water Corporations (note 3.5),
- land tax equivalent payments of \$214.493 million to Revenue SA (note 3.5),
- grant funding received of \$15.569 million and an equity contribution of \$240.599 million from the Department of Treasury and Finance (note 4.1).

Note 2 Board, Committees and Employees

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 \$2.077 million in 2019-20 and \$1.458 million in 2018-19.

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*.

	2020	2019
	\$'000	\$'000
Salaries and other short-term employee benefits	1 804	1 267
Post-Employment benefits	266	191
Other long-term employment benefits	7	-
Total key management personnel compensation	2 077	1 458

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 2019-20 financial year were:

SAHT Governing Board *(appointed by the Governor)*

G Storkey (Chairperson)
C Bierbaum *
S Reid *
G Bonato
M Perry
A Beer
C Tragakis

Audit, Risk & Finance Committee *(appointed by the Board)*

C Tragakis
C Bierbaum
G Storkey
M Grantham

* 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.

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

Board and committee remuneration

	2020	2019
	No.	No.
\$0 - \$19 999	3	5
\$20 000 - \$39 999	3	4
\$40 000 - \$59 999	1	-
\$80,000 - \$99,999	1	1
Total number of members	8	10

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The total remuneration received or receivable by members was \$0.255 million (\$0.218 million) including superannuation contributions of \$0.022 million (\$0.019 million). 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

	2020	2019
	\$'000	\$'000
Salaries and Wages	63 459	60 938
Superannuation	7 386	7 310
Annual Leave	6 544	6 361
Payroll Tax	3 965	4 060
Other employee expenses	2 500	2 905
Long Service Leave	1 184	3 686
Retention Leave	462	482
Workers Compensation	966	31
Targeted Voluntary Separation Packages (refer below)	459	7 660
Board Fees	233	199
Charged to Capital Program	(9 794)	(8 551)
Total Employee Benefits Expenses	77 364	85 081

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:

	2020	2019
	No	No
\$151 001 to \$154 000 #	N/A	3
\$154 001 to \$174 000	8	7
\$174 001 to \$194 000	4	3
\$194 001 to \$214 000	1	2
\$214 001 to \$234 000	2	1
\$234 001 to \$254 000 ^	2	1
\$254 001 to \$274 000 *^	1	4
\$274 001 to \$294 000 ^	1	1
\$294 001 to \$314 000 ^	-	4
\$314 001 to \$334 000 ^	-	1
\$334 001 to \$354 000 *^	1	1
\$374 001 to \$394 000	-	1
\$414 001 to \$434 000	1	-
Total number of Employees	21	29

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 in 2019-20 where the employee meets the \$154,000 threshold on normal remuneration. In 2019-20, there were 2 staff included in the table who received a TVSP.

^ The table includes the TVSP component paid in 2018-19 where the employee meets the \$151,000 threshold on normal remuneration. In 2018-19, there were 11 staff included in the table who 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

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wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these staff for the year was \$4.493 million (\$6.721 million).

Targeted Voluntary Separation Packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 5 (94).

	2020	2019
Amount paid during the reporting period to separated staff:	\$'000	\$'000
TVSPs	459	7 660
Annual Leave, Retention Leave and Long Service Leave paid to those staff	220	3 692
Recovery from the Department of Treasury & Finance	160	7 660
Net cost to Trust	519	3 692

2.4 Employee benefits liability

	2020	2019
Current	\$'000	\$'000
Annual leave	7 518	6 353
Long service leave	2 187	2 267
Retention leave	539	440
Accrued Salaries and Wages	2 004	1 532
Total Current Employee Entitlements	12 248	10 592
Non-Current		
Long service leave	17 658	17 780
Total Non-Current Employee Entitlements	17 658	17 780
Total Employee Entitlements	29 906	28 372

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

	2020	2019
	\$'000	\$'000
Accommodation Expenses	11 096	10 341
Computer Expenses	9 806	6 264
Insurance	6 592	5 752
Contractors	5 984	3 355
Administration Expenses	3 238	2 359
Communications	1 686	1 082
Travel and Accommodation	1 537	1 166
Printing, Stationery and Postage	1 276	1 254
Other Customer Related Expenses	1 260	955
Tenant Relocation	1 165	913
Leased Property Expenses	965	946
Consultants	851	432
Fleet Management	792	1 861
Audit Fees - Auditor-General's Department ⁽¹⁾	541	595
Staff Development	457	657
Agent Fees	376	411
Brokerage	157	166
Charged to Capital Program	(385)	(2 900)
Total Supplies and Services	47 394	35 609

⁽¹⁾ 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.

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:

	2020	2020	2019	2019
	Number	\$'000	Number	\$'000
Below \$10 000	3	19	2	13
Above \$10 000	11	832	11	419
Total paid/payable to the consultants engaged	14	851	13	432

3.2 Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Rental Properties	59 630	59 046
Assets under Arrangement	20 540	20 756
Plant and Equipment	572	563
Administrative Properties	189	182
Commercial Properties	97	94
Intangible Assets	1 849	1 290
Leasehold Improvements	184	124
Remote Indigenous Leased Properties	9 525	9 201
Right-of-use Motor Vehicles	723	-
Total Depreciation and Amortisation	93 309	91 256

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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.

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/amortisation of property, plant and equipment is determined as follows:

Class of Asset	Depreciation/Amortisation 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
Right-of-Use Motor Vehicles	Straight Line	Lease term
Leasehold Improvements	Straight Line	3 - 10
Plant and Equipment	Straight Line	3 - 10
Intangibles	Straight Line	3 - 10

* 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.

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.

The Trust revalued all its land and buildings in 2020. This resulted in an increment mainly attributed to a significant increase in the value of land, particularly in metropolitan Adelaide, consistent with prevailing market conditions. Depreciation expenses decreased by \$0.085 million as a result of the revaluation.

3.3 Grants and subsidies

	2020	2019
	\$'000	\$'000
Specialist Homelessness Services	68 490	66 813
Private Rental Assistance	10 217	12 294
National Rental Affordability Scheme Subsidies	7 761	8 023
Emergency Accommodation Assistance	6 793	7 649
COVID-19 Homelessness Response	2 551	-
Emergency Management Grants	2 075	37
More Affordable Tenancies in Community Housing	830	-
National Partnership Agreement: Remote Indigenous Housing	228	2 205
Other Recurrent Grants	55	49
Affordable Housing Grants	34	570
CBD Respite Facility	-	5 803
Total Grants and Subsidies	99 034	103 443

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3.4 Business services fees	2020 \$'000	2019 \$'000
SA Government Shared Services	2 063	2 144
Records Management and Mail Services	696	686
Administration Premises Management	537	691
Project Management Services	440	538
Motor Vehicle Hire Charges	280	370
GST Expense	215	363
Computing Services and Processing Charges	116	3 814
Staff Development	40	678
Human Resources Services	26	746
Geographical Information Services	26	140
Legal & Financial Services	4	190
Procurement Services	-	511
Internal Audit	-	322
Payroll Services	-	255
Media & Communications Services	-	138
Business Planning, Strategy and Quality Assurance	-	124
Insurance	-	120
Telecommunications Management and Charges	-	74
Total Business Service Fees	4 443	11 904

DHS, RSA and Shared Services SA provide services and functions to the Trust pursuant to Service Level Administrative Arrangements (SLAAs) as categorised above. Business Service Fees include payments made to DHS, RSA and Shared Services SA for these services and functions. The SLAA with DHS was revised in 2018-19 resulting in a reduction of services provided to the Trust.

3.5 Rental property expenses

	2020 \$'000	2019 \$'000
Land Tax Equivalent	214 493	196 314
Maintenance	107 253	111 100
Council Rates	43 358	42 622
Water Rates	32 405	31 576
Construction Variances	840	406
Other Property Expenses	510	545
Emergency Services Levy	219	243
Stamp Duty & Search Fees	25	25
Total Rental Property Expenses	399 103	382 831

3.6 Impairment expenses

	2020 \$'000	2019 \$'000
Asset Write-offs ⁽²⁾	13 359	14 876
Doubtful Debts Expense	7 633	9 848
Assets Held for Sale	70	556
Total Impairment Expenses	21 062	25 280

⁽²⁾ 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, which relates entirely to customer debtors, 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

	2020	2019
	\$'000	\$'000
Emergency Management Reimbursement - Bushfires	5 221	-
General Purpose Grant	4 679	423 298
Emergency Management Reimbursement - COVID-19	4 172	-
Homelessness Program	1 466	39 330
Other State Grants	31	30
National Rental Affordability Scheme	-	2 817
Tax Equivalent Reimbursement	-	178 583
One-off Homelessness Grant	-	180 526
Equal Remuneration Order Supplementation Funding	-	648
Total Recurrent Revenues from SA Government	15 569	825 232

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.

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 \$603.824 million and an equity contribution of \$124.160 million in 2018-19 and a further equity contribution of \$240.599 in 2019-20. According to the 2019-20 State Budget the SA Government will provide the Trust with equity contributions totalling \$778.000 million from 2019-20 to 2022-23 and minimal recurrent grants. As a result the Trust recorded a net result after income tax equivalent of \$442.900 million in 2018-19 and will record large annual operating deficits over the period 2019-20 to 2022-23.

4.2 Rental income

	2020	2019
	\$'000	\$'000
Rent received/receivable from entities external to the SA Government		
Market Rent Income	433 674	430 671
less Rental Rebates	(199 507)	(199 106)
Other Rent	15 241	15 796
Total Rental Income	249 408	247 361

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 (\$234.167 million) for the property and the market rent (\$433.674 million) is recognised as a rental rebate subsidy provided to tenants and income forgone by the Trust (\$199.507 million).

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4.3 Recoveries

	2020	2019
	\$'000	\$'000
Water charges	11 130	11 032
Private Rental Assistance	6 609	7 601
Maintenance	5 638	5 351
Insurance	2 390	1 726
General Service Recoveries	952	477
Other	285	350
TVSP Recoveries	160	7 799
Grant Recoveries	17	454
Total Recoveries	27 181	34 790

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.

Recoveries for costs on-charged to tenants by the Trust are included as income. These recoveries including maintenance, water charges and private rental assistance are costs incurred by the Trust and subsequently on-charged to the customer. In accordance with AASB 15 *Revenue from Contracts with Customers*, recoveries are recognised once the Trust has satisfied its performance obligation, generally this coincides with a charge being raised to the customer. In regards to water recoveries the transaction price allocated to the performance obligation over time is estimated based on actual previous billing periods.

4.4 Interest revenue

	2020	2019
	\$'000	\$'000
Interest from entities within the SA Government	7 639	4 282
Interest from entities external to the SA Government	6	21
Total Interest Revenue	7 645	4 303

4.5 Recurrent Commonwealth Government revenues

	2020	2019
	\$'000	\$'000
National Affordable Housing Agreement Base Funding	-	9 400
Kurlana Tangkuinya 'New Dreams' Project	-	507
Keeping Women Safe in their Homes	452	-
Local Support Coordinator - Domestic & Family Violence	176	176
Total Recurrent Commonwealth Government Revenues	628	10 083

From 2018-19, the Department of Treasury and Finance provided National Affordable Housing Agreement Base Funding in the form of equity contributions. Some of this funding was still provided as grants in 2018-19.

4.6 Capital Commonwealth Government revenues

	2020	2019
	\$'000	\$'000
Specialist Disability Accommodation Initiative	-	1 000
Total Capital Commonwealth Government Revenues	-	1 000

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.

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4.7 Other revenue

	2020	2019
	\$'000	\$'000
Bad Debts Recovered	4 584	5 817
Sundry Revenue	457	618
Shared Value Mortgages	136	223
Local Government Community Housing Program	-	373
Total Other Revenue	5 177	7 031

4.8 Resources received free of charge

	2020	2019
	\$'000	\$'000
Assets Received Free of Charge	725	-
Total Other Revenue	725	-

The Wangka Wilurrara Transitional Accommodation Centre was transferred from the District Council of Ceduna to the Trust for no monetary consideration in the 2019-20.

The Trust also received land from the Corporation of the City of Whyalla and Barunga West Council in 2019-20 as a result of council land relinquishments. These are Crown lands controlled by the council in which the buildings are owned by the Trust.

4.9 Net gain from disposal of assets

	2020	2019
	\$'000	\$'000
Rental Properties		
Proceeds from disposal	43 970	53 267
Less net book value of assets disposed ⁽³⁾	(45 572)	(55 174)
Net Loss from disposal of rental properties	(1 602)	(1 907)
Inventory - Developed Properties		
Proceeds from disposal	46 710	72 928
Less net book value of assets disposed ⁽³⁾	(38 547)	(61 580)
Net Gain from disposal of completed assets	8 163	11 348
Inventory - Vacant Land		
Proceeds from disposal	4 538	57 473
Less net book value of assets disposed ⁽³⁾	(4 130)	(18 408)
Net Gain from disposal of vacant land	408	39 065
Plant and Equipment		
Proceeds from disposal	-	102
Less net book value of assets disposed	(59)	(143)
Net Loss from disposal of plant and equipment	(59)	(41)
Total Assets		
Total proceeds from disposal	95 218	183 770
Less net book value of assets disposed ⁽³⁾	(88 308)	(135 305)
Total Net Gain from Disposal of Assets	6 910	48 465

⁽³⁾ 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 asset control 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

	2020	2019
	\$'000	\$'000
Rental Properties		
<i>Land</i>		
Land at fair value	4 576 178	4 373 561
<i>Buildings</i>		
Buildings at fair value	2 994 447	2 989 175
Accumulated depreciation	(40 598)	(39 868)
Total Buildings	2 953 849	2 949 307
Total Rental Properties	7 530 027	7 322 868
Administrative Properties		
<i>Land</i>		
Freehold Land at fair value	2 220	1 795
<i>Buildings</i>		
Buildings at fair value	4 654	3 509
Accumulated depreciation	(149)	(134)
Total Buildings	4 505	3 375
<i>Leasehold Improvements</i>		
Leasehold Improvements at cost (deemed fair value)	9 623	8 268
Accumulated depreciation	(6 043)	(5 996)
Total Leasehold Improvements	3 580	2 272
Total Administrative Properties	10 305	7 442
Commercial Properties		
<i>Land</i>		
Commercial Properties at fair value	233	217
<i>Buildings</i>		
Buildings at fair value	1 964	1 901
Accumulated depreciation	(63)	(63)
Total Commercial Properties - Buildings	1 901	1 838
Total Commercial Properties	2 134	2 055
Assets Under Arrangement		
<i>Land</i>		
Assets Under Arrangement at fair value	1 714 719	1 629 242
<i>Buildings</i>		
Assets Under Arrangement at fair value	1 016 835	1 035 745
Accumulated depreciation	(13 618)	(13 857)
Total Assets Under Arrangement - Buildings	1 003 217	1 021 888
Total Assets Under Arrangement	2 717 936	2 651 130
Vacant Land		
<i>Land</i>		
Freehold Land at fair value	67 328	56 369
Total Vacant Land	67 328	56 369

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	2020	2019
	\$'000	\$'000
Remote Indigenous Leased Properties		
Remote Indigenous Buildings at fair value	245 046	236 160
Accumulated amortisation	(24 580)	(15 376)
Total Remote Indigenous Leased Properties	220 466	220 784
Plant and Equipment		
Plant and Equipment at cost (deemed fair value)	6 896	7 054
Accumulated depreciation	(4 398)	(4 060)
Total Plant and Equipment	2 498	2 994
Right-of-Use Motor Vehicles		
Right-of-Use Motor Vehicles at cost	1 430	-
Accumulated depreciation	(587)	-
Total Right-of-Use Plant and Equipment	843	-
Capital Works in Progress		
Buildings & Land at cost	124 973	184 849
Total Capital Works in Progress	124 973	184 849
Total Property, Plant and Equipment	10 676 510	10 448 491
Total property, plant and equipment at fair value	10 623 624	10 327 674
Total property, plant and equipment at cost	142 922	200 171
Total accumulated depreciation/amortisation	(90 036)	(79 354)
Total Property, Plant and Equipment	10 676 510	10 448 491

5.2 Property, plant and equipment owned by the Trust

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 cost, or minimal cost, 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 reflects 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 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.

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Reconciliation 2019-20

The following table shows the movement of Property, Plant and Equipment during 2019-20 and 2018-19:

	Rental Properties – Land		Rental Properties - Buildings		Admin Properties – Land	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Carrying Amount as at 1 July	4 373 561	4 214 855	2 949 307	2 886 742	1 795	1 822
Additions	-	-	-	-	319	-
Transfer In from other asset category	59 418	81 266	83 464	113 976	-	-
Maintenance Upgrades	-	-	12 025	12 476	-	-
Assets Classified as Held for Sale	(1 773)	(2 660)	(825)	(281)	-	-
Disposals	(18 886)	(33 837)	(9 259)	(19 217)	-	(90)
Transfer out to other asset category	(40 136)	(73 476)	(12 042)	(17 327)	-	-
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ⁽⁴⁾	203 994	187 413	(9 191)	31 984	106	63
Depreciation and Amortisation expenses	-	-	(59 630)	(59 046)	-	-
Depreciation and Amortisation on disposals	-	-	-	-	-	-
Carrying Amount as at 30 June	4 576 178	4 373 561	2 953 849	2 949 307	2 220	1 795

	Admin Properties – Buildings		Admin Properties – Leasehold Improvements		Commercial Property - Land	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Carrying Amount as at 1 July	3 375	3 543	2 272	2 510	217	207
Additions	-	-	1 843	268	63	-
Transfer In from other asset category	981	112	-	1 677	-	-
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	-	(271)	(401)	(91)	-	-
Transfer out to other asset category	-	-	(87)	(1 968)	(31)	-
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ⁽⁴⁾	338	168	-	-	15	10
Depreciation and Amortisation expenses	(189)	(182)	(184)	(124)	-	-
Depreciation and Amortisation on disposals	-	5	137	-	(31)	-
Carrying Amount as at 30 June	4 505	3 375	3 580	2 272	233	217

	Commercial Property - Buildings		Assets Under Arrangement - Land		Assets Under Arrangement - Buildings	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Carrying Amount as at 1 July	1 838	1 776	1 629 242	1 553 452	1 021 888	1 020 973
Additions	-	-	-	-	-	-
Transfer In from other asset category	-	-	1 003	7 030	1 323	6 255
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	-	-	(1 356)	(479)	(404)	(126)
Transfer out to other asset category	-	-	(1 593)	(7 633)	(605)	(1 976)
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ⁽⁴⁾	160	156	87 423	76 872	1 555	17 518
Depreciation and Amortisation expenses	(97)	(94)	-	-	(20 540)	(20 756)
Depreciation and Amortisation on disposals	-	-	-	-	-	-
Carrying Amount as at 30 June	1 901	1 838	1 714 719	1 629 242	1 003 217	1 021 888

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Reconciliation 2019-20 (Continued)

	Vacant Land – Land		Remote Indigenous Leased Properties		Plant and Equipment	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Carrying Amount as at 1 July	56 369	35 586	220 784	222 793	2 994	3 229
Additions	-	-	-	-	79	164
Transfer In from other asset category	16 520	24 308	13 050	7 192	-	215
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	(610)	(246)	-	-	(3)	(669)
Transfer out to other asset category	(6 155)	(4 960)	(4 164)	-	-	-
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ⁽⁴⁾	1 204	1 681	-	-	-	-
Depreciation and Amortisation expenses	-	-	(9 525)	(9 201)	(572)	(563)
Depreciation and Amortisation on disposals	-	-	321	-	-	618
Carrying Amount as at 30 June	67 328	56 369	220 466	220 784	2 498	2 994

	Capital Work in Progress		Right-of-Use Motor Vehicles		Total Property, Plant and Equipment	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Carrying Amount as at 1 July	184 849	295 640	-	-	10 448 491	10 243 128
Additions	88 631	133 839	1 602	-	92 537	134 271
Transfer In from other asset category	56 230	78 562	-	-	231 989	320 593
Maintenance Upgrades	3 855	-	-	-	15 880	12 476
Assets Classified as Held for Sale	-	-	-	-	(2 598)	(2 941)
Disposals	-	-	(171)	-	(31 090)	(55 026)
Transfer out to other asset category	(208 592)	(323 192)	-	-	(273 405)	(430 532)
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ⁽⁴⁾	-	-	-	-	285 604	315 865
Depreciation and Amortisation expenses	-	-	(723)	-	(91 460)	(89 966)
Depreciation and Amortisation on disposals	-	-	135	-	562	623
Carrying Amount as at 30 June	124 973	184 849	843	-	10 676 510	10 448 491

⁽⁴⁾ In 2020, the total \$285.604 million revaluation increment was applied as an increase in revaluation surplus. In 2019, the total \$315.865 million revaluation increment was applied as an increase in revaluation surplus.

5.3 Property, plant and equipment leased by the Trust

Property, plant and equipment leased by the Trust is recorded at cost. Additions to leased property, plant and equipment during 2019-20 were \$1.602 million.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 3.1.

The Trust has 191 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.3. The Trust's maturity analysis of its lease liabilities is disclosed in note 11.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 3.2. Cash outflows related to leases are disclosed in note 8.2.

Impairment

Property, plant and equipment leased by the Trust has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

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5.4 Intangible assets	2020	2019
Computer Software	\$'000	\$'000
Internally Generated Computer software	41 877	19 429
Accumulated amortisation	(9 397)	(17 309)
Total Computer Software	32 480	2 120
Work in progress Computer System Development	776	18 363
Total Work in progress Computer Systems Development	776	18 363
Total Intangible Assets	33 256	20 483

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 to 10 years from the date that the asset is ready for use.

In April 2020 the Trust implemented a new tenancy and property management system Connect, previously recognised as work in progress computer systems development, that replaced the Trusts legacy core ICT system.

All research and development projects that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed. An expense of \$0.985 million (\$0.362 million) for research and development costs has been recognised in 2019-20.

Reconciliation of Intangible Assets During 2019-20 and 2018-19

	Internally Generated Software		Work in Progress Computer System Development		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Opening Balance	2 120	2 709	18 363	7 483	20 483	10 192
Additions	32 255	701	14 668	11 581	46 923	12 282
Transfers to Internally Generated Software	-	-	(32 255)	(701)	(32 255)	(701)
Disposal	(46)	-	-	-	(46)	-
Amortisation	(1 849)	(1 290)	-	-	(1 849)	(1 290)
Closing Balance	32 480	2 120	776	18 363	33 256	20 483

5.5 Inventories

	2020	2019
Current	\$'000	\$'000
Capital Work in progress	89 032	115 460
Developed properties	40 992	31 141
Vacant land	2 693	4 974
Total Current Inventories	132 717	151 575
Non-Current		
Capital Work in progress	8 991	4 393
Total Non-Current Inventories	8 991	4 393
Total Inventories	141 708	155 968

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

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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.

- (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.

5.6 Non-current assets classified as held for sale

	2020	2019
	\$'000	\$'000
Land	1 794	10 603
Buildings	826	4 971
Total Non-Current Assets Classified as Held for Sale	2 620	15 574

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**

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	106 618	742 401
Cash – Development Projects	1 439	1 433
Cash on hand	18	18
Total Cash and Cash Equivalents	108 075	743 852

Deposits with the Treasurer

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

Cash - Development Projects

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

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6.2 Receivables

	2020	2019
	\$'000	\$'000
Current		
Trade receivables		
From government entities	831	1 825
From non-government entities	26 186	24 393
Total trade debtors before doubtful debts	27 017	26 218
Less allowance for doubtful debts	(16 443)	(17 100)
Total trade receivables	10 574	9 118
Accrued revenues	8 343	5 539
GST receivable	1 995	266
Prepayments	2 874	849
Total Current Receivables	23 786	15 772
Non-Current		
Affordable Assist Program	438	-
Total Non-Current Receivables	438	-
Total Receivables	24 224	15 772

Receivables mainly arise from the letting of public housing to tenants. Rent is payable by tenants in advance and charged weekly. All other receivables are subject to a term of 30 days.

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.

Affordable Assist Program is an integrated finance and property product that can assist more low/moderate income households enter affordable homeownership. The Trust invests equity into a portion of a property to reduce the amount a household needs to contribute to the overall purchase price of the home. Once the purchaser sells or refinances their property in the future, the invested amount is disbursed back to the Trust.

Refer to note 11.3 for further information on risk management.

Impairment of receivables

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	17 100	17 677
Increase in the provision	7 633	9 848
Amounts written off	(8 290)	(10 425)
Carrying amount at the end of the period	16 443	17 100

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

6.3 Other financial assets

	2020	2019
	\$'000	\$'000
Cash held at SAFA Cash Management Facility	803 614	122 371
Total Other Financial Assets	803 614	122 371

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.

Note 7 Liabilities

Employee benefits are disclosed in note 2.4.

7.1 Payables

	2020	2019
	\$'000	\$'000
Current		
Creditors	23 587	25 636
Land Tax Payable	214 500	49 091
Accrued expenses	32 930	26 275
Staff oncosts	1 741	1 446
Total Current Payables	272 758	102 448
Non-Current		
Staff oncosts	1 637	1 630
Total Non-Current Payables	1 637	1 630
Total Payables	274 395	104 078

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 has changed from the 2019 rate (41%) to 42%, and the average factor for the calculation of employer superannuation on-cost remains the same at 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 \$1.995m.

7.2 Provisions

	2020	2019
	\$'000	\$'000
Current		
Public Risk & Professional Indemnity	53	58
Workers Compensation	265	270
Total Current Provisions	318	328
Non-Current		
Public Risk & Professional Indemnity	409	450
Workers Compensation	554	423
Total Non-Current Provisions	963	873
Total Provisions	1 281	1 201

An asset of \$0.020 million (\$0.015 million) for workers compensation recoveries has been recognised for 2019-20.

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Movement in provisions

	2020	2019
	\$'000	\$'000
Reconciliation of Public Risk & Professional Indemnity		
The following table shows the movement of Public Risk & Professional Indemnity		
Carrying amount at beginning of financial year	508	546
Additional provisions recognised	496	531
Reduction in provisions	(488)	(499)
Payments made	(54)	(70)
Carrying amount at 30 June	462	508

Reconciliation of Workers Compensation

The following table shows the movement of Workers Compensation

Carrying amount at beginning of financial year	693	1 226
Additional provisions recognised	966	269
Reduction in provisions	-	-
Payments made	(840)	(802)
Carrying amount at 30 June	819	693

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 2020 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. 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 Financial liabilities

	2020	2019
Current		
Lease liabilities	512	-
Total Current Financial Liabilities	512	-
Non-Current		
Lease liabilities	339	-
Total Non-Current Financial Liabilities	339	-
Total Financial Liabilities	851	-

All material cash outflows are reflected in the lease liabilities disclosed above. Refer note 9.1.

7.4 Other liabilities

	2020	2019
	\$'000	\$'000
Current		
Rent received in advance	11 788	8 978
Deposits Held:		
Tenant deposits held	2 346	2 292
Sale deposits held	-	1
Unearned revenue	159	159
Managed houses scheme	243	243
Total Current Other Liabilities	14 536	11 673
Non-Current		
Unearned revenue	199	358
Managed houses scheme	304	546
Total Non-Current Other Liabilities	503	904
Total Other Liabilities	15 039	12 577

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 note 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.

Cash flow reconciliation

	2020	2019
	\$'000	\$'000
Reconciliation of cash and cash equivalents and other financial assets at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	108 075	743 852
Other financial assets disclosed in the Statement of Financial Position	803 614	122 371
Balance as per the Statement of Cash Flows	911 689	866 223
Reconciliation of Net Cash Inflows from Operating Activities to Net Result Before Income Tax Equivalent:		
Net Cash provided by/(used in) Operating Activities	(175 293)	576 829
Add/Less non cash items		
Depreciation and Amortisation	(93 309)	(91 256)
Assets transferred as part of administrative restructure	-	3 461
Net (loss)/gain from disposal of assets	6 910	48 465
Buildings and Other Assets Written Off	(13 429)	(15 432)
Construction Variance, surplus on property	(840)	(406)
Allowance for Doubtful Debts	657	577
Provision adjustment	(974)	(301)
Assets Received Free of Charge	725	-
Affordable Homes Assistance	98	-
Loan Amortisation	242	243
	<u>(99 920)</u>	<u>(54 649)</u>
Changes in Assets / Liabilities		
(Decrease) Increase in Receivables	7 357	1 826
(Decrease) Increase in Property, Plant and Equipment	13 902	(28 094)
(Increase) Decrease in Payables	(170 317)	(56 328)
(Increase) Decrease in Staff Entitlements	(1 534)	(2 731)
Decrease (Increase) in Provisions	894	872
Decrease (Increase) in Financial Liabilities	(851)	-
(Increase) Decrease in Other Liabilities	(2 704)	5 136
	<u>(153 253)</u>	<u>(79 319)</u>
Net Result Before Income Tax Equivalent	<u>(428 466)</u>	<u>442 861</u>

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8.3 Unexpended funding commitments

Unspent Grant Commitments

The following table shows grant revenue received which remains unspent as at 30 June 2020 and 30 June 2019.

	2020	2019
	\$'000	\$'000
<i>Unspent SA Government Revenues</i>		
Public Housing Stimulus	1 032	1 115
Total Unspent SA Government Commitments	1 032	1 115
<i>Unspent Commonwealth Revenues</i>		
Local Support Coordinator	82	53
Total Unspent Commonwealth Grant Commitments	82	53
Total Unspent Grants	1 114	1 168

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:

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.

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 AASB 16 Leases

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 Leases replaces AASB 117 Leases and related interpretations.

The adoption of AASB 16 Leases from 1 July 2019 resulted adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 Leases only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 Leases applies a comprehensive model to all leases. 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.
- AASB 117 Leases resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 Leases largely replaces this with depreciation expenses 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.

Impact on retained earnings

The total impact on the Trust's retained earnings as at 1 July 2019 is as follows:

Closing retained earnings 30 June 2019 – AASB 117	\$'000
Assets	
Property, Plant and Equipment	1,277
Liabilities	
Financial liabilities	(1,277)
Opening retained earnings 1 July 2019 – AASB 16	-

Accounting policies on transition

AASB 16 sets out accounting policies on transition in its transitional provisions. The Treasurer's Instructions (Accounting Policy Statements) requires certain choices in those transitional provisions to be taken. The Trust has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of lease liability was the present value of the remaining lease payments discounted using the relevant incremental borrowing rate published by the Department of Treasury and Finance as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 3.14%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020, except for vehicles leased from SAFA.

Ongoing accounting policies

The Treasurer's Instructions (Accounting Policy Statements) specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the Trust's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the Trust, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

9.2 AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 Construction contracts, AASB 118 Revenue and related Interpretations and applies to all revenue arising from contracts with customers.

Impact on retained earnings

On transition, there was no impact on retained earnings.

Accounting policies on transition

The Trust has adopted AASB 15 on 1 July 2019. The Treasurer's Instructions (Accounting Policy Statements) require certain choices in those transitional provisions to be taken. The Trust has on transition:

- recognised the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of retained earnings as at 1 July 2019. Therefore, the comparative information has not been restated.
 - not adopted the completed contract expedient, and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former revenue and income accounting standards.
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- elected not to restate retrospectively contracts for modifications that occurred before 1 July 2019. Such contract modifications were minor, so this is expected to have little impact on the financial statements.

Impacts on the financial statements are explained below together with impacts from adoption of AASB 1058 Income of Not-for-Profit Entities.

Ongoing accounting policies

The Treasurer's Instructions (Accounting Policy Statements) specify requirements for public authorities in applying AASB 15. These requirements are reflected in the Trust's accounting policies as follows:

- for non-intellectual property licences, low value licences (i.e. assets which have a value of \$15 000 or less) and short-term licences (i.e. being those with a licence term of 12 months or less) are exempt from AASB 15 revenue recognition requirements. The Trust has elected to recognise revenue at the point in time the licence is issued.
- AASB 15 is applied to a portfolio contracts with similar characteristics.
- there is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year or less.
- the incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that the Trust would have recognised is one year or less.
- for measuring progress towards satisfaction of performance obligations when the output method is applied, revenue is recognised in the amount to which there is a right to invoice corresponding directly to the value to the customers of the Trust's performance completed to date.
- there is no disclosure of certain information relating to remaining performance obligations if the original contract is expected to end within one year or when revenue is recognised in accordance with para. B16.

Significant accounting policies relating to the application of AASB 15 are disclosed under relevant notes.

9.3 AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 Contributions, AASB 118 Revenue and AASB 111 Construction Contracts. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

Accounting policies on transition

On transition, there was no impact on retained earnings.

9.4 Effects on financial statements from AASB 15 and AASB 1058

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

9.5 Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Trust. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

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:

	2020	2019
	\$'000	\$'000
Within one year	26 987	24 239
Later than one year but not longer than five years	18 456	15 507
Later than five years	7 651	10 078
Total Capital Commitments	53 094	49 824

The Trust's capital commitments include commitments for a number of capital projects 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:

	2020	2019
	\$'000	\$'000
Within one year	7 192	3 468
Later than one year but not longer than five years	311	943
Later than five years	-	-
Total Recurrent Commitments	7 503	4 411

The 2019 recurrent commitments included motor vehicle leases of \$1.954 million that are recognised as right-of-use assets in 2020.

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:

	2020	2019
	\$'000	\$'000
Within one year	306	298
Later than one year but not longer than five years	2 497	3 761
Later than five years	-	-
Total Management Agreement Commitments	2 803	4 059

Accommodation Commitments

The Trust's accommodation commitments are for agreements for expenditure on accommodation not provided for and payable, are as follows:

	2020	2019
	\$'000	\$'000
Within one year	7 962	8 303
Later than one year but not longer than five years	25 942	27 907
Later than five years	4 722	10 443
Total Operating Lease Commitments	38 626	46 653

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 9 (12) properties under this scheme with a total discount provided of \$0.490 million (\$0.621 million). The current share of depreciation of these properties is approximately \$0.003 million (\$0.005 million).

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 7 (8) properties included in the scheme are subject to mortgages with a collective loan balance of \$0.090 million (\$0.118 million). The Tenant's share of the value of the properties subject to mortgage is estimated to be \$1.161 million (\$1.326 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. There are 5 (5) 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 \$1.206 million (\$1.201 million). 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 \$1.0 million.

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 2020 is \$58.469 million (\$57.449 million). The value of claims made this financial year is \$6.647 million (\$7.538 million).

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 2020 is \$10.622 million (\$10.333 million).

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.

AASB 1059 – Service Concession Arrangement: Grantors

AASB 1059 prescribes the accounting for certain arrangements in which an operator provides public services on behalf of a public sector grantor involving a service concession arrangement. This standard applies to reporting periods beginning on or after 1 January 2020.

The Trust will adopt AASB 1059 – *Service Concession Arrangement: Grantors* 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 could potentially be captured under the AASB 1059.

The Trust is consulting with the Department of Treasury and Finance as per the requirement from Treasurer's Instructions (Accounting Policy Statements) 1059.A. requiring the Chief Executive's approval to apply 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.

10.4 COVID-19 pandemic outlook for the Trust

The COVID-19 pandemic will continue to impact the operations of the Trust in 2020-21. The key expected impacts include:

- the Trust will continue to support and transition those rough sleepers that were provided emergency accommodation when required to quarantine to longer term sustainable housing.
- The Trust will continue to operate the COVID-19 Relief Call Centre until it is no longer required.

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 2019 (1.25%) to 2020 (0.75%). 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 decrease in the long service leave liability of \$1.462 million and employee benefits expense of \$1.976 million. 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 2.5% for long service leave 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 5.2 and 5.6.

During 2020 and 2019, 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 2020

Fair Value Measurements at 30 June 2020

	\$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurement			
Land (Note 5.1)	6 293 350	6 293 350	-
Buildings (Note 5.1)	3 963 472	3 963 472	-
Vacant Land (Note 5.1)	67 328	67 328	-
Leasehold Improvements (Note 5.1)	3 580	-	3 580
Plant and Equipment (Note 5.1)	2 498	-	2 498
Remote Indigenous Leased Properties (Note 5.1)	220 466	-	220 466
Capital Works in Progress (Note 5.1)	124 973	124 973	-
Total recurring fair value measurements	10 675 667	10 449 123	226 544
Non-recurring fair value measurement			
Land held for sale (Note 5.6) ⁽⁵⁾	1 794	1 794	-
Buildings held for sale (Note 5.6) ⁽⁵⁾	826	826	-
Total non-recurring fair value measurements	2 620	2 620	-
TOTAL	10 678 287	10 451 743	226 544

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

Fair Value Measurements at 30 June 2019

	\$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurement			
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	-
Total recurring fair value measurements	10 448 491	10 222 441	226 050
Non-recurring fair value measurement			
Land held for sale (Note 5.6) ⁽⁵⁾	10 603	10 603	-
Buildings held for sale (Note 5.6) ⁽⁵⁾	4 971	4 971	-
Total non-recurring fair value measurements	15 574	15 574	-
TOTAL	10 464 065	10 238 015	226 050

⁽⁵⁾ 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 5.6.

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 2019 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 2019, using the 1 July 2019 values, for all land and buildings acquired or completed before 31 October 2018.

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 are 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
	2020 \$'000	2020 \$'000	2020 \$'000
Opening balance at the beginning of the period	2 994	2 272	220 784
Acquisitions	79	1 843	-
Transfer into level 3 ⁽⁶⁾	-	-	13 050
Transfer out of level 3 ⁽⁶⁾	-	(87)	(4 164)
Disposals	(3)	(264)	321
Total gains (losses) for the period recognised in net result:			
Depreciation and Amortisation expenses	(572)	(184)	(9 525)
Revaluation increments	-	-	-
Carrying amount at the end of the period	2 498	3 580	220 466

	Plant & Equipment	Leasehold Improvements	Remote Indigenous Properties
	2019 \$'000	2019 \$'000	2019 \$'000
Opening balance at the beginning of the period	3 229	2 510	222 793
Acquisitions	164	268	-
Transfer into level 3 ⁽⁶⁾	215	1 677	7 192
Transfer out of level 3 ⁽⁶⁾	-	(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	-	-	-
Carrying amount at the end of the period	2 994	2 272	220 784

⁽⁶⁾ 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's 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 the SA Government budgetary processed to meet the expected cash flows.

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In 2018-19 the Trust received a one-off grant payment of \$602 million, 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 \$240.599 million in 2019-20 (\$124.160 million in 2018-19).

Credit risk

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.

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.

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 (ECL) using the simplified approach in AASB 9. An allowance for doubtful debts and an impairment expense are recognised when there is objective evidence that a receivable is impaired. The Trust assesses its debtors for evidence of impairment on a collective basis according to common risk characteristics of the transactions and the debtors to determine where such evidence exists.

The allowance for doubtful debts is based on an actuarial assessment conducted by the Trust's consulting actuaries Brett & Watson Pty Ltd. They concluded that, in accordance with AASB 9, an appropriate allowance for impairment loss is 63% of debtors at 30 June 2020. The percentage applied in 2019 was 72%.

Brett & Watson Pty Ltd determined the 2020 percentage by analysing customer debtors at 31 March 2020 to estimate the impairment loss due to:

- discounting the cash flow until the date that payment is expected to be received from the debtor. The discount rate applied was 0.63 per cent per annum based on the risk free rate as at 31 May 2020.
- amounts estimated that will not be received based on common risk characteristics of the transaction and the debtor.

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

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
Customer debtors	26,100	63	16,443
Other debtors	917	0	0
Loss allowance	27,017		16,443

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 \$8.136 million 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.

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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 of financial instruments

Category of financial assets and financial liability	Note	2020 Carrying Amount / Fair value \$'000	2020 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial Assets					
Cash and cash equivalents					
Cash and cash equivalents	6.1	108 075	108 075	-	-
Financial assets at amortised cost					
Receivables	6.2	19 355	18 917	-	438
Other financial assets	6.3	803 614	803 614	-	-
Total financial assets		931 044	930 606	-	438
Financial Liabilities					
Financial liabilities at amortised cost					
Payables	7.1	55 591	55 591	-	-
Other liabilities	7.4	2 893	2 589	304	-
Total financial liabilities		58 484	58 180	304	-

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
Financial Assets					
Cash and cash equivalents					
Cash and cash equivalents	6.1	743 852	743 852	-	-
Financial assets at amortised cost					
Receivables	6.2	14 657	14 657	-	-
Other financial assets	6.3	122 371	122 371	-	-
Total financial assets		880 880	880 880	-	-
Financial Liabilities					
Financial liabilities at amortised cost					
Payables	7.1	99 830	99 830	-	-
Other liabilities	7.4	3 082	2 536	546	-
Total financial liabilities		102 912	102 366	546	-

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 2020

	Homelessness Social Impact Bond		HomeStart Community Service Obligations		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered income						
Revenues from SA Government	1 200	1 200	7 256	6 921	8 456	8 121
Total administered income	1 200	1 200	7 256	6 921	8 456	8 121
Administered expenses						
Grants, subsidies and client payments	1 200	1 200	7 256	6 921	8 456	8 121
Total administered expenses	1 200	1 200	7 256	6 921	8 456	8 121
Net result	-	-	-	-	-	-

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 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