DEPARTMENT OF **FAIR TRADING**
NSW Consumer Protection Agency

Annual Report 1999-2000

Volume 2 of 2

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Volume 2 contents

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New South Wales Department of Fair Trading
Parramatta NSW
November 2000

BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

RENTAL BOND BOARD

To Members of the New South Wales Parliament and Members of the Rental Bond Board

Scope

I have audited the accounts of the Rental Bond Board for the year ended 30 June 2000. The Members of the Rental Bond Board are responsible for the financial report consisting of the accompanying balance sheet, income and expenditure statement and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and Members of the Rental Bond Board based on my audit as required by sections 34 and 41C(1) of the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

In addition, other legislative and policy requirements, which could have an impact on the Rental Bond Board's financial report, have been reviewed on a cyclical basis. For this year, the requirements examined comprised compliance with:

- core business activities being in accordance with the *Landlord and Tenant (Rental Bonds) Act 1977*; and
- operation of Special Deposits Account in accordance with *Landlord and Tenant (Rental Bonds) Act 1977*.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Board's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Rental Bond Board complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Rental Bond Board as at 30 June 2000 and the results of its operations and its cash flows for the year then ended.

R HEGARTY, FCPA
DIRECTOR OF AUDIT
(duly authorised by the Auditor-General of New South Wales
under section 41C(1A) of the Act)

SYDNEY
10 October 2000

STATEMENT BY MEMBERS OF THE BOARD

Pursuant to Section 41C of the Public Finance and Audit Act 1983 we declare, on behalf of the Board, tha opinion:-

(1) the accompanying financial statements exhibit a true and fair view of the financial positio Rental Bond Board as at 30 June 2000 and transactions for the period 1 July 1999 to 30 June 2

(2) the statements have been prepared in accordance with the provisions of the Public Finance ar Act 1983, the Public Finance and Audit (General) Regulation 1995 and the Treasurer's Directi

Further, the Members of the Board are not aware of any circumstances which would render any pa included in the financial statements to be misleading or inaccurate.

On behalf of the Board.

D B O'CONNOR, Chairperson

BRIAN WADDINGTON, Member

Dated at Sydney 10 October 2000

RENTAL BOND BOARD

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000

1999 $'000		NOTES	2000 $'000
	Income		
25,366	Interest income	1(c),8	26,674
11	Other revenue		16
25,377	**Total Income**		**26,690**
	Expenditure		
	Administrative Assistance:	1(a),9	
16,661	Operating Expenses		16,486
10,087	Grants and subsidies	9(b)	8,745
172	Carrying amount of assets disposed of		-
367	Other operating expenses	9(a)	372
626	Interest on rental bonds	1(f)	597
-	Loss on sale of investments	5(ii)	129
27,913	**Total Expenditure**		**26,329**
(2,536)	**Operating Surplus/(Deficit)**		**361**
21,905	Accumulated funds at 1 July		19,369
19,369	Accumulated funds at 30 June		**19,730**

THE ACCOMPANYING NOTES FORM PART OF THESE STATEMENTS

RENTAL BOND BOARD

BALANCE SHEET AS AT 30 JUNE 2000

1999 $'000		NOTES	2000 $'000
	ASSETS		
	Current Assets		
12,899	Cash	3	8,137
1,581	Receivables	4	1,387
11,427	Investments	5	17,756
25,907	**Total Current Assets**		**27,280**
	Non Current Assets		
1,036	Investments	5	726
1,036	**Total Non Current Assets**		**726**
26,943	**TOTAL ASSETS**		**28,006**
	LIABILITIES		
	Current Liabilities		
7,574	Creditors and Accrued Charges	7	8,276
7,574	**Total Current Liabilities**		**8,276**
7,574	**TOTAL LIABILITIES**		**8,276**
19,369	**NET ASSETS**		**19,730**
	RETAINED EARNINGS		
19,369	Accumulated funds		19,730
19,369	**TOTAL RETAINED EARNINGS**		**19,730**

THE ACCOMPANYING NOTES FORM PART OF THESE STATEMENTS

RENTAL BOND BOARD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2000

1999 $'000		NOTES	2000 $'000
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Receipts		
23,939	Maturity of investments		595
21,578	Interest received		27,004
35	Other		16
45,552	**Total Receipts**		**27,615**
	Payments		
(503)	Investments		(6,742)
(626)	Payment of interest on bonds		(597)
(17,848)	Trade creditors		(16,293)
(32,587)	Funding programs		(8,745)
(51,564)	**Total Payments**		**(32,377)**
(6,012)	**NET CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES**	12(b)	**(4,762)**
(6,012)	**NET INCREASE/(DECREASE) IN CASH**		(4,762)
18,911	**CASH AT 1 JULY**		12,899
12,899	**CASH AT 30 JUNE**	12(a)	**8,137**

THE ACCOMPANYING NOTES FORM PART OF THESE STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Rental Bond Board as a Reporting Entity comprises all activities under its control. The administrative functions for the Board are performed by the Department of Fair Trading and costs associated with these functions are paid for on an operational basis in relation to activities performed (Note 9).

(b) Basis of Accounting

The financial statements are a general purpose financial report which has been prepared on a going concern, accrual and historical cost basis (except as otherwise stated) in conformity with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Urgent Issues Group Consensus Views, to exhibit a true and fair view of the financial position and transactions of the Board. The financial statements of the Board comply with the provisions of the Public Finance and Audit Act 1983, its regulation and Treasurer's Directions.

(c) Revenue Recognition

Interest revenue is recognised to the extent that it is probable that the economic benefits will flow to the Board and the revenue can be reliably measured, and control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(d) Insurance

A full comprehensive range of insurances covering areas such as Workers Compensation, Motor Vehicles, Fidelity Guarantee, Public Liability, and Industrial Special Risk is carried by the Department of Fair Trading with the Treasury Managed Fund. This coverage extends to the operations of the Rental Bond Board. These insurance covers are reviewed periodically to ensure they are adequate.

(e) Presentation

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year.

(f) Interest Received on Investments and Interest Paid on Rental Bonds

Interest received on investments is deposited into the Rental Bond Interest Account. This account is used to fund the Board's operations, half of the operating costs of the Residential Tenancies Tribunal and certain tenancy support programs. The Board pays interest on rental bonds at the time the bond is refunded. The interest rate paid is linked to the rate paid on non-fixed term savings account balances of $1,000 by the Colonial State Bank. The rate is cumulative six monthly and paid from the Rental Bond Interest Account in accordance with Section 11A and Section 20(2D) of the Landlord and Tenant (Rental Bonds) Act 1977.

(g) Financial Instruments

Financial Instruments give rise to positions that are a financial asset of either the Rental Bond Board or its counterparty and a financial liability (or equity instrument) of the other party. For the Rental Bond Board these include cash, receivables, investments and creditors. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments recorded at cost comprise:

- cash
- receivables
- creditors

Classes of instruments recorded at market value comprise:

- investments

All financial instruments including revenue, expenses or other cash flows arising from instruments are recorded on an accrual basis.

2. YEAR 2000 COMPLIANCE

As a result of significant work carried out by the Department of Fair Trading, the activities of the Rental Bond Board were not impacted by the date change to the year 2000.

3. CURRENT ASSETS - CASH

	2000 $'000	1999 $'000
Cash at Bank	1,009	658
NSW Treasury Corporation Hour-Glass Cash Facility	1,520	1,947
NSW Treasury Corporation Hour-Glass Cash Plus Facility	5,608	10,294
	8,137	12,899

Cash at bank is held with the Commonwealth Bank. Interest is earned on daily bank balances and calculated each month. The applicable interest rate was 5.75% on 30 June 2000 (4.24% 30 June 1999).

4. ASSETS - RECEIVABLES

	2000 $'000	1999 $'000
Items classified as receivables are as follows:		
Accrued Interest	1,228	1,558
Debtors	159	23
	1,387	1,581

5. INVESTMENTS

	2000 $'000	1999 $'000
Current	17,756	11,427
Non-Current	726	1,036
	18,482	12,463

Funds are invested as follows:

NSW Treasury Corporation Hour-Glass Fixed Interest (i)	17,756	11,083
Land and Housing Corporation Joint Venture (ii)	-	344
Rental Property Trust (iii)	-	1
Co-operative Housing Societies (iv)	488	778
Other Housing (v)	238	257
	18,482	12,463

(i) The Board has investments in NSW Treasury Corporation's Hour-Glass Fixed Interest facility. The Board's investment is represented by a number of units of a managed investment pool, with each particular pool having different investment horizons and being comprised of a mix of asset classes appropriate to that investment horizon. NSW Treasury Corporation appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

The investments are generally able to be redeemed with seven days notice (dependent upon the facility). The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the investments represents the Board's share of the value of the underlying assets of the facility and those assets are stated at net fair value, as advised by NSW Treasury Corporation as at 30 June 2000, with an effective interest rate of 6.0% (4.19% 30 June 1999).

(ii) The Land and Housing Corporation Joint Venture was set up between the New South Wales Land and Housing Corporation and the Rental Bond Board, to acquire and develop land for the provision of rental accommodation through the New South Wales Rental Property Trust. The Joint Venture was wound up in 1999/2000, following the sale of the final two units of rental accommodation.

The Joint Venture prepares separate financial statements audited by the Audit Office of New South Wales. Operating losses of the Joint Venture have been attributed to the Rental Bond Board being the financial venturer.

(iii) The Board is responsible in terms of a Subscription Agreement entered into between the Rental Bond Board, Stockland Property Management Ltd. and Permanent Trustee Australia Ltd. on 18 December 1987, to meet establishment costs and to cover any subsequent losses incurred by the Rental Property Trust by subscribing for founder units.

The Board held 1,000 founder units with each unit having an original cost of $1. The Trust was wound up on 30 June 1999 with all assets having been converted to cash. Accordingly, the value of the founder units at 30 June 2000 was nil.

(iv) Funds made available to Co-operative Housing Societies for the purpose of providing low interest housing loans to low income earners were advanced prior to June 1986. Interest rates commenced at a minimum of 5% pa and increased at a rate of 0.5% pa. until the interest rate reached a level 1% pa below the Commonwealth Bank Home Lending Rate. The loan period is 31 years. The Board holds the Certificates of Registration of Charges with respect to these loans.

(v) The Board has made funds available via arrangements with councils and community organisations to provide rental accommodation to low income and retired persons. All legal documents relating to these loans are held by the Department of Housing. Interest rates vary from 7.5% pa to 9.5% pa, with loan periods up to 31 years.

6. RENTAL BONDS

In accordance with Section 8 of the Landlord and Tenant (Rental Bonds) Act 1977, and Regulations to the Act, bonds received by landlords or their agents must be deposited with the Board's Rental Bond Account within seven days of receipt. The Board invests funds from the Rental Bond Account in accordance with Sections 19(3) and 7E(2) of the Landlord and Tenant (Rental Bonds) Act 1977 and the Public Authorities (Financial Arrangements) Act 1987. Interest received on investments is paid into the Rental Bond Interest Account. Funds awaiting disbursement are invested on the short-term money market in accordance with the Board's legislation for periods not exceeding 180 days.

Rental Bond Trust Funds

	2000 $'000	**1999 $'000**
Trust Investments (i)	449,645	414,173
	449,645	414,173
Less: Bank Overdraft	(3,966)	(3,375)
Rental Bonds	445,679	410,798

(i) Rental Bonds are invested as follows:

NSW Treasury Corporation Hour-Glass Facility	380,105	332,281
FANMAC	29,770	40,503
Private Shared Equity Scheme (a)	4,673	6,223
Mortgage Backed Securities (b)	35,097	35,166
	449,645	414,173

(a) The Private Shared Equity Rent/Buy Scheme was established to assist low income tenants and those on the public housing waiting list, to achieve home ownership. The Board initially invested $20 million with a yield of 4% plus the CPI per annum. For the year to 30 June 2000, the return was 5.47% (4.74% - 30 June 1999).

(b) Mortgage Backed Securities are investments made in securitised mortgaged structures, that have a floating rate of interest, tied to the 180-day Bank Bill rate and reset half yearly.

Market Valuation of Rental Bond Investments

Market valuations were obtained on the investments listed below:

		2000 $'000	1999 $'000
NSW Treasury Corporation Hour-Glass Facility	(i)	380,105	332,281
FANMAC	(ii)	30,593	41,707
Private Shared Equity Scheme	(ii)	4,835	6,394
Mortgage Backed Securities	(ii)	35,331	35,340
		450,864	415,722

(i) NSW Treasury Corporation supplies unitised values of its Hour-Glass facilities on a monthly basis. The value at which the Board is carrying this investment is the market value as advised by NSW Treasury Corporation as at 30 June 2000.

(ii) Market values as at 30 June 2000 were either equal to book values or book values plus interest accrued as at 30 June 2000.

7. CREDITORS AND ACCRUED CHARGES

	2000 $'000	1999 $'000
Department of Fair Trading	729	47
Grants (i)	7,500	7,500
Other Accrued Charges	47	27
	8,276	7,574

(i) This represents the balance of funds approved by the Rental Bond Board to be paid to the Department of Urban Affairs and Planning for the affordable housing initiative.

8. INTEREST

	2000 $'000	1999 $'000
Rental Bond Trust Account	26,543	23,347
Amortisation of Premium/Discounts on Trust Account Investments	(1,153)	(1,562)
	25,390	21,785
Rental Bond Interest Account	1,284	3,581
	1,284	3,581
	26,674	25,366

9. EXPENSES

As mentioned in Note 1(a), the Department of Fair Trading has applied an Administrative Assistance Charge for the recovery of expenses that it has incurred on behalf of the Board, ie. associated employee related costs and other operating expenses. Also included in the administrative assistance charge for the year ended 30 June 2000 is an amount of $2,822,356 for the Board's share of capital expenditure ($2,378,186 – 30 June 1999).

	2000 $'000	1999 $'000
(a) Other operating expenses:		
Auditor's remuneration	47	48
Bank charges	288	294
Bad and doubtful debts	5	17
Other Expenses	32	8
	372	367

(b) Grants and Subsidies:

Tenancy Services	10(a)	498	508
Tenants' Advice and Advocacy Program	10(b)	2,382	2,086
Residential Tribunal	10(c)	5,865	7,493
		8,745	10,087

10. GRANTS AND SUBSIDIES

(a) Tenancy Services

Within the framework of the Residential Tenancies Act 1987 and the Retirement Villages Act 1989, the Tenancy Services provides impartial information, mediation and education services to tenants, village residents, landlords, their agents and village management about their rights and obligations under this legislation.

The Rental Bond Board funds Tenancy Services in accordance with the Landlord and Tenant (Rental Bonds) Act 1977.

(b) Tenants' Advice and Advocacy Program

The Tenants' Advice and Advocacy Program was implemented to provide advice, information and advocacy to public and private tenants, and where appropriate to people seeking to become tenants. The service also undertakes community education on the issues of tenants' rights.

The Program is jointly funded by the Department of Fair Trading and the Rental Bond Board in accordance with the Property, Stock and Business Agents Act 1941, and the Landlord and Tenant (Rental Bonds) Act 1977.

(c) Residential Tribunal

From October 1989 the Residential Tribunal has had jurisdiction to determine matters under the Residential Tenancies Act 1987 and the Retirement Villages Act 1989. These matters include requests to terminate tenancy agreements, payment of rental bonds on termination of tenancies, breaches relating to terms of the tenancy agreement and payment of compensation.

The Tribunal is jointly funded by the Department of Fair Trading and the Rental Bond Board.

11. CONTINGENT LIABILITIES

The Rental Bond Board is not aware of any contingent liabilities at the date of this report.

12. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes monies deposited with banks, NSW Treasury Corporation Hourglass 'Cash' and 'Cash Plus' facilities, and cash on hand. The cash figure at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related item Cash in the Balance Sheet as follows:

1999 $'000		2000 $'000
12,899	Cash	8,137
12,899		8,137

(b) Reconciliation of Net Cash Provided by Operating Activities to Operating Surplus

1999 $'000		2000 $'000
(2,536)	**OPERATING SURPLUS/(DEFICIT)**	361
	Increase (Decrease) in Liabilities	
(23,320)	Creditors and accrued charges	702
	(Increase) Decrease in Assets	
18,894	Investments	(6,019)
754	Accrued interest receivable	330
24	Accounts receivable	(136)
	Add:	
172	Loss on disposal of fixed assets	-
(6,012)	**Net Cash Provided by/(Used on) Operating Activities**	**(4,762)**

END OF AUDITED FINANCIAL STATEMENTS

BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

NEW SOUTH WALES LAND AND HOUSING CORPORATION AND RENTAL BOND BOARD JOINT VENTURE

To Members of the New South Wales Parliament and Members of the Joint Venture Management Committee

Scope

I have audited the accounts of the New South Wales Land and Housing Corporation and Rental Bond Board Joint Venture for the period 1 July 1999 to 13 June 2000. The Members of the Joint Venture Management Committee are responsible for the financial report consisting of the accompanying balance sheet, income and expenditure statement and statement of cash flows, together with the notes thereto and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and Members of the Joint Venture Management Committee based on my audit as required by sections 34 and 41C(1) of the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the *Public Finance and Audit Act 1983*, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Joint Venture's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the New South Wales Land and Housing Corporation and Rental Bond Board Joint Venture complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Joint Venture as at 13 June 2000 and the results of its operations and its cash flows for the period then ended.

R HEGARTY, FCPA
DIRECTOR OF AUDIT
(duly authorised by the Auditor-General of New South Wales
under section 41C(1A) of the Act)

SYDNEY
19 October 2000

NEW SOUTH WALES LAND AND HOUSING CORPORATION AND RENTAL BOND BOARD JOINT VENTURE

ADOPTION OF FINANCIAL STATEMENTS 1999/2000

Pursuant to Section 41C of the Public Finance and Audit Act, 1983, we declare on behalf of the Joint Venture Management Committee that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Land and Housing Corporation and Rental Bond Board Joint Venture as at 13 June 2000 and the results of its operation for the period then ended.

2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit (General) Regulation, 1995, and the Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

B Given
A/Chairperson,
Rental Bond Board

W Brailey
A/Chief Financial Officer
NSW Land and Housing Corporation

Dated at Sydney
this 17 October 2000

NEW SOUTH WALES LAND AND HOUSING CORPORATION AND RENTAL BOND BOARD JOINT VENTURE

INCOME AND EXPENDITURE STATEMENT FOR THE PERIOD ENDED 13 JUNE 2000

1998/1999		NOTE	1999/2000
$			$
	Income		
329,000	Sales	7	220,000
32,514	Rental Income		3,792
1,493	Interest and Other Income	8	3,171
363,007			**226,963**
	Expenses		
339,300	Cost of Sales	7	220,000
6,200	Write-Down of Land and Buildings	4	0
21,194	Interest Expenses	9	6,978
11,000	Administration Fee	13	11,000
13,879	Real Estate Agents Fees		6,863
4,507	Council and Water Rates		501
4,686	Maintenance and Repairs		275
5,400	Audit Fee		5,400
376	Bank Charges		106
1,885	Legal Fees		5,056
408,427			**256,179**
(45,420)	**Operating Deficiency**		(29,216)
(53,036)	**Accumulated Deficiency at beginning of reporting period**		**(98,456)**
(98,456)	**Accumulated Deficiency at end of reporting period**	5(b)	**(127,672)**

The Accompanying Notes Form Part Of These Statements.

NEW SOUTH WALES LAND AND HOUSING CORPORATION AND RENTAL BOND BOARD JOINT VENTURE

BALANCE SHEET
AS AT 13 JUNE 2000

30/6/1999		NOTE	13/6/2000
$			$
	CURRENT ASSETS		
28,911	Cash		0
1,927	Receivables and Prepayments	3	0
220,000	Developed Land and Building	2 (b), 4	0
250,838	**TOTAL CURRENT ASSETS**		**0**
250,838	**TOTAL ASSETS**		**0**
	CURRENT LIABILITIES		
343,183	Loans	5	0
6,111	Accrued Expenses	6	0
349,294	**TOTAL CURRENT LIABILITIES**		**0**
349,294	**TOTAL LIABILITIES**		**0**
(98,456)	**NET LIABILITIES**		**0**
	RETAINED EARNINGS		
(98,456)	**Accumulated Deficiency at end of reporting period**	5(b)	**0**

The Accompanying Notes Form Part Of These Statements.

NEW SOUTH WALES LAND AND HOUSING CORPORATION AND RENTAL BOND BOARD JOINT VENTURE

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 13 JUNE 2000

1998/1999		1999/2000	
$		$	$
Inflows (Outflows)			Inflows (Outflows)
	Cash flows from operating activities		
	Payments		
(24,366)	Supplier	(13,405)	
(27,776)	Other	(21,906)	
	Receipts		
329,000	Property Sales	220,000	
33,534	Rent Received	5,511	
1,402	Interest Received	3,378	
311,794	Net cash provided by operating activities (Note 11(b))		**193,578**
	Cash flows from financing activities		
(315,000)	Payments to Rental Bond Board		(222,489)
(315,000)	Net cash provided by financing activities		(222,489)
(3,206)	**Net increase (decrease) in cash held**		**(28,911)**
32,117	Cash at the beginning of reporting period		28,911
28,911	Cash at the end of reporting period (Note 11(a))		**0**

The Accompanying Notes Form Part Of These Statements.

NEW SOUTH WALES LAND AND HOUSING CORPORATION AND RENTAL BOND BOARD JOINT VENTURE

NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE PERIOD ENDED 13 JUNE 2000

1. Principal Activities

On 18 December 1987, a Joint Venture Agreement was entered into between the NSW Land and Housing Corporation and the Rental Bond Board. The purpose of the Joint Venture was to acquire and develop land and to construct residential accommodation suitable for transfer to the Rental Property Trust (a Trust established to raise funds by public subscription to finance the capital required in acquiring properties for private rental).

The Corporation was responsible for the acquisition of land and construction of such residential accommodation and the Board finances the cost of acquisition and construction.

An approval to dispose of these properties in 1993/94 financial year has been obtained from the Minister for Planning and Minister for Housing. (Refer to Note 12).

Variations to the Joint Venture Agreement

The following variations were agreed upon in July, 1989 with retroactive effect to the commencement of the Joint Venture:

(a) All operating profits and losses shall be attributed to the Rental Bond Board being the financial venturer.

(b) The Corporation shall be reimbursed for management and administrative charges based on percentage of acquisition, development and construction costs.

(c) Interest on loan provided by Rental Bond Board is credited to the Board's loan account from commencement of the Joint Venture.

Termination of the Joint Venture

On 13 June 2000, the NSW Land and Housing Corporation and the Rental Bond Board executed an agreement terminating the Joint Venture as at 31 December 1999 (see Note 12).

2. Summary of Accounting Policies

The following summary explains the significant policies that have been adopted in the preparation of the financial statements.

(a) Basis of Accounting

The accounts of the New South Wales Land and Housing Corporation and Rental Bond Board Joint Venture are a general purpose financial report and have been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements, the Public Finance and Audit Act 1983 and the Public Finance

2. Summary of Accounting Policies- (Cont'd)

and Audit (General) Regulation 1995. The accounts have been prepared on an accrual accounting basis using the historical cost convention except as otherwise stated.

(b) Valuation - Developed Land and Building

Developed land and buildings values are based on their realisable value as at 30 June 1999 (see Note 4).

Land and buildings are registered in the name of NSW Land and Housing Corporation. Legal title is transferred to the Joint Venture in such manner and in such times as the Joint Venturers may agree.

(c) Revenue Recognition

The Joint Venture recognises revenue from Sale of goods and services and rent if all the following conditions are met:

a) an agreement exists between the Joint Venture and one or more parties external to the Joint Venture supporting the provision of goods and services;
b) cash has been received, or the agency has a valid claim against an external party or parties that is for a specified consideration in the form of cash, other assets or a reduction in a liability and cannot be avoided without incurring a penalty large enough to deter avoidance;
c) all acts of performance necessary to establish a valid claim have been completed and
d) it is possible to estimate reliably the collectability of debts or the return of the goods sold.

Interest revenue is recognised to the extent that it is probable that the economic benefits will flow to the Joint Venture and the revenue can be reliably measured, and control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(d) Financial Instruments

Financial Instruments give rise to positions that are a financial asset of either the Joint Venture or its counterparty and a financial liability (or equity instrument) of the other party. For the Joint Venture these include cash, receivables and creditors. The specific accounting policy in respect of each class of such financial instrument is stated hereunder. Due to the termination of the Joint Venture, there are no longer any financial instruments within the Joint Venture.

All financial instruments including revenue, expenses or other cash flows arising from instruments are recorded on an accrual basis.

(e) Going Concern

Due to the termination of the Joint Venture, this financial report has not been prepared on a going concern basis.

3. Receivables and Prepayments

	1999/2000 $	1998/1999 $
Rent	-	1,720
Other	-	207
	-	1,927

Due to the termination of the Joint Venture, as at 31 December 1999, no new receivables and no new prepayments exist.

4. Developed Land and Building

Cost of developed land and building comprised:

	1999/2000 $	1998/1999 $
Purchase price	6,203,000	6,203,000
Construction payments	16,106,013	16,106,013
Capitalised interest	4,238,227	4,238,227
Administration and other costs	109,935	109,935
	26,657,175	26,657,175
Less: Write down in asset value	551,875	551,875
	26,105,300	26,105,300
Less: Cost of properties sold (See Note 7)	26,105,300	25,885,300
	-	220,000

A benchmark valuation of the 14 projects showed a market value of $20,092,500 as at 30 June 1991. In line with the requirements of AAS2 - "Inventories", Developed Land and Buildings were written down by $6,564,675 to reflect their realisable value at that date. A Valuer General's assessment of the 14 projects obtained as at 30 June 1993 showed an upward movement in the realisable value to $26,111,500. Adjustments were made in the accounts at that date to reflect such upward market movement in the asset value. Further valuations by the Valuer-General's Office on the remaining properties were obtained as at 30 June 1995. These valuations did not reflect any material change in the market value of the properties and, as a consequence, no adjustment was made to the carrying value of Developed Land and Buildings.

As at 30 June 1999, two properties remained. Offers were received at $110,000 on each of these two properties in the last week of June 1999. The valuation for these properties was therefore adjusted to reflect their realisable value which resulted in a total write-down of $6,200 or $3,100 each.

As at 13 June 2000, both properties were sold at $110,000 each (Lot 25 settled 27/8/1999 and Lot 22 settled 8/10/1999).

5. Loans Payable

(a) Loan - Rental Bond Board

	1999/2000	1998/1999
	$	$
Balance at beginning of the reporting period	343,183	636,989
Add: Interest for the period at 4% per annum credited to loan account (1/7-31/12/1999 for current period)	6,978	21,194
	350,161	658,183
Deduct:		
Repayments	(222,489)	(315,000)
Debt forgiven by RBB (see note 5 (b))	(127,672)	-
Balance at end of the reporting period	-	343,183

Repayments are made to the Rental Bond Board when there is sufficient cash to permit the Joint Venture to meet its operating financial obligations. When the Joint Venture was terminated, the outstanding loan balance was forgiven by the Rental Bond Board, which (as financier) accepted all financial risks and has exclusive rights to any capital gains/losses.

Due to the termination of the Joint Venture as at 31 December 1999, no further interest was credited to the loan.

(b) Debt Forgiven by the Rental Bond Board

In the termination agreement between Land and Housing Corporation and the Board, the Board agreed that all operating profits and losses for the Joint Venture are to be attributed to the Board.

This means that the Board has forgiven the Joint Venture its debt. This forgiveness is reflected by an adjustment to equity and the Loan account in the Balance Sheet.

6. Accrued Expenses

	1999/2000	1998/1999
	$	$
Audit fees	-	5,400
Owner's Corporation Levy	-	274
Bank account charges	-	100
Stockland management fees	-	105
Water usage charges	-	106
Real Estate Management Fee/Maintenance	-	126
	-	6,111

Due to the termination of the Joint Venture, as at 31 December 1999, no new expenses were accrued.

7. Sales and Cost of Sales

The last 2 townhouses were sold during the period ended 13 June 2000 (3 in 1998/99). Cost of Sales are based on revaluation figures at 30 June 1999. These figures give an average cost per property of $110,000.

Property at 9 Birmingham Rd Penrith	Sales	Cost
Lot 22	$110,000	$110,000
Lot 25	$110,000	$110,000
	$220,000	$220,000

8. Interest and Other Income

This comprises of interest earned on the current bank account.

9. Interest Expenses

	1999/2000 $	1998/1999 $
Comprised of:		
Interest on Loan - Rental Bond Board (See Note 5)	6,978	21,194

10. Commitment for Expenditure

The Joint Venture has no commitment under formal contract as at 13 June 2000 as all construction in progress had been completed.

11. Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash represents cash at bank. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the following item in the balance sheet:

	1999/2000 $	1998/1999 $
Cash	-	28,911

11. Statement of Cash Flows - (Cont'd)

(b) Reconciliation of Net Cash used in Operating Activities to Operating Result

	1999/2000 $	1998/1999 $
Operating Deficiency	(29,216)	(45,420)
Less:		
Interest on loan account added to Principal amount	6,978	21,194
Changes in assets and liabilities		
Increase/(Decrease) in accrued expenses	(6,111)	(10,756)
Decrease in receivables	1,927	1,276
Decrease in Developed Land and Building	220,000	345,500
Net cash provided by operating activities	193,578	311,794

12. Termination of the Joint Venture

On 24 June, 1993, the Minister for Planning and Minister for Housing approved the termination of the Joint Venture Agreement between the Rental Bond Board and the N.S.W. Land and Housing Corporation. The remaining 2 dwellings were sold during 1999/2000 (1998/99: 3).

The NSW Land and Housing Corporation and the Rental Bond Board agreed on 13 June 2000 to terminate the Joint Venture as at 31 December 1999. The Joint Venture was terminated by the execution of an "Agreement to Terminate" subject to clauses 2.2, 4.1 (as amended) and 4.2 of the original Agreement remaining in force (clause 3.2).

13. Administration Fee

An administration fee of $11,000 was paid by the Joint Venture for administrative assistance received from the Department of Fair Trading during the reporting period.

END OF AUDITED FINANCIAL STATEMENTS

BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

FAIR TRADING ADMINISTRATION CORPORATION

To Members of the New South Wales Parliament and Director-General of the Department of Fair Trading

Scope

I have audited the accounts of the Fair Trading Administration Corporation for the year ended 30 June 2000. The Director-General is responsible for the financial report consisting of the accompanying balance sheet, income and expenditure statement and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and the Director-General based on my audit as required by sections 34 and 41C(1) of the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

In addition, other legislative and policy requirements, which could have an impact on the Corporation's financial report, have been reviewed on a cyclical basis. For this year, the requirements examined comprised compliance with:

- core business activities being in accordance with the *Home Building Act 1989*;
- operation of any Special Deposits Accounts required being in terms of the *Home Building Act 1989*.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the *Public Finance and Audit Act 1983*, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Corporation's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Fair Trading Administration Corporation complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Fair Trading Administration Corporation as at 30 June 2000 and the results of its operations and its cash flows for the year then ended.

R.J.HEGARTY, FCPA
DIRECTOR OF AUDIT
(duly authorised by the Auditor-General of New South Wales
under section 41C(1A) of the Act)

SYDNEY
19 October 2000

STATEMENT BY DIRECTOR-GENERAL

Pursuant to Section 41C of the Public Finance and Audit Act 1983 I declare, on behalf of the Corporation, that in my opinion:-

(1) the accompanying financial statements exhibit a true and fair view of the financial position of the Fair Trading Administration Corporation as at 30 June 2000 and transactions for the period 1 July 1999 to 30 June 2000;

(2) the statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Public Finance and Audit (General) Regulation 1995 and the Treasurer's Directions.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Corporation

D B O'CONNOR,
Director-General, Department of Fair Trading

Dated at Sydney
16 October 2000

FAIR TRADING ADMINISTRATION CORPORATION

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000

1999 $'000		NOTES	2000 $'000
	Income		
2,153	Investment Income		775
59	Other Revenue		126
2,212	**Total Income**		**901**
	Expenditure		
12,102	Administrative Assistance: Operating Expenses	1(a),9	7,733
1,015	Other Operating Expenses	9	1,417
(5,957)	Net Insurance Claims and Provisions	9	(2,095)
7,160	**Total Expenditure**		**7,055**
4,948	**Operating Deficit**		**6,154**
49,142	Accumulated Deficiency at 1 July		54,090
54,090	**Accumulated Deficiency at 30 June**		**60,245**

THE ACCOMPANYING NOTES FORM PART OF THESE STATEMENTS

FAIR TRADING ADMINISTRATION CORPORATION

BALANCE SHEET AS AT 30 JUNE 2000

1999 $'000		NOTES	2000 $'000
	ASSETS		
	Current Assets		
2,984	Cash	1(e),3	7,470
4,361	Receivables	4	2,460
29,825	Investments	1(e),5	-
37,170	**Total Current Assets**		**9,930**
	Non Current Assets		
765	Receivables	6	640
765	**Total Non Current Assets**		**640**
37,935	**TOTAL ASSETS**		**10,570**
	LIABILITIES		
	Current Liabilities		
1,039	Creditors and Accrued Charges	7	292
10,914	Outstanding Claims	8	9,455
10,684	Admin Costs- Outstanding Claims	8	5,779
22,637	**Total Current Liabilities**		**15,526**
	Non Current Liabilities		
41,380	Outstanding Claims	8	36,500
28,008	Admin Costs- Outstanding Claims	8	18,788
69,388	**Total Non Current Liabilities**		**55,288**
92,025	**TOTAL LIABILITIES**		**70,814**
54,090	**NET LIABILITIES**		**60,244**
54,090	**ACCUMULATED DEFICIENCY**		**60,244**

THE ACCOMPANYING NOTES FORM PART OF THESE STATEMENTS

FAIR TRADING ADMINISTRATION CORPORATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2000

1999 $'000		NOTES	2000 $'000
	CASH FLOWS FROM OPERATING ACTIVITIES		
(33,849)	Operating and Insurance Claims expenses		(28,588)
112	License Fees, Premiums and Miscellaneous Income		2,460
2,175	Interest Received		788
(31,562)	**NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES**	11(b)	**(25,340)**
(31,562)	**NET INCREASE/(DECREASE) IN CASH**		(25,340)
64,371	**CASH AS AT 1 JULY**		32,809
32,809	**CASH AT 30 JUNE**	11(a)	**7,469**

THE ACCOMPANYING NOTES FORM PART OF THESE STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Fair Trading Administration Corporation is a Reporting Entity established under the Home Building Act 1989. The administrative functions for the Corporation are performed by the Department of Fair Trading and costs associated with these functions are paid for on an operational basis in relation to activities performed. Refer Note 9.

(b) Basis of Accounting

The financial statements are a general purpose financial report which has been prepared on a going concern, accrual and historical cost basis (except for investments which are recorded at net market value) in conformity with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Urgent Issues Group Consensus Views, to exhibit a true and fair view of the financial position and transactions of the Corporation. The financial statements of the Corporation comply with the provisions of the Public Finance and Audit Act 1983, its regulation and Treasurer's Directions.

(c) Insurance

A full comprehensive range of insurances covering areas such as Workers Compensation, Motor Vehicles, Fidelity Guarantee, Public Liability, and Industrial Special Risk is carried by the Department of Fair Trading with the Treasury Managed Fund. This coverage extends to the operations of the Fair Trading Administration Corporation. These insurance covers are reviewed periodically to ensure they are adequate.

(d) Presentation

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency

(e) Financial Instruments

Financial Instruments give rise to positions that are a financial asset of either the Fair Trading Administration Corporation or its counterparty and a financial liability (or equity instrument) of the other party. For the Fair Trading Administration Corporation these include cash, receivables, investments and creditors. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments recorded at cost comprise:

- cash
- receivables
- creditors

All financial instruments including revenue, expenses or other cash flows arising from instruments are recorded on an accrual basis.

(f) Revenue Recognition

Interest revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured, and control of a right to receive consideration for the provision of, or investment in, assets has been attained.

2. YEAR 2000 COMPLIANCE

As a result of significant work carried out by the Department of Fair Trading, the activities of the Fair Trading Administration Corporation were not impacted by the date change to the year 2000.

3. CURRENT ASSETS - CASH

	2000 $'000	1999 $'000
Cash at Bank	1,787	1,371
NSW Treasury Corporation Hour-Glass Cash Facility	81	1,613
NSW Treasury Corporation Hour-Glass Cash Plus Facility	5,601	-
	7,469	**2,984**

Cash at bank represents the ledger balance of the Corporation's account with the ANZ Banking Group Ltd and funds deposited in NSW Treasury Corporation's Hour-Glass Cash and Cash Plus facilities. Cash at bank is held within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation 11am unofficial cash rate adjusted for a management fee to Treasury. This rate was 5.00% on 30 June 2000 (1999 3.79%). For the year ending 30 June 2000, the average interest rate on deposits in the Hour-Glass Cash facility was 6.48% (1999 5.04%) and the average interest rate on deposits in the Hour-Glass Cash Plus facility was 5.17%.

An amount of $101,392.28 was held in the Home Building Trust Account as at 30 June 2000. This account was established under the provisions of Section 114 of the Home Building Act 1989. Funds may be paid into this account where there is a dispute between a contractor and the client. These funds are not an asset of the Corporation and therefore are not included in the Balance Sheet.

4. CURRENT ASSETS - RECEIVABLES

	2000 $'000	1999 $'000
Gross Claim Debtors	65,901	61,080
Less: Reinsurers Portion	(715)	(3,491)
Claim Recovery Debtors	65,186	57,589
Less: Provision for Doubtful Debts	(63,883)	(56,367)
	1,303	1,222
Insurance Underwriters	705	2,927
Determination Penalties	267	275
Less: Provision for Doubtful Debts	(261)	(270)
	6	5
Master Builders Association (Refer Note 6)	163	150
Accrued Income	283	57
	2,460	**4,361**

(a) Claim Recovery Debtors

Section 98 of the Home Building Act 1989 provides that the Corporation may recover claims paid under the Corporation's various insurance schemes

From 1 January 1994, the policy of the Corporation has been to seek recovery of all insurance claim payments, exceptions being where the claim did not arise from any fault on behalf of the contractor who carried out the work. Each insurance file is individually reviewed and assessed for recovery prospects at which time a decision is taken to either continue with recovery or alternatively write the debt off as irrecoverable as in the case of bankruptcies, liquidations etc.

Under quota share reinsurance agreements, amounts recovered, as well as expenditure incurred in connection therewith, are apportioned between the Corporation and the reinsurers according to the percentage of risk underwritten.

As at 30 June 2000 the total of claim debts which were subject to recovery action was $65,901,000 (1998/99 $61,080,000). The Corporation's portion of this amount has been assessed at $65,186,000 (1998/99 $57,589,000).

(b) Doubtful Debts for Claim Recovery Debtors

Provision for Doubtful Debts has been assessed at 98 percent of Claim Recovery Debtors. This assessment is based on recent experience in relation to claim recoveries.

(c) Credit Risk

The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors.

5. INVESTMENTS

	2000 $'000	1999 $'000
Hour-Glass Fixed Interest Facility	-	**29,825**

Funds previously invested in Hour-Glass Fixed Interest Facility have been transferred to Hour-Glass Cash and Cash Plus Facilities and are classified as Cash in the Balance Sheet. (See Note 3.)

6. NON CURRENT RECEIVABLES

Master Builders Association	**640**	**765**

This amount represents the settlement sum arising from a dispute between the former Building Services Corporation and the Master Builders Association (MBA) of New South Wales. Conditions of settlement, reached on 15 February 1993, included payment by the MBA of a settlement sum of $1.5 million by instalments over eleven years. Payments received to date total $697,500. An amount of $162,500 has been included under Current Receivables with the balance of $640,000 shown as Non Current Receivables.

7. CREDITORS AND ACCRUED CHARGES

Amounts owed to the Department of Fair Trading	5	622
Other Creditors	287	417
	292	**1,039**

8. PROVISIONS

Current liabilities		
Outstanding claims	9,455	10,914
Administrative cost - outstanding claims	5,779	10,684
	15,234	**21,598**
Non current liabilities		
Outstanding claims	36,500	41,380
Administrative cost - outstanding claims	18,788	28,008
	55,288	**69,388**

An Actuarial Review of the Outstanding Claim Liability arising from the Corporation's Insurance activities was undertaken by Trowbridge Consulting as at 30 June 2000.

The economic assumptions used by the Actuary in their valuation for 1999/2000 are:

Market Interest Rate	6.0% per annum	(1998/99 6.0%)
Allowance for CPI	3.0% per annum	(1998/99 3.0%)
Superimposed inflation	5.0% per annum	(1998/99 5.0%)

On 16 November 1999, the Department of Fair Trading received a "Letter of Comfort" from NSW Treasury in regard to the Fair Trading Administration Corporation. Treasury has issued a guarantee to fund any shortfall in respect of any payments associated with the Corporation's Statutory Insurance. The Treasury's guarantee can be expected to be called upon during the 2000/2001 financial year.

The provisions for outstanding claims liability as at 30 June 2000 also include $4,500,000 (1998/99 - $4,500,000) which has been set aside to cover the risk exposure which has arisen from the decision to discontinue with Stop Loss Insurance cover. The former Building Services Corporation made that decision in January 1993 and carries the full risk of insurance written since 1 February 1993.

With the creation of the Fair Trading Administration Corporation on 1 May 1997, the insurance schemes were privatised and are now underwritten by private insurers. As a result, the Fair Trading Administration Corporation is only responsible for the run-off of claims under the schemes.

9. EXPENSES

As mentioned in Note 1(a) the Department of Fair Trading has applied an Administrative Service Charge for the recovery of those expenses it has incurred on behalf of the Fair Trading Administration Corporation.

		2000	1999
(a)	**Other operating expenses:**	**$'000**	**$'000**
	Auditor's Remuneration	46	50
	Bank Charges	40	29
	Fees for Service	1,270	896
	Refund of Insurance Premiums	61	40
		1,417	**1,015**

(b) Insurance Claims and Provisions

Claims Paid	20,402	19,226
Less: Claims Subject to Recovery	(20,006)	(15,575)
Add: Increase/(Decrease) in Provision for		
Outstanding Claims	(20,464)	(22,530)
Increase in Provision for Doubtful Debts	7,507	6,556
Bad Debts	10,461	6,173
Ex-Gratia Payments	5	193
	(2,095)	**(5,957)**

10. CONTINGENT LIABILITIES

The Corporation is currently involved in a legal case, where it is estimated that costs may total $100,000.

The Corporation currently has a number of cases (approximately 900) with its three legal service providers. The providers estimate that the Corporation's total legal costs are approximately $10.814 million, based on the assumption that the Corporation is unsuccessful and is required to pay both its own costs and those of the Defendant. The Corporation does not proceed with cases unless it is confident of gaining a favourable outcome.

Management is of the view that, while it will always have to pay its own fees, it is unlikely to lose all its proceedings.

11. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows cash includes monies deposited with banks and Hour-Glass facilities.

The cash figure at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the items Cash and Investments in the Balance Sheet as follows:-

	2000	**1999**
	$'000	**$'000**
Cash	7,469	2,984
Investments	-	29,825
	7,469	**32,809**

(b) Reconciliation of Net Cash Provided by/(Used in) Operating Activities to Operating Deficit

OPERATING DEFICIT	**(6,154)**	**(4,948)**
Changes in Assets and Liabilities:		
(Increase)/Decrease in debtors	(5,482)	(6,662)
Increase/(Decrease) in doubtful debt provision	7,507	6,556
Increase/(Decrease) in provision for outstanding claims	(20,464)	(22,530)
Increase/(Decrease) in creditors and accruals	(747)	(3,978)
Net Cash Used in Operating Activities	**(25,340)**	**(31,562)**

END OF AUDITED FINANCIAL STATEMENTS

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NSW Consumer Protection Agency

phone 13 32 20

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Specialist Services

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Tenancy Inquiries	9377 9100	
	1800 451 301	
	9377 9099	*(*TTY)*
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* Telephone service for the hearing impaired.

Language assistance

Ring the telephone interpreting service on 13 14 50 and ask for an interpreter in your language. The interpreter can then contact the Department of Fair Trading.

Web site ..... **www.fairtrading.nsw.gov.au**

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November 2000