



Government of Western Australia  
Department of Communities



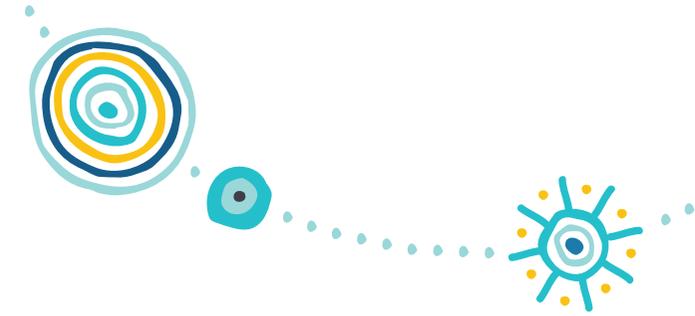
# Housing Authority

# 2017–18

## Annual Report







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# Statement of compliance



**Hon Peter Tinley AM MLA**  
Minister for Housing

For the year ended 30 June 2018.

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the annual report of the Housing Authority for the financial year ending 30 June 2018.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

A handwritten signature in black ink, appearing to read 'Grahame Searle'.

**Grahame Searle**  
Chief Executive Officer  
Accountable Authority

19 September 2018

## Accessibility statement

This annual report has been designed and written to make it accessible to as many people as possible. This has made the report larger than usual, but ensures that people with vision impairment and people who use screen readers are able to read it. The report is also available online in two formats – PDF and Word. This report can be provided in other formats that can be requested at any time.

## Acknowledgement of country and peoples

We acknowledge the Aboriginal and Torres Strait Islander peoples as traditional custodians of this land and pay respect to Elders past, present and future.

## Contact details

### Department of Communities

 <b>Address</b> 189 Royal Street East Perth WA 6004	 <b>Telephone</b> 08 6217 6888	 <b>Email</b> enquiries@communities.wa.gov.au	 If you are deaf or have a hearing or speech impairment, contact us through the National Relay Service. For more information visit <a href="http://www.relayservices.gov.au">www.relayservices.gov.au</a> .
 <b>PO Address</b> PO Box 6334 East Perth WA 6892	 <b>Country free call</b> 1800 176 888	 <b>Website</b> <a href="http://www.communities.wa.gov.au">www.communities.wa.gov.au</a>	
		 <b>Translating and Interpreting Service (TIS) – Telephone</b> 13 14 50	



# Overview

## Executive summary

In 2017, the Premier of Western Australia announced a series of machinery of government changes to the public sector, commencing with the amalgamation of a number of government departments. As a result of the changes, the Housing Authority joined the Department of Communities on 1 July 2017, along with several other existing agencies and their components, including:

- Department for Child Protection and Family Support
- Disability Services Commission
- The communities component of the Department of Local Government and Communities
- Regional Services Reform Unit
- The regional coordination and engagement component of the former Department of Aboriginal Affairs.

At the creation of the Department of Communities, the staff of the Housing Authority were transferred to the new department.

The Housing Authority has specific reporting requirements in accordance with the *Financial Management Act 2006*, which are contained in this report. All other information for the financial year is contained in the Department of Communities' Annual Report for 2017-18.

# Operational structure

## Responsible Minister

The Hon Peter Tinley AM MLA, Minister for Housing.

## Enabling legislation

The Housing Authority is a statutory authority established under the *Housing Act 1980* to provide and improve housing and accommodation in Western Australia. The Housing Authority also provides housing for State Government employees through administration of the *Government Employees' Housing Act 1964*.

## Administered legislation

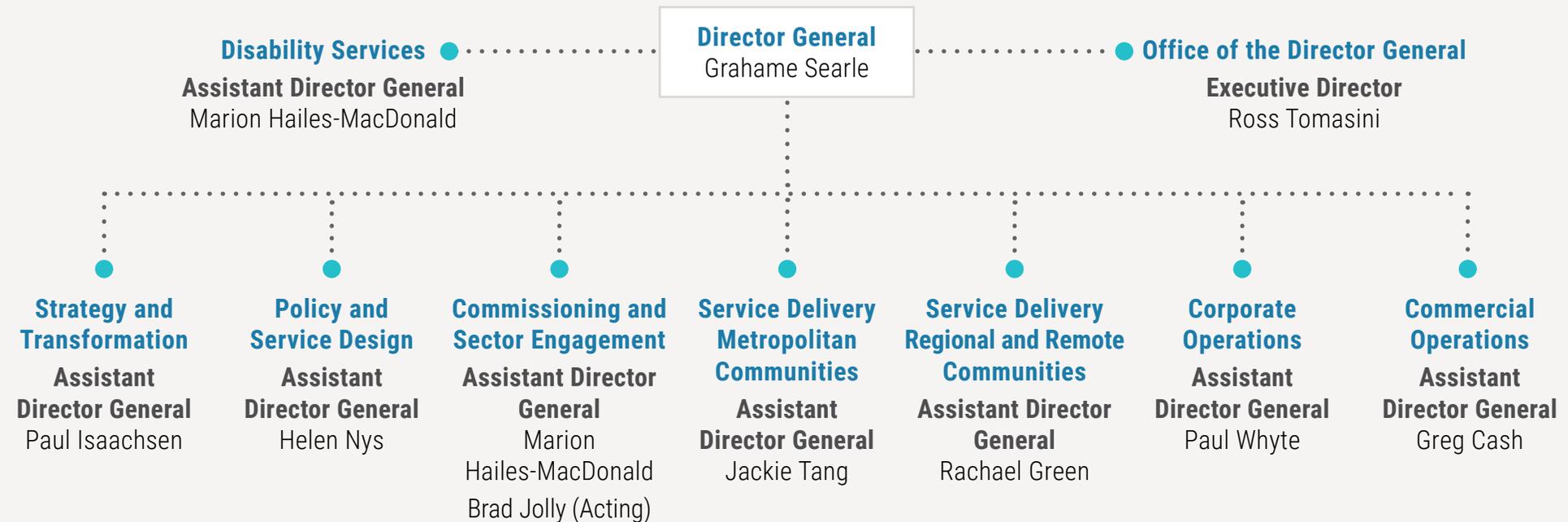
The Housing Authority assists the Minister for Housing to administer the following Acts:

- *Country Housing Act 1998*
- *Government Employees' Housing Act 1964*
- *Housing Act 1980*.

The positions of Chief Executive Officer of the Housing Authority and Director General of the Department of Communities were held by the same officer, Grahame Searle.

The Chief Executive Officer uses the resources of the Department of Communities to perform the Housing Authority's functions.

## Department of Communities Corporate Structure





# Agency performance

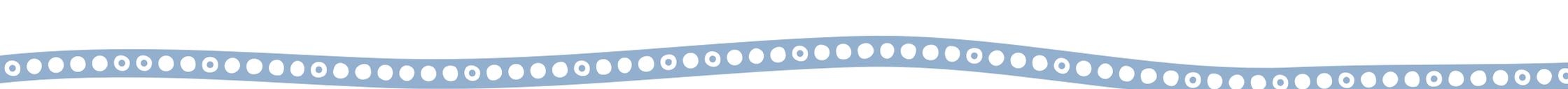
## Report on operations

The activities of the Housing Authority have been reported in the Department of Communities' Annual Report for 2017-18.



# Significant issues impacting the agency

The significant issues impacting the Housing Authority have been reported in the Department of Communities' Annual Report for 2017-18.



# Disclosures and legal compliance

## Performance management framework

This is reported in the Department of Communities' Annual Report for 2017-18.

## Resource Agreement summary

This is reported in the Department of Communities' Annual Report for 2017-18.

# Auditor General's opinion



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### HOUSING AUTHORITY

### Report on the Financial Statements

#### **Opinion**

I have audited the financial statements of the Housing Authority (the Authority) and its controlled entities (collectively the Group), which comprise the Statements of Financial Position as at 30 June 2018, the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Authority and the Group for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Authority and the Group for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

#### **Basis for Opinion**

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibility of the Chief Executive Officer for the Financial Statements**

The Chief Executive Officer is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Group.

**Auditor's Responsibility for the Audit of the Financial Statements**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer.
- Conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the Chief Executive Officer regarding, 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 my audit.

### **Report on Controls**

#### ***Opinion***

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Housing Authority. The controls exercised by the Authority are those policies and procedures established by the Chief Executive Officer to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Housing Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

#### ***The Chief Executive Officer's Responsibilities***

The Chief Executive Officer is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

#### ***Auditor General's Responsibilities***

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls.

The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

**Limitations of Controls**

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

**Report on the Key Performance Indicators****Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of the Housing Authority for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Housing Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2018.

**The Chief Executive Officer's Responsibility for the Key Performance Indicators**

The Chief Executive Officer is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Chief Executive Officer determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Chief Executive Officer is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

**Auditor General's Responsibility**

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

**My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements of the Authority and the Group and key performance indicators of the Housing Authority for the year ended 30 June 2018 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



CAROLINE SPENCER  
AUDITOR GENERAL  
FOR WESTERN AUSTRALIA  
Perth, Western Australia  
25 September 2018

# Financial statements

## Certification of financial statements

For the reporting period ended 30 June 2018

The accompanying financial statements of the Housing Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2018 and the financial position as at 30 June 2018.

At the date of signing we are not aware of any circumstances that would render the particulars included within the financial statements misleading or inaccurate.



**Liam Carren**  
Chief Financial Officer

13 September 2018



**Grahame Searle**  
Chief Executive Officer  
Accountable Authority

13 September 2018

## The Housing Authority and controlled entities statement of comprehensive income for the year ended 30 June 2018

	Note	Consolidated		Parent	
		Restated*		Restated*	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Income</b>					
Sales	7	248,123	301,411	247,228	299,272
Rental revenue	8	400,639	395,841	400,639	395,841
Commonwealth grants and contributions	9	164,983	173,118	164,983	173,118
Interest revenue	10	185,746	180,450	91,162	82,856
Other gains	11	46,261	21,705	106,632	89,946
<b>Total income</b>		<b>1,045,752</b>	<b>1,072,525</b>	<b>1,010,644</b>	<b>1,041,033</b>
<b>Expenses</b>					
Cost of sales	3,7	177,880	166,820	176,708	164,458
Rental expenses	13	358,712	353,050	358,712	353,050
Community support expense	14	165,683	125,295	165,683	125,295
Employee benefits expense	15	169,051	146,765	168,569	146,209
Supplies and services	16	32,263	34,344	27,904	29,641
Depreciation & amortisation expense	17	134,932	144,461	133,815	143,368
Finance costs	18	131,049	126,505	131,044	126,502
Accommodation expenses	19	14,451	12,604	13,632	11,903
Loss on disposal of non-current assets	12	35,754	20,008	35,754	20,008
Other expenses	20	183,655	177,129	155,632	172,017
<b>Total expenses</b>		<b>1,403,430</b>	<b>1,306,981</b>	<b>1,367,453</b>	<b>1,292,451</b>
Loss before grants and subsidies from State Government		(357,678)	(234,456)	(356,809)	(251,418)
Grants and subsidies from State Government	9	68,892	70,310	68,892	70,310
<b>Gain (loss) for the period</b>		<b>(288,786)</b>	<b>(164,146)</b>	<b>(287,917)</b>	<b>(181,108)</b>
<b>Other comprehensive income</b>					
Changes in asset revaluation surplus	41	(771,709)	(1,035,240)	(771,706)	(1,035,236)
<b>Total other comprehensive income</b>		<b>(771,709)</b>	<b>(1,035,240)</b>	<b>(771,706)</b>	<b>(1,035,236)</b>
<b>Profit (loss) attributable to:</b>					
Consolidated entity		(288,674)	(163,804)	-	-
Non-controlling interest	49	(112)	(342)	-	-
		(288,786)	(164,146)	-	-
<b>Total comprehensive income attributable to:</b>					
Consolidated entity		(1,060,383)	(1,199,044)	-	-
Non-controlling interest	49	(112)	(342)	-	-
		(1,060,495)	(1,199,386)	-	-
<b>Total comprehensive income for the period</b>		<b>(1,060,495)</b>	<b>(1,199,386)</b>	<b>(1,059,623)</b>	<b>(1,216,344)</b>

\* Refer to Note 3 for restatement

Refer Note 6 'Schedule of income and expenses by service'

The statement of comprehensive income should be read in conjunction with the accompanying notes.

## The Housing Authority and controlled entities statement of financial position as at 30 June 2018

	Note	Consolidated		Parent	
		Restated*		Restated*	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	21	239,890	212,675	225,497	198,409
Restricted cash and cash equivalents	21	48,895	89,026	48,895	89,026
Inventories	22	377,660	417,759	369,215	408,442
Loans and receivables	23	612,843	583,443	163,003	183,855
Other current assets	25	26,473	16,335	38,251	24,390
Non-current assets classified as held for sale	26	21,677	23,366	21,677	23,366
Other financial assets	27	229,964	210,063	-	-
<b>Total current assets</b>		<b>1,557,402</b>	<b>1,552,667</b>	<b>866,538</b>	<b>927,488</b>
<b>Non-current assets</b>					
Inventories	22	594,846	567,505	583,635	556,336
Loans and receivables	23	3,466,914	2,892,649	3,955,148	3,326,336
Other financial assets	27	24	24	17,743	17,743
Rental properties	28	11,024,536	11,734,060	11,024,536	11,734,060
Community housing properties	29	718,059	838,644	718,059	838,644
Shared equity properties	30	525,035	569,442	525,035	569,442
Other properties	31	79,830	98,071	79,830	98,073
Plant & equipment	32	3,122	4,727	2,048	3,352
Buildings under construction	33	10,031	40,037	10,031	40,037
Intangible assets	35	23,027	32,668	21,767	31,058
<b>Total non-current assets</b>		<b>16,445,424</b>	<b>16,777,827</b>	<b>16,937,832</b>	<b>17,215,081</b>
<b>Total assets</b>		<b>18,002,826</b>	<b>18,330,494</b>	<b>17,804,370</b>	<b>18,142,569</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	36	29,365	34,773	29,248	34,628
Borrowings	37	304,154	134,359	304,154	134,359
Provisions	38	5,876	54,200	5,876	54,200
Other current liabilities	39	39,825	36,888	31,803	27,476
<b>Total current liabilities</b>		<b>379,220</b>	<b>260,220</b>	<b>371,081</b>	<b>250,663</b>

	Note	Consolidated		Parent	
		Restated*		Restated*	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Non-current liabilities</b>					
Payables	36	24	554	24	554
Borrowings	37	4,783,610	4,370,846	4,783,610	4,370,846
Provisions	38	4,335	11,722	4,335	11,722
<b>Total non-current liabilities</b>		<b>4,787,969</b>	<b>4,383,122</b>	<b>4,787,969</b>	<b>4,383,122</b>
<b>Total liabilities</b>		<b>5,167,189</b>	<b>4,643,342</b>	<b>5,159,050</b>	<b>4,633,785</b>
<b>Net assets</b>		<b>12,835,637</b>	<b>13,687,152</b>	<b>12,645,320</b>	<b>13,508,784</b>
<b>Equity</b>					
Contributed equity	40	2,458,937	2,397,866	2,461,703	2,413,450
Reserves	41	7,436,369	8,208,078	7,435,648	8,207,354
Retained earnings	42	2,939,043	3,079,808	2,747,969	2,887,980
<b>Total equity attributable to the consolidated entity</b>		<b>12,834,349</b>	<b>13,685,752</b>	<b>12,645,320</b>	<b>13,508,784</b>
Non-controlling interest	49	1,288	1,400	-	-
<b>Total equity</b>		<b>12,835,637</b>	<b>13,687,152</b>	<b>12,645,320</b>	<b>13,508,784</b>

\* Refer to Note 3 for restatement

The statement of financial position should be read in conjunction with the accompanying notes.

## The Housing Authority and controlled entities statement of changes in equity for the year ended 30 June 2018

	Note	Consolidated		Parent	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Balance of equity at start of period</b>		13,685,752	14,731,964	13,508,784	14,542,536
<b>Contributed equity</b>	40				
Balance at start of period		2,397,866	2,349,485	2,413,450	2,335,305
Transactions with owners in their capacity as owners:					
Capital contribution		72,963	2,700	60,145	32,464
Other contributions by owner		8,132	45,681	8,132	45,681
Distributions to owners		(20,024)	-	(20,024)	-
<b>Balance at end of period</b>		<b>2,458,937</b>	<b>2,397,866</b>	<b>2,461,703</b>	<b>2,413,450</b>
<b>Reserves</b>	41				
Balance at start of period		8,208,078	9,243,318	8,207,354	9,242,590
Profit/loss from asset revaluation		(618,716)	(926,701)	(618,716)	(926,701)
Impairment loss on rental properties		(5,084)	(4,088)	(5,084)	(4,088)
Transfer to retained earnings		(147,909)	(104,451)	(147,906)	(104,447)
<b>Balance at end of period</b>		<b>7,436,369</b>	<b>8,208,078</b>	<b>7,435,648</b>	<b>8,207,354</b>
<b>Retained earnings</b>	42				
Balance at start of period		3,079,808	3,139,161	2,887,980	2,964,641
Transfer from reserves		147,909	104,451	147,906	104,447
Prior year adjustment *		-	46,345	-	46,345
Gain (loss) for the period		(288,674)	(210,149)	(287,917)	(227,453)
<b>Balance at end of period</b>		<b>2,939,043</b>	<b>3,079,808</b>	<b>2,747,969</b>	<b>2,887,980</b>
<b>Balance of equity at end of period</b>		<b>12,834,349</b>	<b>13,685,752</b>	<b>12,645,320</b>	<b>13,508,784</b>

\* Refer to Note 3 for restatement

The statements of changes in equity should be read in conjunction with the accompanying notes.

## The Housing Authority and controlled entities statement of cash flows for the year ended 30 June 2018

Note	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Commonwealth grants and contributions	164,192	173,118	164,192	173,118
Rental receipts	393,032	368,060	393,032	368,060
Interest received	189,858	188,450	87,538	91,198
Inventory receipts on sales	252,260	320,120	251,074	317,657
Other receipts	57,196	21,923	134,994	110,825
GST receipts on sales	17,006	26,034	17,006	26,034
GST receipts from taxation authority	15,476	9,377	15,510	9,286
<b>Payments</b>				
Employee benefits	(169,326)	(156,111)	(169,326)	(156,111)
Accommodation	(13,632)	(11,049)	(13,632)	(11,049)
Supplies & services	(52,615)	(42,651)	(27,208)	(19,022)
Finance costs	(126,462)	(130,739)	(126,462)	(130,739)
Purchase and development of inventory	(41,742)	(185,352)	(41,742)	(185,352)
GST payments on purchases	(22,812)	(40,974)	(22,812)	(40,974)
GST payments to taxation authority	-	-	-	-
Rental property payments	(372,524)	(359,865)	(372,524)	(359,865)
Other payments	(290,660)	(205,693)	(290,660)	(205,694)
<b>Net cash used in operating activities</b>	<b>43</b>	<b>(753)</b>	<b>(1,020)</b>	<b>(12,628)</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds from the sale of non-current physical assets	154,256	115,246	154,256	115,246
Home loan repayments received	351,085	1,822,841	-	-
Other investing receipts	-	-	-	1,265,000
<b>Payments</b>				
Purchase of non-current physical assets	44	(183,784)	(360,386)	(183,322)
New home loans advanced	(968,425)	(784,114)	-	-
Other investing payments	-	(176)	(625,000)	(295,176)
<b>Net cash used in investing activities</b>		<b>(646,868)</b>	<b>(793,411)</b>	<b>(725,483)</b>

Note	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Proceeds from borrowings WA Treasury Corporation	714,015	420,000	714,015	420,000
<b>Payments</b>				
Repayment of borrowings from WA Treasury Corporation	(119,766)	(1,307,134)	(119,766)	(1,307,134)
Commonwealth Government	(16,270)	(15,850)	(16,270)	(15,850)
<b>Net cash used in financing activities</b>	<b>577,979</b>	<b>(902,984)</b>	<b>577,979</b>	<b>(902,984)</b>
<b>Cash flows from State Government</b>				
Net capital contribution	-	-	(12,562)	29,764
Royalties for Regions Fund	8,132	45,681	8,132	45,681
Proceeds from grants	68,503	69,054	68,503	69,054
<b>Net cash provided by State Government</b>	<b>76,635</b>	<b>114,735</b>	<b>64,073</b>	<b>144,499</b>
Net increase in cash and cash equivalents	6,993	(20,190)	(13,034)	(45,630)
Cash and cash equivalents at the beginning of the period	511,756	531,946	287,426	333,056
<b>Cash and cash equivalents at the end of period</b>	<b>43</b>	<b>518,749</b>	<b>511,756</b>	<b>274,392</b>

The statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## 1. Australian Accounting Standards

### General

The Housing Authority (the "parent entity") and controlled entities financial statements for the year ended 30 June 2018 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Housing Authority has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

### Early adoption of standards

The Consolidated Entity cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards that have been issued or amended (but not operative) have been early adopted by the Housing Authority for the annual reporting period ended 30 June 2018.

## 2. Summary of significant accounting policies

The following accounting policies adopted by the Consolidated Entity are stated in order to assist in a general understanding of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

### (a) General statement

The Housing Authority is a not-for-profit entity that prepares general purpose financial statements in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### (b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings, and certain financial instruments which have been measured at fair value. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated. The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) or, in certain cases, to the nearest dollar.

### (c) Basis of consolidation

The reporting entity comprises the Authority and controlled entities included in note 2(d).

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the Consolidated Entity, being The Housing Authority (the "parent entity") and its

controlled entities, in accordance with AASB 10 "Consolidated Financial Statements" and modified by Treasurer's Instruction 1105. Consistent accounting policies have been applied and all inter-entity balances, transactions and unrealised profits arising within the Consolidated Entity are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group.

### (d) Legal form of controlled entities

(i) The Keystart Housing Scheme includes a trust and company structure set up to enable funds to be raised through the Housing Authority at competitive rates and on lent to Keystart borrowers for the purchasing of owner occupied homes.

The structure comprises:

- The Keystart Housing Scheme Trust established by a Deed of Trust in the State of Western Australia, dated 5 April 1989 with Keystart Loans Ltd (a special purpose nominal capital company) as trustee and the Authority is the sole beneficiary of the trust. Keystart Scheme Management Pty Ltd has been appointed as Manager.
- Keystart Support Trust – A special purpose trust used to provide financial support to the Scheme if required. The Housing Authority is the sole beneficiary of this trust.
- Keystart Bonds Ltd – A special purpose nominal capital company being the Issuer with KPMG Financial Advisory Services (Australia) Pty Ltd as Treasury advisor.
- Keystart Support Pty Ltd – A special purpose nominal capital company as trustee of the support trust. The manager is Keystart Scheme Management Pty Ltd.
- Keystart Support (Subsidiary) Pty Ltd – A special purpose nominal capital company created to assist Keystart Support Pty Ltd in its obligations.
- Keystart Scheme Management Pty Ltd – A special purpose nominal capital company created to provide management services to the Keystart Trustee and group of companies.

All of these Keystart trusts and companies have been established in the State of Western Australia.

The financial transactions for these entities have no effect on the net profit of the Housing Authority.

The Housing Authority provides a support arrangement to the structure through the Support Trust.

(ii) Homeswest Loan Scheme Trust – A special purpose Trust established by a Trust Deed in the State of Western Australia dated 19 September 1995 to operate as an agent for the Housing Authority's home loan schemes. In its capacity as agent, the Trust receives advances for the purpose of providing mortgages to Western Australians. The Housing Authority is the sole beneficiary of the Trust, and Keystart Loans Ltd is the trustee of the Trust.

(iii) Goldmaster Enterprises Pty Ltd – A property development company to assist the Housing Authority achieve its objectives. The Authority has equity interest of 87.18% and effective control via representation on the Board of this company, effective 27 August, 2014.

### (e) Ownership interest

The Housing Authority is the instigator of the Keystart Housing Scheme and has effective control over the whole structure either directly or indirectly through various agreements which constitute the structure and to which it is a party. The Board of Directors of the Keystart group of companies comprise one Director from the Housing Authority and seven directors from the private sector.

The Housing Authority is a shareholder in Goldmaster Enterprises Pty Ltd, the board of which comprises two directors from the Government of Western Australia and one from the private sector.

The ownership interest held by the Housing Authority in the companies is as follows:

- Keystart Bonds Ltd: 100% of the total shareholding
- Keystart Loans Ltd: 100% of the total shareholding

- Keystart Support Pty Ltd: 100% of the total shareholding
- Keystart Support (Subsidiary) Pty Ltd: 100% of the total shareholding
- Keystart Scheme Management Pty Ltd: 100% owned by Keystart Loans Ltd
- Goldmaster Enterprises Pty Ltd: 87.18% owned by the Housing Authority.

#### Controlled entities and contribution to retained earnings.

Name	Percentage owned		Contribution to Consolidated Entity result (\$'000)		Investment shares at cost (\$'000)	
	2018	2017	2018	2017	2018	2017
Goldmaster Enterprises Pty Ltd	87.18	87.18			37,350	37,350
Profit/(loss)			(874)	(2,670)		
Keystart Bonds Ltd	100	100	Nil	Nil	-	-
Keystart Loans Ltd	100	100	Nil	Nil	-	-
Keystart Support Pty Ltd	100	100	Nil	Nil	-	-
Keystart Support (Subsidiary) Pty Ltd	100	100	Nil	Nil	-	-
Keystart Scheme Management Pty Ltd	100	100	Nil	Nil	-	-
<b>Keystart Housing Scheme Trust</b>						
(Loss)/profits			Nil	Nil		
Transfer from Reserve			3	4		
Keystart Support Trust			Nil	Nil		
Homeswest Loan Scheme Trust			Nil	Nil		

The Housing Authority is obligated to the Scheme in that it has given various representations and obligations to investors or other creditors to the extent that it will meet cash shortfalls and losses from the Scheme. Funding for Keystart is through the Housing Authority with no borrowings outstanding through Keystart Bonds Ltd. The Housing Authority's obligations to the various participants are contained in a Support Agreement of the Scheme. No subsidies were required from the Housing Authority for the 2017-18 financial year.

#### (f) Property, plant and equipment

##### Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

##### Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

#### Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and historical cost for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation (buildings only) and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Additions to non-current physical assets are measured at cost and are considered to represent fair value. Less than one year old are measured at construction cost, which is considered to represent fair value, plus land at fair value.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Rental properties represent the properties acquired or constructed for public housing. They also include State owned properties leased to State Government departments for Government employees housing.

Community Housing properties include properties acquired under the Commonwealth and State programs of Crisis Accommodation and Community Housing and Joint Charity Properties.

Shared Equity properties represent the equity in dwellings constructed or purchased under the Shared Equity Scheme. Under the scheme the Housing Authority and the purchaser are co-owners of the properties constructed or purchased as Tenants in Common with the purchaser having total occupation of the dwelling.

Other Properties includes offices and commercial properties which are owned or are leased from various organisations and individuals.

#### Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is transferred to retained earnings.

#### Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets on a class of assets basis.

#### Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. Land is not depreciated. Depreciation for the Consolidated Entity's assets is calculated on a straight line basis, using rates which are reviewed annually.

Major depreciation rates are:	2018
Rental properties	2%
Community Housing properties	2%
Shared Equity properties	3%
Leasehold improvements	6%

Major depreciation rates are:	2018
Commercial properties	2%
Office properties	5%
Plant & equipment	10%-50%

Works of art controlled by the Authority are classified as property, plant and equipment. These are anticipated to have indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and consequently no depreciation has been recognised.

#### **(g) Buildings under construction**

Buildings under construction are recorded at cost which includes all costs directly related to specific constructions plus capitalised administration charges incurred in connection with these activities.

#### **(h) Inventories**

Current Inventories are measured at the lower of cost or net realisable value. Costs includes the cost of acquisition/development and other capitalised costs. After development is completed, other holding charges are expensed as incurred.

Non-current inventories consists of both broad hectare land and lots under development, excluding lots available for external sale (current inventory), and are valued at acquisition cost plus capitalised costs. Developed lots on which dwellings are subsequently constructed by the Housing Authority are transferred to the stock of Rental properties at fair value as determined by the Valuer General at the date of practical completion. The difference between this valuation and the cost of the land transferred to Rental properties represents a revaluation increment which is brought to account as an increase in the asset revaluation reserve.

Work in progress for house and land packages are classified as non-current whilst they are being constructed and reclassified as current when they are available for sale.

#### **Joint Operations**

The Housing Authority has interests in joint arrangements that are joint operations. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Housing Authority recognises its interests in the joint operations by recognising the assets it controls and the liabilities that it incurs in respect of the joint arrangements.

The Housing Authority also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods and services by the joint operations. Joint operations land represents the Housing Authority's equity in Joint operations land development projects. Development costs represent the agreed proportion of development costs incurred plus capitalised costs. Land owned by the Housing Authority is shown at cost plus capitalised costs. Details of the Housing Authority's interests are set out in note 22.

#### **(i) Loans and receivables**

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectable are written-off against the allowance account. The allowance for uncollectable amounts is raised when there is objective evidence that the Consolidated Entity will not be able to collect the debts. The carrying amount is equivalent to fair value. These debts are due for settlement within 30 days with the exception of the following receivable categories.

- Receivables land – are carried at nominal amounts. Sales and receivables are recognised once the debtor has obtained financing and the sale has become unconditional. Land sales are on a 30 day term once the sale has become unconditional.
- Receivables rent from tenants – are carried at nominal amounts due less any provision for impairment. Rent receivable is due weekly in advance.
- Receivables rental bonds – are carried at nominal amounts due less any provision for impairment.
- Rental bond assistance receivables represent advances made to qualifying persons for the purpose of renting properties external to the Housing Authority. Each advance is repayable in minimum fortnightly payments of \$15 for loans granted prior to 1 July 2009 and \$25 per fortnight for loans granted from

1 July 2009 with remaining balance being collectable on vacation of property unless an arrangement is entered into to repay over time.

#### **Loans**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The collateral held for these loans is by a registered mortgage held over the property.

#### *Recognition and derecognition*

Financial assets that are carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Statement of Comprehensive Income. Loans and receivables are initially recognised at fair value. Transaction costs, including loan origination expenses, are included in the measurement of all loans and advances. The loan origination fees are being amortised in equal instalments over the average life of the loans. Regular way purchases and sales of financial assets are recognised on trade date, which is the date on which the Consolidated Entity commits to purchase or sell the assets.

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

#### *Subsequent measurement*

Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the period in which they arise.

#### *Fair value*

The fair value of the financial assets traded in active markets is based on quoted market prices at the Statement of Financial Position date. If the market for a financial asset is not active (and for unlisted securities), the Consolidated Entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### *Impairment of loans*

The Consolidated Entity assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of loans and receivables, an allowance for impairment is made when there is objective evidence that the loan will not be collectable. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Income within 'Doubtful Debts expense'. When a loan or advance is uncollectable, it is written off against the allowance account for loans and advances. Subsequent recoveries of amounts previously written off are credited against 'Doubtful Debts expense' in the Statement of Comprehensive Income.

#### **(j) Derivative financial instruments and hedging**

There were no derivative financial instruments related to the Consolidated Entity in the current financial year.

## (k) Intangible assets

### Computing software and development

#### Capitalisation/expensing of assets

Acquisition of intangible assets costing less than \$5,000 are expensed in the year of acquisition. Where software is an integral part of the related hardware, it is treated as property, plant and equipment. Where the software is not an integral part of the related hardware, it is treated as an intangible asset.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Costs associated with the acquisition and development of computer systems and software are amortised from the commencement of live production of the system. Development costs are deferred to future periods to the extent that future economic benefits, are expected beyond any reasonable doubt, to be equal to or exceed those costs. Deferred costs are amortised, from the commencement of live production of the system, on a straight line basis over the period of their expected benefit.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the consolidated entity have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

	2018
Computing software	20%-50%
Computing development	20%

## (l) Other financial assets

### (a) Deposits at call

The fair values of the Bank bills are determined using generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

### (b) Parent Financial Statements

The investments in subsidiaries are accounted for in the parent financial statements at cost. The Housing Authority recognises dividends from the subsidiaries when its right to receive the dividend is established.

### (c) Consolidated Financial Statements

(i) The investment in subsidiary is accounted for in the consolidated financial statements in accordance with AASB 10. In preparing consolidated financial statements, the financial statements of the parent and the subsidiaries have been combined line by line by adding together like items of assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the Consolidated Entity as that of a single economic entity:

(a) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated.

(b) non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period are identified; and

(c) non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the parent shareholders' equity in them. Non-controlling interests in the net assets consist of: (i) the amount of those non-controlling interests at the date of the original combination calculated in accordance with AASB 3 – Business Combinations and (ii) the non-controlling's share of changes in equity since the date of the combination.

## (m) Non-current assets held for sale

Non-current assets held for sale are recognised at the lower of carrying amount or fair value less costs to sell and are disclosed separately in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised.

## (n) Impairment of assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Consolidated Entity is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

## (o) Payables

Payables are recognised when the Consolidated Entity becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days with the exception of the following classes of payables:

- Payables land deposits – are recognised on receipt of cash. When the sale becomes unconditional the Housing Authority retains the deposit as part of the sale process.
- Payables construction retention monies – are repaid upon 100% completion of the contract with 2.5% withheld to satisfactory agreement completion of maintenance.
- Payables rental bonds – tenant bonds are payable on the tenant vacating the premises. The ultimate amount to be paid is dependent upon the condition of the property upon the tenant vacating, but is not more than the carrying amount of the liability.
- Payables water consumption – liabilities are recognised for amounts to be paid in the future for water usage. Liabilities are settled on 90 day terms.

## (p) Borrowings

All borrowings are initially recognised at fair value, being the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method. Interest is charged as an expense as it accrues.

## **(q) Income**

### **Revenue recognition**

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

#### *(i) Rental property revenue*

The Housing Authority charges rents in accordance with section 30 of the Housing Act. The basis for the amount of rent to be charged is determined from market rent information received from the Valuer General and due consideration to regional rental markets. Rental property revenue represents the net rental revenue which consists of market rents less vacancies, concessions and rental subsidies granted throughout the year. Rental income is recognised on a straight-line basis over the lease term.

The Housing Authority requires tenants to pay either 25% of the household income as rent or the market rent for the property. Tenants eligible to pay rent by reference to the household income will pay no more than 25% of the household income as rent. If 25% of the household income is more than the market rent then the rent payable is the market rent.

After 28 March 2016 any income that is regular, ongoing and provided to meet the cost of living is considered by the Housing Authority to be 'assessable' and used to calculate how much rent is payable. In addition, some previously non-assessable incomes and incomes assessed at less than 25% in the rent calculation became assessable at the full 25% rate from 28 March 2016. If applicable, tenants who occupied their current rental property before 28 March 2016 will receive rent increases until they are paying 25% of the assessable household income as rent or the market rent. The rent increases will be staged with increase limits applied to reduce the impact of the changes for these tenants.

#### *(ii) Sales*

Revenue from land sales is recognised when the contract for sale becomes unconditional.

#### *(iii) Grants, donations, gifts and other non-reciprocal contributions.*

Revenue is recognised at fair value when the Consolidated Entity obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated. Royalties for Regions funds are recognised as revenue at fair value in the period in which the Housing Authority obtains control over the funds. The Housing Authority obtains control of the funds at the time the funds are deposited into the Housing Authority's bank account.

#### *(iv) Interest*

Interest income is recognised as interest accrues using the effective interest rate method.

### **Gains**

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

### **(r) Insurance**

In accordance with Treasurer's Instruction 812 the Housing Authority maintains an appropriate level of insurance cover for insurable risks.

Effective from 1 July 2004 the Housing Authority has adopted a policy of not insuring its residential property assets as it is considered uneconomical. As part of the Housing Authority's ongoing risk management process a comprehensive analysis of the Housing Authority's risk exposure to its residential property assets was completed during 2012. The Housing Authority's residential property assets continue to remain not insured as it is considered uneconomical. However, the Authority does insure:

- residential properties related to employment-related accommodation (non-Government Regional Officer's Housing)
- key worker villages
- residential property constructed by the Authority under the Affordable Housing Strategy for sale to private individuals
- residential properties (complexes) with a replacement value of \$10 million or greater

The Housing Authority's other insurance programs continue to be a combination of insurance policies provided by commercial insurance providers and the Western Australian Government's RiskCover Fund.

As per Treasurer's Instruction 825, Insurance is complemented by a comprehensive approach to Risk Management and prudent management policies and practices.

### **(s) Provisions**

Provisions are liabilities of uncertain timing or amount. The Housing Authority only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

#### **(i) Employee benefits**

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

##### *Annual leave*

Annual leave is not expected to be settled wholly within 12 months after the end of reporting period and is therefore considered to be other long term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Housing Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### *Long service leave*

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Housing Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period. Pre-conditional and Conditional long service leave provisions are classified as non-current liabilities because the Housing Authority has an unconditional right to defer the settlement of the liabilities until the employee has completed the requisite years of service.

### *Superannuation*

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Authority makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Authority's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided at the end of the reporting period. The liabilities under these schemes have been calculated separately for each scheme annually by external actuaries using the projected unit credit method.

The expected future payments are discounted to present value using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The GSS, the WSS and the GESBS Scheme, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, the WSS Scheme, and the GESBS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from an agency perspective, apart from the pre-transfer benefits, it is a defined contribution plan under AASB 119.

### **(ii) Other**

#### *Employment on-costs*

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of the Authority's 'Other expenses' and the related liability is included in Employment on-costs provision.

#### *Development levies*

Is a provision calculated on lots sold and community projects representing fencing and landscaping incentives for first home buyers to purchase Housing Authority land. The provision represents the estimated liability at balance sheet date for future claims by the purchasers against the Housing Authority.

### **(t) Accrued salaries**

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

### **(u) Borrowing costs**

Borrowing costs are expensed when incurred and represents the total finance costs in the Statement of Comprehensive Income.

### **(v) Superannuation expense**

Superannuation expense is recognised in the Statement of Comprehensive Income in profit or loss for defined contribution plans, including the concurrent payment of employer contributions to the GSS scheme, as and when the contributions fall due.

For defined benefit plans (the Pension Scheme and the pre-transfer component of the GSS), changes in the defined benefit obligation are recognised in the Statement of Comprehensive Income either in profit or loss, or other comprehensive income as follows:

- (i) profit or loss:
  - current service cost;
  - past service cost; and
  - interest cost.
- (ii) other comprehensive income:
  - actuarial gains and losses.

### **(w) Leases**

The Housing Authority has entered into a number of operating lease arrangements for buildings and vehicles where the lessors effectively retain the majority of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

### **(x) Rental expenses**

Expenses incurred relating to the Housing Authority's owned or leased rental properties are accounted for in the Rental expenses line of the Statement of Comprehensive Income. These expenses which directly relate to the Rental Program include maintenance, rates, insurance expenses and renovations and improvements.

### **(y) Comparative figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

### **(aa) Segment Information**

The Consolidated Entity's operations are divided into four specific services. These are:

- Rental Public Housing – providing access to affordable rental accommodation for low to moderate income Western Australians;
- Government Regional Officers Housing – providing access to rental accommodation for government employees in regional areas;
- Home Loans – providing realistic home ownership opportunities for low to moderate income Western Australians provided by the Housing Authority and through its Keystart Housing Scheme;
- Land and Housing Supply – affordable housing sales and provision of low to medium priced subdivided land for sale.

## (ab) Financial Instruments

In addition to cash, the Consolidated Entity has three categories of financial instruments:

- Loans and receivables
- Financial liabilities
- Financial assets at fair value through profit and loss

These have been disaggregated into the following classes:

- Financial Assets
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Other financial assets
  - Receivables
  - Other current assets
- Financial Liabilities
  - Borrowings
  - Payables
  - Other current liabilities

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest rate method. The Consolidated Entity does not enter into financial instruments for speculative purposes.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

### Keystart

The entity's activities expose it to a variety of financial risks; market risk (including interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis (specifically VaR – Value at Risk model) in the case of interest rate risk and ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Funding and Lending Committee under policies approved by the Keystart Board of Directors. The Funding and Lending Committee identifies, evaluates and hedges financial risks in close co-operation with the entity's operating units. The Keystart Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of liquidity.

### Market Risk

#### Keystart

##### (i) Interest rate risk

Borrowings issued at short term rates expose the entity to interest rate risk if changes to rates are not passed on to customers. Borrowings issued at fixed rates expose the entity to fair value interest rate risk. The entity's policy is to hedge (i.e. fix) a portion of its borrowings portfolio within the following hedge ratio limits of total liabilities:

### Hedge ratio limits

	BM	Min	Max
0-1 Year	55%	0%	70%
1-2 Years	20%	0%	30%
2-3 Years	10%	0%	20%
3+ Years	0%	0%	15%

BM = Benchmark

The ratio of hedging applied is calculated with reference to the borrowings only, and does not factor the loan assets held by the entity.

During the financial year ending 30 June 2018 and the prior financial year, there were no hedges used by the Trust. Borrowings were denominated in Australian Dollars.

##### (ii) Summarised sensitivity analysis

The Consolidated Entity uses VaR Analysis to measure its sensitivity to movements in interest rates. VaR models are designed to measure market risk in a normal market environment. The VaR measure estimates the potential loss in profit over a given holding period for a specific confidence level. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products. The main risk arises where the Consolidated Entity cannot pass on changes in borrowing interest rates to its loan receivables. The VaR for the Consolidated Entity is traditionally low because changes in lending and borrowing rates have generally moved in a similar direction.

Based on a 99% confidence level and a 250 day observation period, the VaR for the Consolidated Entity was 0.13% of its capital at 30 June 2018 (2017 0.14%). This VaR indicates the Consolidated Entity earnings are exposed to interest rate risk when interest rates decrease.

The limitation of the VaR model is that historical data may not provide the best estimates of the risk factor changes in the future and may fail to capture the risk of possible extreme adverse market movements which have not occurred in past calculations.

While VaR captures the Consolidated Entity's exposure under normal market conditions, sensitivity and earnings at risk analysis is also performed.

2018				
Historical VaR (99%, 20 day) by risk type	Average \$'000	Minimum \$'000	Maximum \$'000	Year End \$'000
Total VaR Exposure	154	108	261	261

2017				
Historical VaR (99%, 20 day) by risk type	Average \$'000	Minimum \$'000	Maximum \$'000	Year End \$'000
Total VaR Exposure	529	199	1,433	250

### Credit Risk Exposure

The Consolidated Entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. The Consolidated Entity's credit risk is spread over a significant number of parties and is concentrated only to the extent of the WA residential market. The Consolidated Entity is therefore not materially exposed to any particular individual party or group of parties.

The Consolidated Entity's maximum credit risk exposure in relation to these is as follows:

The Consolidated Entity minimises concentrations of credit risk in relation to loans and advances by undertaking transactions with a number of borrowers, within specified maximum limits based upon the assessment of each borrower's ability to service a mortgage. The Consolidated Entity concentrates 100% of its lending to purchase of residential real estate within Western Australia.

Security is provided to the Consolidated Entity through a mortgage over the property.

The maximum exposure to credit risk at reporting date is the higher of the carrying value and fair value of each class of receivables.

#### *Keystart*

Credit risk arises from transactions that give rise to actual, contingent or potential claims against any borrower or counterparty.

Credit risk is managed on a group basis through having prudential lending policies to mitigate borrower risk. This includes having maximum Debt Servicing Ratios and strict income verification procedures. In addition to these credit policies, Keystart maintains adequate provisions for bad and doubtful debts and capital adequacy ratios to manage the effects of any losses. Counterparty credit risk arises from cash and cash equivalents, loans and receivable, derivative financial instruments and deposits with banks and financial institutions including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A or BBB' are accepted. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Counterparties must have Standard and Poor's long term rating of at least "A+" for any derivative transaction executed and "A" (or better) for authorised investments.

#### *Housing Authority*

In relation to other receivables (including rental and bond debtors), the Housing Authority has a minimal credit risk due to the receivables debt being spread across a number of debtors exceeding 45,000. The collectability of rental receivables is reviewed on an ongoing basis in accordance with the Housing Authority's policy and procedure manuals. These policy and procedure manuals are reviewed by Management on a regular basis.

#### *Liquidity Risk*

The Consolidated Entity is exposed to liquidity risk in respect of its payable, accrued employee expenses and government borrowings, in that the Consolidated Entity needs to be able to pay these amounts when they fall due. The Consolidated Entity has implemented and maintains robust cash management practices, including day-to-day monitoring and regular liquidity reporting to the Accountable Authority. These practices ensure cash resources are adequate to meet future commitments.

#### *Keystart*

Liquidity risk management safeguards the ability of the Consolidated Entity to meet all payment obligations when they become due. Liquidity risk arises when the Consolidated Entity's key assets and liabilities have different maturity profiles.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Risk Committee aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the entity's liquidity reserve on the basis of expected cash flow.

For the purpose of the Statement of Cash Flows, cash and cash equivalents assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

#### **(ac) Capitalisation policy**

The cost of non-current assets constructed by the Housing Authority includes the cost of all materials used in construction, direct labour costs incurred on the project during construction and an appropriate proportion of overheads.

#### **(ad) Income tax**

The parent entity and its subsidiary, Keystart Housing Scheme Trust, are income tax exempt bodies. Goldmaster Pty Ltd is a tax paying entity.

Current income tax is the tax on the current period's taxable income based on the applicable income tax rate adjusted for changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Refer Note 24.

#### **(ae) Contributed equity**

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by TI 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

#### **(af) Assets and services received free of charge or for nominal cost**

Assets or services received free of charge or for nominal cost, that the Authority would otherwise purchase if not donated, are recognised as income at the fair value of the assets services or where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Grants and subsidies from State Government in the Statement of Comprehensive Income. Where the contribution of assets or services from other State Government agencies are in the nature of contributions by owners, an adjustment is made directly to equity.

### **3. Disclosure of changes in accounting policy and estimates**

#### **Initial application of an Australian Accounting Standard**

The Housing Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2017 that impacted on the Housing Authority.

#### **AASB 1057 Application of Australian Accounting Standards**

This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.

**AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]**

The adoption of this Standard has no financial impact for the Housing Authority as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.

**AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128].**

This Standard amends AASB 127, and consequently amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. As the Housing Authority has no joint ventures and associates, the application of the Standard has no financial impact.

**AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 40].**

These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Housing Authority has determined that the application of the Standard has no financial impact.

**AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049].**

This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.

**AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for Profit Public Sector Entities [AASB10,124 & 1049].**

The amendments extend to scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.

**AASB 2015-10 Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 & 128.**

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.

**Future impact of Australian Accounting Standards not yet operative**

The Housing Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Housing Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Housing Authority. Where applicable, the Housing Authority plans to apply the following Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	Financial Instruments	1 Jan 2018
	This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.	
AASB 15	Revenue from Contracts with Customers	1 Jan 2019
	This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7. The Authority is currently determining the application and the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broader terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Authority has discharged its performance obligations.	
AASB 16	Leases	1 Jan 2019
	This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. [Whilst the impact of AASB 16 has not yet been quantified, the entity currently has commitments for \$104 M worth of non-cancellable operating leases which will mostly be brought onto the statement of financial position. Interest and amortisation expense will increase and rental expense will decrease.]	
AASB 1058	Income for Not-for-Profit Entities	1 Jan 2019
	This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. The Authority is currently reviewing the application of this standard for commencement 1 Jul 2019.	
AASB 1059	Service Concession Arrangements: Grantors	1 Jan 2019
	This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. Housing has not identified any public private partnerships within scope of the Standard.	

		Operative for reporting periods beginning on/after
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]	1 Jan 2018
	This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. [Other than the exposures to AASB 9 noted above, The Authority is insignificantly impacted by the application of the Standard.]	
AASB 2014-1	Amendments to Australian Accounting Standards	1 Jan 2018
	Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. These changes have no impact as Appendix E has been superseded and the Authority was not permitted to early adopt AASB 9.	
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 Jan 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. [The Authority has not yet determined the application or the potential impact of the Standard.]	
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 Jan 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). [The Authority has not yet determined the application or the potential impact of the Standard.]	
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 Jan 2018
	This Standard amends the mandatory application date of AASB 15 to 1 January 2018 (instead of 1 January 2017). It also defers the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard.	
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 Jan 2018
	This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. [The Authority has not yet determined the application or the potential impact when the deferred AASB 15 becomes effective from 1 January 2019].	

		Operative for reporting periods beginning on/after
AASB 2016-7	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 Jan 2018
	This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this standard.	
AASB 2016-8	Amendments to Australian Accounting Standards – Implementation Guidance for Not-for-Profit Entities	1 Jan 2019
	This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.	

#### Restatement of comparatives and correction of errors

The Department has made a number of changes regarding the classification and general format to its financial statements to improve the information provided to users and also management. Consequently, comparatives have been restated.

Correction of error in recording cost of sales on sales of Housing Supply properties in prior periods:

During the years ended 30 June 2014 to 30 June 2017 cost of sales was incorrectly overstated due to the PAMS (Property Asset Management System) system accounting for land at notional value instead of cost when properties were sold.

Correction of error in recording the external transfer of land to Delfina Pty Ltd on receipt of the Participation Fee in accordance with Development Management Agreement (DMA) in the prior period:

In the year ended 30 June 2017 land was transferred due to incorrectly associating the Participation Fee with the transfer of land. Legal title to the land is retained by Housing up to the point of sale to the homeowner.

The total of the errors had the effect of overstating cost of sales by \$46.345m in 2016-2017, understating non-current inventory by \$64.253m and overstating current inventory by \$17.908m.

Restatement details	No of properties sold	Cost of land \$000	Notional value \$000	Mis-statement \$000
Housing supply properties prior period	326	17,478	56,276	38,798
Participation fee recognition				7,547
				<b>46,345</b>

Statement of Comprehensive Income (extract)	Note	Consolidated			Parent		
		Actual 2017 \$000	Correction increase/ (decrease)	Restated 2017 \$000	Actual 2017 \$000	Correction increase/ (decrease)	Restated 2017 \$000
<b>Expenses</b>							
Cost of sales	7	213,165	(46,345)	166,820	210,803	(46,345)	164,458
Statement of Financial Position (extract)	Note	Consolidated			Parent		
		Actual 2017 \$000	Correction increase/ (decrease)	Restated 2017 \$000	Actual 2017 \$000	Correction increase/ (decrease)	Restated 2017 \$000
<b>Current Assets</b>							
Inventory	22	435,667	(17,908)	417,759	426,350	(17,908)	408,442
<b>Non-current Assets</b>							
Inventory	22	503,252	64,253	567,505	492,083	64,253	556,336
<b>Equity</b>							
Retained earnings	42	3,033,463	46,345	3,079,808	2,841,635	46,345	2,887,980

#### 4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

##### Defined benefit superannuation plans

In determining the Housing Authority's ultimate cost of its defined benefit superannuation plans, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in note 38 'Provisions'.

##### Long service leave liability

Several estimations and assumptions used in calculating the Authority's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. The principal actuarial assumptions used are disclosed in note 38 'Provisions'.

#### Depreciation and amortisation

The depreciation and amortisation rates for the Consolidated Entity have been reviewed. The estimation of the useful lives of assets has been based on historical experience with the retention and disposal of assets. Refer to note 2 (f) for depreciation rates.

#### Revaluation

The revaluation of the Housing Authority's assets is undertaken by the Western Australian Land Information Authority annually. Valuation estimates for financial reporting purposes are determined under the accounting concept of fair value. Fair value is defined as 'the amount for which the asset could be exchanged or a liability settled, between knowledgeable, willing parties at an arm's length transaction'. It is based on the assumption that the Housing Authority is a going concern without the need or intention to liquidate or wind up its operations or undertake a transaction on adverse terms.

#### 5. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have significant amounts recognised in the financial statements. The Housing Authority evaluates these judgements regularly.

#### Joint Operations

The Housing Authority has entered into a number of joint arrangements for the development of land holdings. The Housing Authority with other parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. Accordingly, the Housing Authority has classified its interests in joint arrangements as joint operations.

## 6. Schedule of income and expenses by service

Consolidated		2018						Restated* 2017					
		Rental Housing \$000	Government Regional Officers' Housing \$000	Home Loans \$000	Land and Housing Supply \$000	Elimination \$000	Total \$000	Rental Housing \$000	Government Regional Officers' Housing \$000	Home Loans \$000	Land and Housing Supply \$000	Elimination \$000	Total \$000
<b>Income</b>	<b>Note</b>												
<b>Revenue</b>													
Sales	7	(298)	81	-	248,264	-	248,047	-	250	-	304,073	-	304,323
Intersegment sales		-	-	-	-	76	76	-	-	-	-	(2,912)	(2,912)
Rental revenue	8	251,091	149,442	5	101	-	400,639	239,883	155,879	2	77	-	395,841
Commonwealth grants and contributions	9	164,983	-	-	-	-	164,983	173,118	-	-	-	-	173,118
Interest revenue	10	(16,950)	5,261	190,446	6,989	-	185,746	(14,856)	5,079	184,650	5,577	-	180,450
Developers contributions		-	-	-	-	-	-	-	-	-	-	-	-
Other revenues	11	5,209	475	9,506	31,071	-	46,261	9,224	11	10,492	1,978	-	21,705
<b>Total revenue</b>		<b>404,035</b>	<b>155,259</b>	<b>199,957</b>	<b>286,425</b>	<b>76</b>	<b>1,045,752</b>	<b>407,369</b>	<b>161,219</b>	<b>195,144</b>	<b>311,705</b>	<b>(2,912)</b>	<b>1,072,525</b>
<b>Gains</b>													
Gain on the disposal of non-current assets	12	-	-	-	-	-	-	-	-	-	-	-	-
Total gains		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total income</b>		<b>404,035</b>	<b>155,259</b>	<b>199,957</b>	<b>286,425</b>	<b>76</b>	<b>1,045,752</b>	<b>407,369</b>	<b>161,219</b>	<b>195,144</b>	<b>311,705</b>	<b>(2,912)</b>	<b>1,072,525</b>
<b>Expenses</b>													
Cost of sales	3,7	7,206	26	-	170,648	-	177,880	117	288	-	212,760	-	213,165
Rental expenses	13	264,015	94,548	15	134	-	358,712	253,561	99,317	2	170	-	353,050
Community support expense	14	165,602	78	-	3	-	165,683	125,236	23	-	36	-	125,295
Employee benefits expense	15	141,272	11,365	3,833	12,581	-	169,051	115,376	13,793	3,006	14,590	-	146,765
Supplies and services	16	22,500	2,245	4,892	2,626	-	32,263	21,442	106	5,553	7,243	-	34,344
Depreciation & amortisation expense	17	114,429	10,979	8,290	1,234	-	134,932	121,541	11,718	8,722	2,480	-	144,461
Finance costs	18	21,687	5,948	97,963	5,451	-	131,049	22,013	7,955	91,109	5,428	-	126,505
Accommodation expenses	19	12,077	665	969	740	-	14,451	10,835	17	713	1,039	-	12,604
Loss on the disposal of non-current assets	12	30,979	1,035	3,739	1	-	35,754	15,136	1,272	3,434	166	-	20,008
Other expenses	20	98,894	3,042	30,337	51,382	-	183,655	93,542	1,294	24,821	57,472	-	177,129
<b>Total expenses</b>		<b>878,661</b>	<b>129,931</b>	<b>150,038</b>	<b>244,800</b>	<b>-</b>	<b>1,403,430</b>	<b>778,799</b>	<b>135,783</b>	<b>137,360</b>	<b>301,384</b>	<b>-</b>	<b>1,353,326</b>
Profit/(loss) before grants and subsidies from government		(474,626)	25,328	49,919	41,625	76	(357,678)	(371,430)	25,436	57,784	10,321	(2,912)	(280,801)
Grants and subsidies from government	9	68,725	167	-	-	-	68,892	70,310	-	-	-	-	70,310
Profit/(loss) after grants and subsidies from government		(405,901)	25,495	49,919	41,625	76	(288,786)	(301,120)	25,436	57,784	10,321	(2,912)	(210,491)
Non-controlling interest	49	-	-	-	112	-	112	-	-	-	342	-	342
Prior year cost of sales correction*	3,7	-	-	-	-	-	-	-	-	-	46,345	-	46,345
<b>Profit/(loss) for the period</b>		<b>(405,901)</b>	<b>25,495</b>	<b>49,919</b>	<b>41,737</b>	<b>76</b>	<b>(288,674)</b>	<b>(301,120)</b>	<b>25,436</b>	<b>57,784</b>	<b>57,008</b>	<b>(2,912)</b>	<b>(163,804)</b>

\* Refer to Note 3 for restatement

## 6. Schedule of income and expenses by service (continued)

The Housing Authority		2018					Restated* 2017						
		Rental Housing \$000	Government Regional Officers' Housing \$000	Home Loans \$000	Land and Housing Supply \$000	Elimination \$000	Total \$000	Rental Housing \$000	Government Regional Officers' Housing \$000	Home Loans \$000	Land and Housing Supply \$000	Elimination \$000	Total \$000
<b>Income</b>	<b>Note</b>												
<b>Revenue</b>													
Sales	7	(298)	81	-	247,369	-	247,152	-	250	-	301,934	-	302,184
Intersegment sales		-	-	-	-	76	76	-	-	-	-	(2,912)	(2,912)
Rental revenue	8	251,091	149,442	5	101	-	400,639	239,883	155,879	2	77	-	395,841
Commonwealth grants and contributions	9	164,983	-	-	-	-	164,983	173,118	-	-	-	-	173,118
Interest revenue	10	(16,950)	5,261	95,295	7,556	-	91,162	(14,856)	5,079	86,462	6,171	-	82,856
Developers contributions		-	-	-	-	-	-	-	-	-	-	-	-
Other revenues	11	5,209	475	70,167	30,781	-	106,632	9,224	11	79,091	1,620	-	89,946
<b>Total revenue</b>		<b>404,035</b>	<b>155,259</b>	<b>165,467</b>	<b>285,807</b>	<b>76</b>	<b>1,010,644</b>	<b>407,369</b>	<b>161,219</b>	<b>165,555</b>	<b>309,802</b>	<b>(2,912)</b>	<b>1,041,033</b>
<b>Gains</b>													
Gain on the disposal of non-current assets	12	-	-	-	-	-	-	-	-	-	-	-	-
Total gains		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total income</b>		<b>404,035</b>	<b>155,259</b>	<b>165,467</b>	<b>285,807</b>	<b>76</b>	<b>1,010,644</b>	<b>407,369</b>	<b>161,219</b>	<b>165,555</b>	<b>309,802</b>	<b>(2,912)</b>	<b>1,041,033</b>
<b>Expenses</b>													
Cost of sales	3,7	7,206	26	-	169,476	-	176,708	117	288	-	210,398	-	210,803
Rental expenses	13	264,015	94,548	15	134	-	358,712	253,561	99,317	2	170	-	353,050
Community support expense	14	165,602	78	-	3	-	165,683	125,236	23	-	36	-	125,295
Employee benefits expense	15	141,272	11,365	3,351	12,581	-	168,569	115,376	13,793	2,450	14,590	-	146,209
Supplies and services	16	22,500	2,245	533	2,626	-	27,904	21,442	106	850	7,243	-	29,641
Depreciation & amortisation expense	17	114,429	10,979	7,176	1,231	-	133,815	121,541	11,718	7,634	2,475	-	143,368
Finance costs	18	21,687	5,948	97,958	5,451	-	131,044	22,013	7,955	91,106	5,428	-	126,502
Accommodation expenses	19	12,077	665	150	740	-	13,632	10,835	17	12	1,039	-	11,903
Loss on the disposal of non-current assets	12	30,979	1,035	3,739	1	-	35,754	15,136	1,272	3,434	166	-	20,008
Other expenses	20	98,894	3,042	2,631	51,065	-	155,632	93,542	1,294	2,284	74,897	-	172,017
<b>Total expenses</b>		<b>878,661</b>	<b>129,931</b>	<b>115,553</b>	<b>243,308</b>	<b>-</b>	<b>1,367,453</b>	<b>778,799</b>	<b>135,783</b>	<b>107,772</b>	<b>316,442</b>	<b>-</b>	<b>1,338,796</b>
Profit/(loss) before grants and subsidies from government		(474,626)	25,328	49,914	42,499	-	(356,809)	(371,430)	25,436	57,783	(6,640)	(2,912)	(297,763)
Grants and subsidies from government	9	68,725	167	-	-	-	68,892	70,310	-	-	-	-	70,310
Prior year cost of sales correction*	3,7	-	-	-	-	-	-	-	-	-	46,345	-	46,345
<b>Gain/(loss) for the period</b>		<b>(405,901)</b>	<b>25,495</b>	<b>49,914</b>	<b>42,499</b>	<b>76</b>	<b>(287,917)</b>	<b>(301,120)</b>	<b>25,436</b>	<b>57,783</b>	<b>39,705</b>	<b>(2,912)</b>	<b>(181,108)</b>

\* Refer to Note 3 for restatement

## 7. Trading profit

	Consolidated		Parent	
	2018	Restated*	2018	Restated*
	\$000	2017 \$000	\$000	2017 \$000
<b>Sales</b>				
Joint operations land	76,042	103,004	76,042	103,004
Land	53,619	41,913	53,619	41,913
House and land packages	118,462	156,494	117,567	154,355
	<b>248,123</b>	<b>301,411</b>	<b>247,228</b>	<b>299,272</b>
<b>Less cost of sales</b>				
Joint operations land*	26,156	28,061	26,156	28,061
Land	23,222	24,173	23,222	24,173
House and land packages*	128,502	114,586	127,330	112,224
	<b>177,880</b>	<b>166,820</b>	<b>176,708</b>	<b>164,458</b>
<b>Trading profit</b>	<b>70,243</b>	<b>134,591</b>	<b>70,520</b>	<b>134,814</b>

\* Refer to Note 3 for restatement

## 8. Rental revenue

Rental and other properties	397,702	392,773	397,702	392,773
Rental amenities	2,937	3,068	2,937	3,068
<b>Total rental revenue</b>	<b>400,639</b>	<b>395,841</b>	<b>400,639</b>	<b>395,841</b>

## 9. Commonwealth and State grants, contributions and subsidies

	Consolidated		Parent	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Commonwealth grants and contributions</b>				
Aboriginal housing	48,414	50,731	48,414	50,731
Commonwealth rental grants	116,569	121,144	116,569	121,144
Crisis accommodation & Community Housing	-	1,243	-	1,243
<b>Total Commonwealth grants and contributions</b>	<b>164,983</b>	<b>173,118</b>	<b>164,983</b>	<b>173,118</b>
<b>Grants and subsidies from State Government</b>				
Department of Treasury	50,974	68,487	50,974	68,487
Department of Treasury – VTSS reimbursement	8,966	-	8,966	-
Department of State Development	167	-	167	-
Disability Services Commission	1,190	330	1,190	330
Department for Child Protection & Family Support	-	74	-	74
Department of the Premier & Cabinet	-	564	-	564
Department of Regional Development	7,340	567	7,340	567
Services received free of charge – Department of Finance	255	288	255	288
<b>Total State grants and subsidies</b>	<b>68,892</b>	<b>70,310</b>	<b>68,892</b>	<b>70,310</b>

## 10. Interest revenue

<b>Loan interest</b>				
Keystart secured mortgage advances	176,935	172,259	-	-
<b>Total loan interest</b>	<b>176,935</b>	<b>172,259</b>	<b>-</b>	<b>-</b>
<b>Other interest</b>				
Interest on cash at bank	4,398	2,783	4,397	2,782
Interest on investments	3,888	4,192	86,240	78,858
Interest other	525	1,216	525	1,216
Total other interest	8,811	8,191	91,162	82,856
<b>Total interest revenue</b>	<b>185,746</b>	<b>180,450</b>	<b>91,162</b>	<b>82,856</b>

## 11. Other gains

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Bad debts recovered	1,026	922	1,026	922
Conveyancing fees	1,849	1,725	1,849	1,725
Dividends	-	-	66,908	77,501
Other revenue	43,386	19,058	36,849	9,798
<b>Total other revenues</b>	<b>46,261</b>	<b>21,705</b>	<b>106,632</b>	<b>89,946</b>

## 12. Net gain/(loss) on disposal of non-current assets

### Proceeds from the disposal of non-current assets

Rental properties	122,344	80,197	122,344	80,197
Community Housing properties	631	3,358	631	3,358
Shared Equity properties	32,691	32,027	32,691	32,027
Plant & equipment and intangible assets	35	-	35	-
	<b>155,701</b>	<b>115,582</b>	<b>155,701</b>	<b>115,582</b>

### Carrying amount of non-current assets disposed

Rental properties	142,929	91,683	142,929	91,683
Community Housing properties	11,788	8,454	11,788	8,454
Shared Equity properties	36,376	34,646	36,376	34,646
Plant & equipment and intangible assets	362	807	362	807
	<b>191,455</b>	<b>135,590</b>	<b>191,455</b>	<b>135,590</b>

<b>Net loss</b>	<b>(35,754)</b>	<b>(20,008)</b>	<b>(35,754)</b>	<b>(20,008)</b>
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The cost on disposal of rental properties includes the value of properties demolished of \$6.518m (2017: \$7.732m).

## 13. Rental expenses

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Maintenance expenses	152,923	147,090	152,923	147,090
Debt collection expenses	1,206	1,044	1,206	1,044
Estate management expenses	3,742	3,645	3,742	3,645
General expenses	17,291	17,244	17,291	17,244
Insurance expenses	8,562	11,059	8,562	11,059
Rates expenses	97,482	89,671	97,482	89,671
Renovations & improvements	11,454	14,122	11,454	14,122
Demolition costs	2,064	1,424	2,064	1,424
<b>Non cancellable operating leases:</b>				
Rental properties	63,988	67,751	63,988	67,751
<b>Total rental expenses</b>	<b>358,712</b>	<b>353,050</b>	<b>358,712</b>	<b>353,050</b>

## 14. Community support expense

Aboriginal Housing <sup>(a)</sup>	156,441	117,264	156,441	117,264
Community Housing <sup>(b)</sup>	9,242	8,031	9,242	8,031
<b>Total community support expense</b>	<b>165,683</b>	<b>125,295</b>	<b>165,683</b>	<b>125,295</b>

(a) Aboriginal Housing Community support consists of expenses incurred in the provision of remote indigenous community housing and support programmes including capitalised administration of \$24.750m (2017: \$27.010m).

(b) Community Housing support consists of expenses incurred in the provision of housing undertaken by community groups.

## 15. Employee benefits expense

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Salaries <sup>(a)</sup>	169,232	150,422	168,750	149,866
Superannuation – defined contribution plans <sup>(b)</sup>	15,037	14,971	15,037	14,971
Superannuation – defined benefit plans (Note 38)	(460)	680	(460)	680
Other employee benefits expenses	1,990	880	1,990	880
	<b>185,799</b>	<b>166,953</b>	<b>185,317</b>	<b>166,397</b>
<b>Less credits:</b>				
Administration capitalised	16,594	19,824	16,594	19,824
Recoups	154	364	154	364
<b>Total credits</b>	<b>16,748</b>	<b>20,188</b>	<b>16,748</b>	<b>20,188</b>
<b>Total employee benefits expenses</b>	<b>169,051</b>	<b>146,765</b>	<b>168,569</b>	<b>146,209</b>

(a) Included in Salaries are voluntary severances of \$7.294m.

(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds. Employment on-costs expenses, such as workers' compensation insurance, are included in note 20 'Other expenses'. Employment on-costs liability is included at note 38 'Provisions'.

## 16. Supplies and services

Other personnel costs	6,072	10,950	6,072	10,950
Travel	2,187	2,305	2,187	2,305
Stationery & supplies	912	930	507	557
Communication	4,470	5,349	4,347	5,214
Other costs & expenses <sup>(a)</sup>	15,652	12,144	12,203	8,253
External and Internal Audit fees	889	684	507	380
Motor vehicles	1,081	959	1,081	959
	<b>31,263</b>	<b>33,321</b>	<b>26,904</b>	<b>28,618</b>
Lease expenses				
<b>Non cancellable operating leases:</b>				
Motor vehicles	1,000	1,023	1,000	1,023
	<b>1,000</b>	<b>1,023</b>	<b>1,000</b>	<b>1,023</b>
<b>Total supplies and services</b>	<b>32,263</b>	<b>34,344</b>	<b>27,904</b>	<b>29,641</b>

(a) Included in other costs & expenses are fees for professional services \$7.402m (2017: \$6.129m), asset maintenance \$4.543m (2017: \$1.172m), legal & technical services \$2.612m (2017: \$2.007m) and operating cost recoups.

## 17. Depreciation and amortisation expense

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Depreciation</b>				
Rental properties	104,996	111,870	104,996	111,870
Community Housing properties	8,834	10,477	8,834	10,477
Shared Equity properties	6,930	7,394	6,930	7,394
Other properties	1,451	1,310	1,451	1,310
Plant & equipment	1,503	1,770	1,057	1,302
<b>Amortisation</b>				
Intangible assets	10,547	11,015	10,547	11,015
Other assets	671	625	-	-
<b>Total depreciation and amortisation expense</b>	<b>134,932</b>	<b>144,461</b>	<b>133,815</b>	<b>143,368</b>

## 18. Finance costs

Interest expense	131,045	126,502	131,044	126,502
Finance charges	4	3	-	-
<b>Total finance costs</b>	<b>131,049</b>	<b>126,505</b>	<b>131,044</b>	<b>126,502</b>

## 19. Accommodation expenses

Office rental & accommodation	8,408	11,933	8,344	6,894
Non cancellable operating office properties leases	6,043	671	5,288	5,009
<b>Total accommodation expenses</b>	<b>14,451</b>	<b>12,604</b>	<b>13,632</b>	<b>11,903</b>

## 20. Other expenses

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Doubtful debts expense	22,273	15,897	9,538	7,668
Fees – Keystart	15,124	14,696	–	–
Grants & subsidies	1,055	2,272	1,055	2,272
Land expenses	42,443	42,269	42,443	42,269
Loan scheme expenses	912	902	912	902
Write down of assets classified as held for sale	1,360	1,303	1,360	1,303
Employee on costs	10,670	10,204	10,670	10,204
Impairment – Assets (Goldmaster)	–	–	–	19,631
Other expenses <sup>(a)</sup>	49,287	45,483	49,123	43,665
Assets transferred to Community Housing <sup>(b)</sup>	40,531	44,103	40,531	44,103
<b>Total other expenses</b>	<b>183,655</b>	<b>177,129</b>	<b>155,632</b>	<b>172,017</b>

(a) Other expenses include grants paid \$12.110m (2017: \$11.983m), fees for technical services \$15.486m (2017: \$11.737m) and consultants \$5.968m (2017: \$4.871m)

(b) As at 30 June 2018, the Housing Authority transferred 170 property assets valued at \$40.530m (2017: 106 property assets valued at \$44.103m) to Community Housing Organisations in accordance with Commonwealth Stimulus funding requirements.

## 21. Cash and cash equivalents

Cash at bank – operational	239,882	212,666	225,489	198,400
Cash advances	8	9	8	9
	<b>239,890</b>	<b>212,675</b>	<b>225,497</b>	<b>198,409</b>
<b>Restricted cash:</b>				
Rental tenants bonds	7,630	9,213	7,630	9,213
Joint operations cash	17,863	17,919	17,863	17,919
Unspent municipal and essential services funds	6,701	41,517	6,701	41,517
Remote indigenous housing	1,837	4,994	1,837	4,994
Royalties for Regions Fund	14,864	15,383	14,864	15,383
	<b>48,895</b>	<b>89,026</b>	<b>48,895</b>	<b>89,026</b>
<b>Total cash and cash equivalents</b>	<b>288,785</b>	<b>301,701</b>	<b>274,392</b>	<b>287,435</b>

Rental Tenants Bonds represents bond monies received by the Housing Authority from rental clients. These funds are held in trust in accordance with the Residential Tenancies Act. Joint Operations Cash is restricted for the use of joint operations and is controlled by the respective management groups. Unspent funds for Royalties for Regions are committed to projects and programs in WA regional areas. The Municipal and Essential Services fund was established in 2015 to administer Commonwealth funding for a range of services in remote Aboriginal communities. The Housing Authority is a property manager for remote indigenous communities and does not have ownership of these properties. The cash held represents unspent funds for these properties.

## 22. Inventories

	Consolidated		Parent	
	2018 \$000	Restated* 2017 \$000	2018 \$000	Restated* 2017 \$000
<b>Current</b>				
Land held for sale at cost (note 2(h)) current				
Cost of acquisition and development	148,157	126,079	139,958	116,923
Capitalised rates, taxes, administration and interest	1,196	1,196	1,196	1,196
	<b>149,353</b>	<b>127,275</b>	<b>141,154</b>	<b>118,119</b>
Joint operations land at cost (note 2(h))	50,172	57,052	50,172	57,052
House and land packages for sale	76,220	149,370	75,974	149,209
House and land packages construction in progress	101,915	84,062	101,915	84,062
<b>Total current inventories</b>	<b>377,660</b>	<b>417,759</b>	<b>369,215</b>	<b>408,442</b>
<b>Non-current</b>				
Land held for sale at cost (note 2(h)) non-current				
Cost of acquisition and development	484,329	389,657	473,118	378,488
House and land packages for sale*	–	56,706	–	56,706
Capitalised rates, taxes, administration and interest	5,527	5,685	5,527	5,685
	<b>489,856</b>	<b>452,048</b>	<b>478,645</b>	<b>440,879</b>
Joint operations land at cost <sup>(a)*</sup>	104,990	115,457	104,990	115,457
<b>Total non-current inventories</b>	<b>594,846</b>	<b>567,505</b>	<b>583,635</b>	<b>556,336</b>

\* Refer to Note 3 for restatement

(a) The Housing Authority enters into joint operations for the development of land holdings. Listed below are current joint operations

## 22. Inventories (continued)

### Butler

The Housing Authority holds a 46.8% interest in an incorporated joint operation with Butler Land Pty Ltd for the development of land at the Brighton estate. The incorporated joint operation is named Ocean Springs Pty Ltd. The principal place of business is in Western Australia. The Housing Authority contributes development costs and receives revenues on the basis of the interest held in the joint operation.

### Dalyellup Beach

The Housing Authority holds a 50% interest in an incorporated joint operation with Home Satterley Dalyellup Pty Ltd for the development of land at Dalyellup Beach, Bunbury. The incorporated joint operation is named Dalyellup Beach Pty Ltd. The principal place of business is in Western Australia. The Housing Authority contributes development costs and receives revenues on the basis of the interest held in the joint operation.

### Ellenbrook

The Housing Authority holds a 47.1% interest in an incorporated joint operation with Morella Pty Ltd, a syndicate of companies for the development of land at Ellenbrook. The incorporated joint operation is named Ellenbrook Management Pty Ltd. The principal place of business is in Western Australia. The Housing Authority contributes development costs and receives revenues on the basis of the interest held in the joint operation.

### Wandina

The Housing Authority holds a 50% interest in an incorporated joint operation with Barry Ross Mitchell as trustee for the Wandina Syndicate for the development of land at Wandina, Geraldton. The incorporated joint operation is named Seacrest Corporation Pty Ltd. The principal place of business is in Western Australia. The Housing Authority contributes development costs and receives revenues on the basis of the interest held in the joint operation.

### Oyster Harbour

The Housing Authority holds a 50% interest in an unincorporated joint operation with Lowe Pty Ltd, for the land at the Oyster Harbour Estate, Bayonet Head, Albany. The principal place of business is in Western Australia. The Housing Authority contributes development costs and receives revenues on the basis of the interest held in the joint operation.

### Wellard

The Housing Authority holds an interest in an unincorporated joint operation with Peet Southern JV Ltd for the development of Housing Authority land in Wellard. The Housing Authority contributes the land and the participant contributes the funds for the development of the land. The Housing Authority receives a 10% land payment on the sale of each lot and 80% share in the profits. The principal place of business is in Western Australia.

### Banksia Grove

The Housing Authority holds an interest in an unincorporated joint operation with Banksia Grove Development Nominees Pty Ltd for the development of its land at Banksia Grove. The Housing Authority contributes the land and the participant contributes the funds for the development of the land. The Housing Authority receives a 35% land payment on the sale of each lot and 40% share in the profits. The principal place of business is in Western Australia.

### Brookdale

The Housing Authority holds a 50% interest in an unincorporated joint operation with Stockland WA Development Pty Ltd for the development of land at Brookdale. The Housing Authority contributes development costs and receives revenues on the basis of interest held in the joint operation. The principal place of business is in Western Australia.

### Harrisdale

The Housing Authority holds an interest in an unincorporated joint operation with Cedar Woods Properties Harrisdale Pty Ltd for the development of its land at Harrisdale. The Housing Authority contributes the land and the participant contributes the funds for the development of the land. The Housing Authority receives a 20% land payment on the sale of the lots, a 10% land payment on the sale of built form products and a 20% share in the profits. The principal place of business is in Western Australia.

### Golden Bay Estate

The Housing Authority holds an interest in an unincorporated joint operation with Peet Golden Bay Pty Ltd for the development of its land at Golden Bay Estate. The Housing Authority contributes the land and the participant contributes the funds for the development of the land. The Housing Authority receives a 50% land payment on the sale of each lot and 50% share in the profits. The principal place of business is in Western Australia.

### Beenyup Grove Byford

The Housing Authority holds a 50% interest in an unincorporated joint operation with Delfina Properties Pty Ltd for the development of its land in Byford. The Housing Authority contributes development costs and receives a 50% profit share. The principal place of business is in Western Australia.

## 22. Inventories (continued)

Joint operations		2018											
		Note	Butler \$000	Dalyellup Beach \$000	Ellenbrook \$000	Wandina \$000	Oyster Harbour \$000	Golden Bay Estate \$000	Brookdale \$000	Harrisdale \$000	Wellard \$000	Banksia Grove \$000	Byford \$000
<b>Current assets</b>													
Cash and cash equivalents	21	7,357	4,958	1,748	216	20	196	3,368	-	-	-	-	17,863
Receivables	23	1,104	199	550	21	519	98	-	-	-	-	-	2,491
Inventories	22	8,460	3,957	29,684	-	2,529	1,454	4,088	-	-	-	-	50,172
Other current assets	25	-	-	85	1	-	-	-	-	-	-	-	86
		<b>16,921</b>	<b>9,114</b>	<b>32,067</b>	<b>238</b>	<b>3,068</b>	<b>1,748</b>	<b>7,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,612</b>
<b>Non-current assets</b>													
Receivables	23	-	-	-	75	-	-	-	-	-	-	-	75
Office equipment	32	-	6	58	4	-	11	-	-	-	-	-	79
Buildings	31	1,390	39	46	8	-	-	-	-	-	-	-	1,483
Development costs <sup>(1)</sup>	22	16,528	14,253	2,566	2,353	2,946	2,259	28,086	-	-	-	-	68,991
		<b>17,918</b>	<b>14,298</b>	<b>2,670</b>	<b>2,440</b>	<b>2,946</b>	<b>2,270</b>	<b>28,086</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,628</b>
<b>Total assets</b>		<b>34,839</b>	<b>23,412</b>	<b>34,737</b>	<b>2,678</b>	<b>6,014</b>	<b>4,018</b>	<b>35,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>141,240</b>
<b>Current liabilities</b>													
Payables	36	1,235	174	501	21	153	2,300	66	-	-	-	-	4,450
Other liabilities	39	-	-	-	142	-	-	593	-	-	-	-	735
Provisions	38	-	-	-	-	-	205	282	-	-	-	-	487
		<b>1,235</b>	<b>174</b>	<b>501</b>	<b>163</b>	<b>153</b>	<b>2,505</b>	<b>941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,672</b>
<b>Non-current liabilities</b>													
Payables and interest-bearing liabilities	36	-	-	24	-	-	-	-	-	-	-	-	24
		<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>Total liabilities</b>		<b>1,235</b>	<b>174</b>	<b>525</b>	<b>163</b>	<b>153</b>	<b>2,505</b>	<b>941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,696</b>
<b>Net assets</b>		<b>33,604</b>	<b>23,238</b>	<b>34,212</b>	<b>2,515</b>	<b>5,861</b>	<b>1,513</b>	<b>34,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,544</b>
<b>Land (1)</b>	<b>22</b>	<b>1,348</b>	<b>-</b>	<b>1,407</b>	<b>225</b>	<b>6,012</b>	<b>10,832</b>	<b>11,680</b>	<b>908</b>	<b>2,347</b>	<b>1,240</b>	<b>-</b>	<b>35,999</b>

1. The total of development costs (\$68.991m) and Authority land (\$35.999m) represents the total (\$104.990m) joint operations land.

## 22. Inventories (continued)

Joint operations		Restated * 2017											
	Note	Butler \$000	Dalyellup Beach \$000	Ellenbrook \$000	Wandina \$000	Oyster Harbour \$000	Golden Bay Estate \$000	Brookdale \$000	Harrisdale \$000	Wellard \$000	Banksia Grove \$000	Byford \$000	Total \$000
<b>Current assets</b>													
Cash and cash equivalents	21	4,810	3,273	4,052	128	99	966	4,591	-	-	-	-	17,919
Receivables	23	1,418	214	1,769	18	53	65	249	-	-	-	-	3,786
Inventories	22	12,020	4,297	30,375	-	2,010	3,961	4,389	-	-	-	-	57,051
Other current assets	25	-	-	1,031	7	-	-	-	-	-	-	-	1,038
		<b>18,248</b>	<b>7,784</b>	<b>37,227</b>	<b>153</b>	<b>2,162</b>	<b>4,992</b>	<b>9,229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,795</b>
<b>Non-current assets</b>													
Receivables	23	530	-	-	69	-	-	-	-	-	-	-	599
Office equipment	32	11	15	37	3	-	4	-	-	-	-	-	70
Buildings	31	1,057	51	135	8	-	-	-	-	-	-	-	1,251
Development costs <sup>(1)</sup>	22	15,911	16,945	2,824	2,513	3,410	3,184	22,046	-	-	-	-	66,833
		<b>17,509</b>	<b>17,011</b>	<b>2,996</b>	<b>2,593</b>	<b>3,410</b>	<b>3,188</b>	<b>22,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,753</b>
<b>Total assets</b>		<b>35,757</b>	<b>24,795</b>	<b>40,223</b>	<b>2,746</b>	<b>5,572</b>	<b>8,180</b>	<b>31,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148,548</b>
<b>Current liabilities</b>													
Payables	36	2,164	604	524	23	107	4,171	165	-	-	-	-	7,758
Other liabilities	39	-	-	-	142	-	-	941	-	-	-	-	1,083
Provisions	38	-	-	963	2	-	521	572	-	-	-	-	2,058
		<b>2,164</b>	<b>604</b>	<b>1,487</b>	<b>167</b>	<b>107</b>	<b>4,692</b>	<b>1,678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,899</b>
<b>Non-current liabilities</b>													
Payables and interest-bearing liabilities	36	530	-	24	-	-	-	-	-	-	-	-	554
		<b>530</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>554</b>
<b>Total liabilities</b>		<b>2,694</b>	<b>604</b>	<b>1,511</b>	<b>167</b>	<b>107</b>	<b>4,692</b>	<b>1,678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,453</b>
<b>Net assets</b>		<b>33,063</b>	<b>24,191</b>	<b>38,712</b>	<b>2,579</b>	<b>5,465</b>	<b>3,488</b>	<b>29,597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,095</b>
<b>Land <sup>(1)*</sup></b>	<b>22</b>	<b>1,469</b>	<b>-</b>	<b>1,515</b>	<b>176</b>	<b>6,302</b>	<b>11,893</b>	<b>4,443</b>	<b>920</b>	<b>2,731</b>	<b>3,414</b>	<b>15,761</b>	<b>48,624</b>

\* Refer to Note 3 for restatement

1. The total of development costs (\$66.833m) and Authority land (\$48.624m) represents the total (\$115.457m) joint operations land.

## 23. Loans and receivables

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Current</b>				
General	11,271	20,031	9,963	18,673
Loans to homebuyers	515,440	480,365	-	-
Joint operations receivables	2,491	3,786	2,491	3,786
Rental and Lease bonds	29,399	30,977	29,399	30,977
Rents from tenants and other rents	63,825	56,877	63,825	56,877
Commercial organisations <sup>(a)</sup>	857	-	857	4,634
Dividend receivable	-	-	66,908	77,501
	<b>623,283</b>	<b>592,036</b>	<b>173,443</b>	<b>192,448</b>
Less provision for impairment	10,440	8,593	10,440	8,593
<b>Total receivables current</b>	<b>612,843</b>	<b>583,443</b>	<b>163,003</b>	<b>183,855</b>

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

### Movement in provisions for impairment of receivables

Carrying amount at start of period	8,593	7,941	8,593	7,941
Doubtful debt expense	9,538	7,668	9,538	7,668
Amounts written off during the period	(7,691)	(7,016)	(7,691)	(7,016)
<b>Carrying amount at end of period</b>	<b>10,440</b>	<b>8,593</b>	<b>10,440</b>	<b>8,593</b>

An impairment loss of \$9.538m (2017: \$7.668m) has been recognised by the Housing Authority.

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Non current</b>				
Keystart preferential shares <sup>(a)</sup>	-	-	3,945,000	3,320,000
Commercial organisations <sup>(b)</sup>	-	-	10,073	5,737
Loans to homebuyers <sup>(c)</sup>	3,489,798	2,913,069	-	-
Less provision for impairment	22,959	21,019	-	-
	<b>3,466,839</b>	<b>2,892,050</b>	<b>3,955,073</b>	<b>3,325,737</b>
Joint operations receivables	75	599	75	599
<b>Total receivables non current</b>	<b>3,466,914</b>	<b>2,892,649</b>	<b>3,955,148</b>	<b>3,326,336</b>

### Movement in provisions for impairment of loans

As at 30 June 2018, loans to homebuyers with a nominal value of \$11.027m (2017: \$4.815m) were impaired and written off against provision for impairment following disposal of mortgaged property. The individually impaired receivables are mainly due to property abandonment and voluntary property surrender.

The creation and release of the provision for impaired receivables has been included in doubtful debts expenses in the Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

### Movement in provisions for impairment

Carrying amount at start of period	21,019	17,493	-	-
Doubtful debt expense	12,735	8,229	-	-
Amounts written off during the period	(10,795)	(4,703)	-	-
<b>Carrying amount at end of period</b>	<b>22,959</b>	<b>21,019</b>	<b>-</b>	<b>-</b>

### Ageing analysis of receivables past due but not impaired at the end of the reporting period

Not more than 3 months	204,289	167,512	3,682	3,489
More than 3 months but less than 6 months	1,502	1,722	1,502	1,722
More than 6 months but less than 1 year	2,351	3,834	2,351	3,834
More than 1 year	4,789	6,954	4,789	6,954
	<b>212,931</b>	<b>180,022</b>	<b>12,324</b>	<b>15,999</b>

### 23. Loans and receivables (continued)

All loans and advances are reviewed and graded according to the anticipated level of credit risk. The classification adopted is described below:

#### Outstanding balance on loans for which collateral will be repossessed

	2018 \$000	2017 \$000
Balance	51,960	55,213
Provision for impairment	(16,852)	(13,149)
	<b>35,108</b>	<b>42,064</b>
Interest foregone on repossessed loans	2,929	2,213

A Safety Net Scheme is offered to clients who require assistance because of changes in their financial situation. In most cases, assistance is granted for short terms under 12 months and the loans are regularly monitored and reviewed.

The table shows the position as at the end of the financial period for loans provided by Keystart.

	Number	2018 \$000	Number	2017 \$000
Safety net loans	215	21,536	102	29,296
Provision for impairment	-	(827)	-	(806)
	<b>215</b>	<b>20,709</b>	<b>102</b>	<b>28,490</b>

#### (a) Keystart preferential shares

The Western Australian Treasury Corporation has provided the Housing Authority with a \$5,000 million loan facility to fund Keystart Loans Ltd. The Housing Authority has purchased redeemable preference shares in Keystart Loans Ltd to the same value as the drawn down loan facility as security over the funds. The terms and conditions of the shares reflect the terms and conditions of the loan facility. Keystart Loans Ltd. meets all principal, interest and other costs associated with the facility. To date \$3,945 million (June 2017 \$3,320 million) of this facility has been drawn down.

(b) The Non-Current loans to Commercial Organisations represents Acknowledgement of Debt totalling \$6.045m to Goldmaster Enterprises at an interest rate of 5.25% per annum and a loan secured over land for \$4.028m at a rate of 3.95%

#### (c) Loans to Homebuyers

##### (a) Interest rate risk

Refer to note 2 (ab) for an analysis of the Consolidated Entity's exposure to interest rate risk in relation to loan and other receivables. Summarised analysis of the sensitivity of loan and other receivables to interest rate is illustrated in note 2 (ab).

##### (b) Fair value and credit risk

#### Loans and receivables

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The fair values and carrying values of receivables are as follows:

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Loans and receivables – fair value	3,997,929	3,386,458	-	-

#### Credit Risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

(Refer to note 2 (ab) for more information on the risk management policy of the Consolidated Entity).

#### (c) Collateral held

Collateral is in the form of registered first mortgages over residential properties in Western Australia purchased with the proceeds of loans from Keystart. The parties granting the mortgage must be the same as the Keystart borrowers.

Terms and conditions associated with the use of collateral are such that should a borrower breach the terms and conditions of their mortgage, Keystart has the facility to recover all or part of the outstanding exposure by:

- (a) exercising its rights under the mortgage, including the power of sale and
- (b) exercising any rights available under law.

The collateral held as security for loans that are past due or impaired is in the form of mortgaged residential property.

Fair value of collateral obtained in terms of the exercising of rights under the mortgages	47,322	57,592	-	-
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#### Repossessed Loans

Mortgagee sales are considered as the last resort in relation to continually defaulting borrowers. The execution of the mortgagee sales must comply with the *National Consumer Protection Credit Act 2009* and National Credit Code, where appropriate.

Repossessed collateral is sold at best possible market price, with any surpluses being returned to the borrowers concerned. Any shortfalls are written-off against the provision.

## 24. Deferred Income Tax asset

Numerical reconciliation of income tax expense to the prima facie tax payable:

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Accounting profit/(loss) before income tax</b>	<b>(874)</b>	<b>(2,670)</b>	-	-
Prima facie tax payable on profit/(loss) at 30%	(262)	(801)	-	-
<b>Add/(less) tax effect of:</b>				
Current year taxable differences not recognised	3	(14)	-	-
Previously unrecognised taxable differences	-	-	-	-
Previously unrecognised tax losses	-	-	-	-
Write down of deferred tax asset	-	-	-	-
Deferred tax benefits not recognised	259	815	-	-
<b>Income tax expense/(benefit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Goldmaster directors have considered the probability of taxable profits arising in the near future is remote and therefore have determined not to recognise any deferred tax assets relating to unused tax losses.

The company estimates it has accumulated income tax losses of \$31.378m (2017 \$30.514m). The benefit of these losses and timing difference will only be obtained if:

- The company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- The company continues to comply with the conditions for deductibility imposed by law; and
- No changes to tax legislation adversely affect the company in realising the benefit from the deduction for the loss.

## 25. Other current assets

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Accrued revenue</b>				
Interest on cash at bank	1,245	1,339	1,245	1,339
Accrued housing sales	20,202	2,344	20,202	2,344
Interest Keystart investments	-	-	11,795	8,078
	<b>21,447</b>	<b>3,683</b>	<b>33,242</b>	<b>11,761</b>
<b>Prepayments</b>				
General	4,940	5,241	4,923	5,218
Development proposals	-	6,373	-	6,373
Joint operations	86	1,038	86	1,038
	<b>5,026</b>	<b>12,652</b>	<b>5,009</b>	<b>12,629</b>
<b>Total other current assets</b>	<b>26,473</b>	<b>16,335</b>	<b>38,251</b>	<b>24,390</b>

## 26. Non-current assets classified as held for sale

<b>Opening balance</b>				
Rental properties	23,366	28,402	23,366	28,402
Assets reclassified as held for sale				
Rental properties	27,363	28,830	27,363	28,830
Less impairment	(1,360)	(2,448)	(1,360)	(2,448)
	26,003	26,382	26,003	26,382
<b>Total assets classified as held for sale</b>				
Rental properties	49,369	54,784	49,369	54,784
Less assets sold				
Rental properties	(27,692)	(31,418)	(27,692)	(31,418)
<b>Closing balance rental properties</b>	<b>21,677</b>	<b>23,366</b>	<b>21,677</b>	<b>23,366</b>

These properties are the Housing Authority's New Living and Redevelopment programs properties that form part of the rental property class that are marketed and available for immediate sale in accordance with AASB 5. Assets held for sale are held at fair value less selling costs. Information on fair value measurements are provided in Note 34.

## 27. Other financial assets

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Current</b>				
Deposits at call <sup>(a)</sup>	229,964	210,063	-	-
Debentures	-	-	-	-
<b>Total current other financial assets</b>	<b>229,964</b>	<b>210,063</b>	<b>-</b>	<b>-</b>
<b>Non-current investments</b>				
Ellenbrook Management Pty Ltd Shares <sup>(b)</sup>	24	24	24	24
Goldmaster Enterprises Pty Ltd Shares <sup>(b)</sup>	-	-	17,719	37,350
Less provision for impairment – Goldmaster Enterprises Pty Ltd Shares <sup>(a) (ii)</sup>	-	-	-	(19,631)
<b>Total non-current other financial assets</b>	<b>24</b>	<b>24</b>	<b>17,743</b>	<b>17,743</b>

(a) The fair values of the short term deposits are determined using generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

(i) Risk exposure – Information about the Consolidated Entity's exposure to market risk, credit risk and liquidity risk is provided in note 2 (ab).

(ii) Impairment – Financial assets are assessed for indicators of impairment regularly. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset the recoverability of the investment has been impacted.

Reconciliation of changes in the allowances for impairment of non-current investments:

Carrying amount at start of period	-	-	-	-
Charge for the period	-	-	-	19,631
Amounts written off during the period	-	-	-	(19,631)
Impairment losses reversed during the period	-	-	-	-
Carrying amount at end of period	-	-	-	-

(b) Interest is held in the following companies:

Name	Principal activities	Types of shares	Percentage of each share class held		Dividends received \$000	Value of shares \$000
Ellenbrook Management Pty Ltd	Real estate development	Ord	47.14	47.14	Nil	24
Goldmaster Enterprises Pty Ltd shares	Property development	Ord	87.18	87.18	Nil	17,719

## 28. Rental properties

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Rental properties at fair value</b>				
Improvements	5,028,688	5,181,945	5,028,688	5,181,945
Land	5,882,492	6,457,097	5,882,492	6,457,097
	<b>10,911,180</b>	<b>11,639,042</b>	<b>10,911,180</b>	<b>11,639,042</b>
Less accumulated depreciation	(2,698)	(3,236)	(2,698)	(3,236)
	<b>10,908,482</b>	<b>11,635,806</b>	<b>10,908,482</b>	<b>11,635,806</b>
Leasehold improvements at cost	4,307	4,307	4,307	4,307
Less accumulated depreciation	(1,146)	(871)	(1,146)	(871)
	<b>3,161</b>	<b>3,436</b>	<b>3,161</b>	<b>3,436</b>
Vacant land at fair value	112,893	94,818	112,893	94,818
<b>Total rental properties</b>	<b>11,024,536</b>	<b>11,734,060</b>	<b>11,024,536</b>	<b>11,734,060</b>

## 29. Community Housing properties

Community Housing properties at fair value <sup>(a)</sup>				
Improvements	400,935	474,768	400,935	474,768
Land	317,639	364,360	317,639	364,360
	<b>718,574</b>	<b>839,128</b>	<b>718,574</b>	<b>839,128</b>
Less accumulated depreciation:	(515)	(484)	(515)	(484)
<b>Total community housing properties</b>	<b>718,059</b>	<b>838,644</b>	<b>718,059</b>	<b>838,644</b>

(a) Community Housing properties at fair value (Improvements and Land) includes crisis accommodation, joint charity projects and Indigenous urban housing.

### 30. Shared Equity properties

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Shared Equity properties at fair value</b>				
Improvements	218,093	234,527	218,093	234,527
Land	307,180	335,575	307,180	335,575
	<b>525,273</b>	<b>570,102</b>	<b>525,273</b>	<b>570,102</b>
Less accumulated depreciation:	(238)	(660)	(238)	(660)
<b>Total shared equity properties</b>	<b>525,035</b>	<b>569,442</b>	<b>525,035</b>	<b>569,442</b>

### 31. Other properties

Other properties at fair value				
Improvements	22,961	35,094	22,961	35,094
Land	42,163	45,051	42,163	45,051
Joint operations buildings	2,306	1,995	2,306	1,995
	<b>67,430</b>	<b>82,140</b>	<b>67,430</b>	<b>82,140</b>
<b>Less accumulated depreciation:</b>				
Other properties at fair value – Improvements and Land <sup>(a)</sup>	(382)	-	(382)	-
Joint operations buildings	(823)	(744)	(823)	(744)
	<b>(1,205)</b>	<b>(744)</b>	<b>(1,205)</b>	<b>(744)</b>
	<b>66,225</b>	<b>81,396</b>	<b>66,225</b>	<b>81,396</b>
<b>Leasehold improvements</b>				
Leasehold improvements at cost	5,854	4,823	5,854	4,823
Less accumulated depreciation:	(3,112)	(3,073)	(3,112)	(3,073)
	<b>2,742</b>	<b>1,750</b>	<b>2,742</b>	<b>1,750</b>
<b>Vacant land at fair value</b>	<b>10,863</b>	<b>14,925</b>	<b>10,863</b>	<b>14,925</b>
<b>Total other properties</b>	<b>79,830</b>	<b>98,071</b>	<b>79,830</b>	<b>98,071</b>

(a) Other properties at fair value – Improvements and Land includes offices, commercial and Indigenous assets.

### 32. Plant and equipment

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Plant &amp; equipment at cost</b>				
Office equipment and computing facilities	13,517	14,237	9,537	9,574
Joint operations office equipment	256	226	256	226
Works of art	58	54	58	54
Plant & equipment	4,760	6,063	4,711	6,020
	<b>18,591</b>	<b>20,580</b>	<b>14,562</b>	<b>15,874</b>
<b>Less accumulated depreciation:</b>				
Office equipment and computing facilities	11,357	11,104	8,436	7,804
Joint operations office equipment	177	156	177	156
Plant & equipment	3,935	4,593	3,901	4,562
	<b>15,469</b>	<b>15,853</b>	<b>12,514</b>	<b>12,522</b>
<b>Total plant and equipment</b>	<b>3,122</b>	<b>4,727</b>	<b>2,048</b>	<b>3,352</b>

### 33. Property, plant and equipment reconciliation

	2018							2017						
	Rental properties \$000	Community Housing properties <sup>(b)</sup> \$000	Shared equity properties \$000	Other properties \$000	Plant & equipment \$000	Buildings under construction \$000	Total \$000	Rental properties \$000	Community Housing properties \$000	Shared equity properties \$000	Other properties \$000	Plant & equipment \$000	Buildings under construction \$000	Total \$000
<b>Consolidated</b>														
Carrying amount at start of period	11,734,060	838,644	569,442	98,071	4,727	40,037	13,284,981	12,500,948	856,958	589,270	112,382	5,641	110,656	14,175,855
Correction of prior period error*	-	-	-	(16,176)	(71)	5	(16,242)	-	-	-	-	-	-	-
<b>Restated amount at start of period</b>	<b>11,734,060</b>	<b>838,644</b>	<b>569,442</b>	<b>81,895</b>	<b>4,656</b>	<b>40,042</b>	<b>13,268,739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	16,905	3,735	21,731	4,080	1,294	107,450	155,195	238,488	6,352	43,483	404	1,353	98,466	388,546
Transfers	136,591	208	-	662	-	(137,461)	-	145,287	16,429	2,193	5,176	-	(169,085)	-
Disposals	(251,885)	(34,782)	(35,487)	(13,725)	(1,325)	-	(337,204)	(124,367)	(23,182)	(34,721)	(4,618)	(2,368)	-	(189,256)
Classified as held for sale	27,363	-	-	-	-	-	27,363	(28,830)	-	-	-	-	-	(28,830)
Impairment of property (c)	(5,084)	-	-	-	-	-	(5,084)	(4,088)	-	-	-	-	-	(4,088)
Revaluation increments (decrements) (a)	(528,418)	(80,912)	(23,721)	9,250	-	-	(623,801)	(882,336)	(8,201)	(23,648)	(13,871)	-	-	(928,056)
Depreciation	(104,996)	(8,834)	(6,930)	(2,332)	(1,503)	-	(124,595)	(111,042)	(9,712)	(7,135)	(1,402)	101	-	(129,190)
<b>Carrying amount at end of period</b>	<b>11,024,536</b>	<b>718,059</b>	<b>525,035</b>	<b>79,830</b>	<b>3,122</b>	<b>10,031</b>	<b>12,360,613</b>	<b>11,734,060</b>	<b>838,644</b>	<b>569,442</b>	<b>98,071</b>	<b>4,727</b>	<b>40,037</b>	<b>13,284,981</b>
<b>Parent*</b>														
Carrying amount at start of period	11,734,060	838,644	569,442	98,071	3,352	40,037	13,283,606	12,500,948	856,958	589,270	112,382	4,149	110,656	14,174,363
Correction of prior period error*	-	-	-	(16,176)	(71)	5	(16,242)	-	-	-	-	-	-	-
<b>Restated amount at start of period</b>	<b>11,734,060</b>	<b>838,644</b>	<b>569,442</b>	<b>81,895</b>	<b>3,281</b>	<b>40,042</b>	<b>13,267,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	16,905	3,735	21,731	4,080	1,149	107,450	155,050	238,488	6,352	43,483	404	554	98,466	387,747
Transfers	136,591	208	-	662	-	(137,461)	-	145,287	16,429	2,193	5,176	-	(169,085)	-
Disposals	(251,885)	(34,782)	(35,487)	(13,725)	(1,325)	-	(337,204)	(124,367)	(23,182)	(34,721)	(4,618)	(12)	-	(186,900)
Classified as held for sale	27,363	-	-	-	-	-	27,363	(28,830)	-	-	-	-	-	(28,830)
Impairment of property (c)	(5,084)	-	-	-	-	-	(5,084)	(4,088)	-	-	-	-	-	(4,088)
Revaluation increments (decrements) (a)	(528,417)	(80,912)	(23,721)	9,250	-	-	(623,801)	(882,336)	(8,201)	(23,648)	(13,871)	-	-	(928,056)
Depreciation	(104,996)	(8,834)	(6,930)	(2,332)	(1,057)	-	(124,149)	(111,042)	(9,712)	(7,135)	(1,402)	(1,339)	-	(130,630)
<b>Carrying amount at end of period</b>	<b>11,024,536</b>	<b>718,059</b>	<b>525,035</b>	<b>79,830</b>	<b>2,048</b>	<b>10,031</b>	<b>12,359,539</b>	<b>11,734,060</b>	<b>838,644</b>	<b>569,442</b>	<b>98,071</b>	<b>3,352</b>	<b>40,037</b>	<b>13,283,606</b>

\* Refer to Note 3 for restatement

Depreciation includes adjustments on disposal of assets in addition to the depreciation expense for the year.

(a) Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period. Information on fair value measurements is provided in Note 34

(b) Community Housing properties disposals include the transfer of properties to community housing organisations totalling \$40.530m (2017:\$44.103m), see note 20.

(c) Recognised in the statement of comprehensive income. Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

### 34. Fair value measurements

Assets measured at fair value:	Fair value at the end of period			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value at the end of period \$'000
<b>2018</b>				
Non-current assets classified as held for sale (Note 26)	-	21,677	-	21,677
Land (Note 28, 29, 30 and 31)	-	6,673,230	-	6,673,230
Buildings and improvements (Note 28, 29, 30 and 31)	-	5,666,844	-	5,666,844
	<b>-</b>	<b>12,361,751</b>	<b>-</b>	<b>12,361,751</b>
<b>2017</b>				
Non-current assets classified as held for sale (Note 26)	-	23,366	-	23,366
Land (Note 28, 29, 30 and 31)	-	7,311,826	-	7,311,826
Buildings and improvements (Note 28, 29, 30 and 31)	-	5,921,954	-	5,921,954
	<b>-</b>	<b>13,257,146</b>	<b>-</b>	<b>13,257,146</b>

There were no transfers between Levels 1, 2 and 3 during the current and previous periods.

Valuation techniques to derive Level 2 fair values;

Level 2 fair values of non-current assets held for sale, land and buildings are derived using the market approach. Market evidence of sales prices of comparable land and buildings in close proximity is used to determine price per square metre.

Non-current assets held for sale have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets.

#### Valuation processes

There were no changes in valuation techniques during the period.

Fair value for restricted use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land) or, comparison with market evidence for land with low level utility (high restricted use land).

### 35. Intangible assets

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Computing software at cost	9,043	7,733	4,361	3,314
Less accumulated amortisation	6,311	5,425	2,889	2,616
	<b>2,732</b>	<b>2,308</b>	<b>1,472</b>	<b>698</b>
Computing development at cost	52,674	52,510	52,674	52,510
Less accumulated amortisation	32,379	22,150	32,379	22,150
	<b>20,295</b>	<b>30,360</b>	<b>20,295</b>	<b>30,360</b>
<b>Total intangible assets</b>	<b>23,027</b>	<b>32,668</b>	<b>21,767</b>	<b>31,058</b>
<b>Intangible assets reconciliation</b>				
Carrying amount at start of period	32,668	40,473	31,058	38,688
Additions	1,341	4,604	1,257	4,180
Transfers	-	-	-	-
Disposals	-	(795)	-	(795)
Amortisation expense	(10,982)	(11,614)	(10,548)	(11,015)
<b>Carrying amount at end of period</b>	<b>23,027</b>	<b>32,668</b>	<b>21,767</b>	<b>31,058</b>

### 36. Payables

Current				
Contractors retention monies	8,080	9,059	8,080	9,059
Joint operations creditors	4,450	7,758	4,450	7,758
Rental tenants bonds	7,630	9,212	7,630	9,212
Trade creditors	9,205	8,744	9,088	8,599
<b>Total current payables</b>	<b>29,364</b>	<b>34,773</b>	<b>29,247</b>	<b>34,628</b>

Also included in trade creditors are the unspent funds associated with the Indian Ocean Territories (IOT) service delivery arrangements as per the following:

	2018	2017
Amounts carried forward from previous financial year	18,092	30,305
Payments made by the Commonwealth for IOT services	51,500	25,750
Cost of services	38,714	37,963
Construction paid	-	-
<b>Amounts carried forward to following financial year</b>	<b>30,878</b>	<b>18,092</b>

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### 36. Payables (continued)

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Non-current</b>				
Joint operations creditors	24	554	24	554
<b>Total non-current payables</b>	<b>24</b>	<b>554</b>	<b>24</b>	<b>554</b>

### 37. Borrowings

<b>Current</b>				
WA Treasury Corporation	287,482	118,089	287,482	118,089
Commonwealth advances	16,672	16,270	16,672	16,270
<b>Total current borrowings</b>	<b>304,154</b>	<b>134,359</b>	<b>304,154</b>	<b>134,359</b>
<b>Non-current</b>				
WA Treasury Corporation	4,378,157	3,948,721	4,378,157	3,948,721
Commercial loan (a)	62,276	62,276	62,276	62,276
Commonwealth advances	343,177	359,849	343,177	359,849
<b>Total non-current borrowings</b>	<b>4,783,610</b>	<b>4,370,846</b>	<b>4,783,610</b>	<b>4,370,846</b>
<b>Total borrowings</b>	<b>5,087,764</b>	<b>4,505,205</b>	<b>5,087,764</b>	<b>4,505,205</b>

(a) Commercial loan is a \$62.276m liability payable to Westpac. The liability is for construction costs for the Osprey Key Workers Village project.

The fair values for WATC borrowings have been calculated by Western Australian Treasury Corporation, based on market valuations. The State Nominated and Commonwealth advances have been calculated using a discount rate of 2.70% which is the Commonwealth bond rate. (June 2017 2.59%).

	Total carrying amount		Aggregate Net Fair Value	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Consolidated</b>				
Borrowings – WATC	4,665,639	4,066,810	4,765,601	4,079,500
Commercial loan	62,276	62,276	71,617	72,378
Borrowings – Commonwealth advances	359,849	376,119	417,770	442,992
	<b>5,087,764</b>	<b>4,505,205</b>	<b>5,254,988</b>	<b>4,594,870</b>
<b>Parent</b>				
Borrowings – WATC	4,665,639	4,066,810	4,765,601	4,079,500
Commercial loan	62,276	62,276	71,617	72,378
Borrowings – Commonwealth advances	359,849	376,119	417,770	442,992
	<b>5,087,764</b>	<b>4,505,205</b>	<b>5,254,988</b>	<b>4,594,870</b>

Borrowings – WATC are variable rate borrowings and repayable when due. Fixed rate borrowings are subject to interest payments only with the full loan being due on maturity.

Borrowings – Commonwealth Advances are fixed rate borrowings and repayable on an annual basis with final instalments being due between July 2014 and June 2042.

Commercial loan is with Westpac and is a interest only variable rate borrowing repayable in full by July 2029.

### 38. Provisions

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Current</b>				
<b>Employee benefits provision *</b>				
Annual leave <sup>(a)</sup>	–	13,892	–	13,892
Long service leave <sup>(b)</sup>	–	17,560	–	17,560
Superannuation <sup>(d)</sup>	–	18,612	–	18,612
	<b>–</b>	<b>50,064</b>	<b>–</b>	<b>50,064</b>
<b>Other provisions</b>				
Employment on-costs <sup>(c)</sup>	–	2,078	–	2,078
Other provisions	5,389	–	5,389	–
Joint operations provisions	487	2,058	487	2,058
<b>Total current provisions</b>	<b>5,876</b>	<b>54,200</b>	<b>5,876</b>	<b>54,200</b>
<b>Non-current</b>				
<b>Employee benefits provision *</b>				
Long service leave <sup>(b)</sup>	–	8,152	–	8,152
	<b>–</b>	<b>8,152</b>	<b>–</b>	<b>8,152</b>
<b>Other provisions</b>				
Employment on-costs <sup>(c)</sup>	–	522	–	522
Other provisions	779	–	779	–
Development levies (note 2s(ii))	3,556	3,048	3,556	3,048
<b>Total non-current provisions</b>	<b>4,335</b>	<b>11,722</b>	<b>4,335</b>	<b>11,722</b>

\* As part of the machinery of government of 1 July 2017, the Housing Authority, Department for Child Protection and Family Support, Disability Services Commission and the Department of Local Government and Communities merged into the Department of Communities. Under this arrangement all Housing Authority employees have been transferred to the Department of Communities. As a result, all provisions for employee entitlements have been transferred across to the Department of Communities.

### 38. Provisions (continued)

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlements of the liabilities is expected to occur as follows:				
Within 12 months of the end of the reporting period	-	9,347	-	9,347
More than 12 months after the end of the reporting period	-	4,545	-	4,545
	<b>-</b>	<b>13,892</b>	<b>-</b>	<b>13,892</b>
(b) Long service liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlements of the liabilities is expected to occur as follows:				
Within 12 months of the end of the reporting period	-	6,073	-	6,073
More than 12 months after the end of the reporting period	-	19,639	-	19,639
	<b>-</b>	<b>25,712</b>	<b>-</b>	<b>25,712</b>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 20 'Other expenses'.

(d) Defined benefit superannuation plans  
The superannuation liability has been established from data supplied by the Government Employees Superannuation Board.

(e) Purchased leave  
The provision for purchased leave relates to Housing Authority employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

### Movements in the present value of the defined benefit obligations in the reporting period were as follows:

	Pension Scheme		Pre-transfer benefit – Gold State scheme	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Liability at start of period	15,386	16,494	3,225	3,278
<b>Included in surplus/(deficit)</b>				
Current service cost	-	-	-	-
Past service cost	-	-	-	-
Interest cost	330	353	66	67
	<b>330</b>	<b>353</b>	<b>66</b>	<b>67</b>
<b>Included in other comprehensive income:</b>				
Remeasurement loss/(gain) recognised:				
Actuarial (gains)/loss arising from:				
demographic assumptions	-	-	-	-
financial assumptions	-	-	(29)	-
experience adjustments	(541)	155	(72)	(15)
	<b>(541)</b>	<b>155</b>	<b>(101)</b>	<b>(15)</b>
Benefits paid	(1,466)	(1,616)	(907)	(105)
	<b>(1,466)</b>	<b>(1,616)</b>	<b>(907)</b>	<b>(105)</b>
<b>Total liability</b>	<b>13,709</b>	<b>15,386</b>	<b>2,283</b>	<b>3,225</b>
Liability transferred to Department of Communities	(13,709)	-	(2,283)	-
<b>Liability at end of period</b>	<b>-</b>	<b>15,386</b>	<b>-</b>	<b>3,225</b>

### 38. Provisions (continued)

#### Fair value of Scheme assets

The Authority holds no assets in Gold State Super for current employees to support the transferred benefits. Hence there are no fair value and no asset allocation of scheme assets, no financial instruments issued by the employer, no assets used by the employer and no asset-liability matching strategies

#### Significant actuarial assumptions at the reporting date;

	2017
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#### Assumptions to determine start of the year defined benefit obligation and defined benefit cost for the current year.

Discount rate	2.26%
Future salary increases	2.50%
Future pension increases	2.50%

#### Assumptions to determine defined benefit obligation at the valuation date.

Discount rate	2.26%
Future salary increases	1.50%
Future pension increases	2.50%

At 30 June 2018, the weighted-average duration of the defined benefit obligation was: Pension Scheme 8.6 years; Gold State Scheme 3.7 years.

The Pension Scheme and the pre-transfer benefit for the GSS expose the Authority to actuarial risks, such as salary risk and interest rate risk. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, holding all other assumptions constant.

#### Sensitivity analysis

	Defined benefit obligation		
	Base case \$000	-0.5% \$000	+0.5% \$000
<b>Gold State Scheme</b>			
Discount rate (0.5% movement)	2,283	2,326	2,243
Future salary growth (0.5% movement)	2,283	2,243	2,325
<b>Pension Scheme</b>			
Discount rate (0.5% movement)	13,710	14,308	13,157
Future pension growth (0.5% movement)	13,710	13,184	14,274

#### Employer funding arrangements for the defined benefit plans

(i) The Pension Scheme and the pre-transfer benefit for the GSS in respect of individual plan participants are settled by the Authority on their retirement. Funding requirements are based on invoices provided to the Authority by GESB that represent the cost of benefits paid to members during the reporting period.

(ii) Employer contributions of \$1,414,000 (2017: \$1,555,000) are expected to be paid to the Pension Scheme in the subsequent annual reporting period.

(iii) Employer contributions of \$528,000 (2017: \$610,000) are expected to be paid to the Gold State Superannuation Scheme in the subsequent annual reporting period.

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Movements in other provisions</b>				
<b>Employment on-costs</b>				
Carrying amount at start of period	2,600	2,661	2,600	2,661
Additional provisions recognised	-	8,835	-	8,835
Payments	-	(8,896)	-	(8,896)
<b>Carrying amount at end of period</b>	<b>2,600</b>	<b>2,600</b>	<b>2,600</b>	<b>2,600</b>
<b>Development levies</b>				
Carrying amount at start of period	3,048	3,355	3,048	3,355
Additional provisions recognised	-	2,326	-	2,326
Payments	-	(2,633)	-	(2,633)
<b>Carrying amount at end of period</b>	<b>3,048</b>	<b>3,048</b>	<b>3,048</b>	<b>3,048</b>
<b>Joint operations provisions</b>				
Carrying amount at start of period	2,058	2,553	2,058	2,553
Additional provisions recognised	332	1,528	332	1,528
Payments	(1,903)	(2,023)	(1,903)	(2,023)
<b>Carrying amount at end of period</b>	<b>487</b>	<b>2,058</b>	<b>487</b>	<b>2,058</b>

### 39. Other liabilities

<b>Current</b>				
<b>Accrued expenses:</b>				
Administrative & general expenses	12,687	22,505	4,665	13,093
	<b>12,687</b>	<b>22,505</b>	<b>4,665</b>	<b>13,093</b>
Joint operations liabilities	735	1,083	735	1,083
Unearned income	26,403	13,300	26,403	13,300
<b>Total current other liabilities</b>	<b>39,825</b>	<b>36,888</b>	<b>31,803</b>	<b>27,476</b>

#### 40. Contributed equity

The Western Australian Government holds the equity interest in the Authority on behalf of the community. Equity represents the residual interest in the net assets of the Authority. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Balance at start of period</b>	<b>2,397,866</b>	<b>2,349,485</b>	<b>2,413,450</b>	<b>2,335,305</b>
<b>Contributions by owners</b>				
Capital contributions	72,963	2,700	60,145	32,464
<b>Other contributions by owner</b>				
Royalties for Regions Fund – Regional Infrastructure and Headworks Account	8,132	45,681	8,132	45,681
<b>Total contributions by owners</b>	<b>81,095</b>	<b>48,381</b>	<b>68,277</b>	<b>78,145</b>
<b>Transfer of net assets to other agencies</b>				
Department of Training and Workforce Development	(7,206)	-	(7,206)	-
Keystart	(12,818)	-	(12,818)	-
<b>Total distributions to owners</b>	<b>(20,024)</b>	<b>-</b>	<b>(20,024)</b>	<b>-</b>
<b>Balance at end of period</b>	<b>2,458,937</b>	<b>2,397,866</b>	<b>2,461,703</b>	<b>2,413,450</b>

#### 41. Reserves

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>(i) Asset revaluation reserve</b>				
Balance brought forward from prior period	8,207,354	9,242,590	8,207,354	9,242,590
Transferred to retained earnings	(147,906)	(104,447)	(147,906)	(104,447)
Revaluations during the period	(618,716)	(926,701)	(618,716)	(926,701)
Impairment loss on Rental properties	(5,084)	(4,088)	(5,084)	(4,088)
<b>Closing balance</b>	<b>7,435,648</b>	<b>8,207,354</b>	<b>7,435,648</b>	<b>8,207,354</b>
<b>Revaluations recognised during the year were in respect of:</b>				
Rental properties – current	(649,267)	(882,653)	(649,267)	(882,653)
Community Housing properties – current	(80,912)	(8,982)	(80,912)	(8,982)
Shared Equity properties – current	(23,721)	(19,295)	(23,721)	(19,295)
Other properties – current	9,250	(3,484)	9,250	(3,484)
Land transferred to Rental properties	120,850	(16,375)	120,850	(16,375)
	<b>(623,800)</b>	<b>(930,789)</b>	<b>(623,800)</b>	<b>(930,789)</b>
<b>Transferred to retained earnings</b>				
Revaluation amount of rental properties – sold	(111,443)	(84,141)	(111,443)	(84,141)
Revaluation amount of rental properties – demolished	(5,036)	(5,742)	(5,036)	(5,742)
Revaluation amount of Community Housing properties – sold	(8,334)	(3,275)	(8,334)	(3,275)
Revaluation amount of other properties – sold	(14,931)	-	(14,931)	-
Revaluation amount of Shared Equity properties – sold	(8,162)	(11,289)	(8,162)	(11,289)
	<b>(147,906)</b>	<b>(104,447)</b>	<b>(147,906)</b>	<b>(104,447)</b>
<b>(ii) Interest Assistance Lowstart reserve</b>				
Balance brought forward from prior year	724	728	-	-
Transfer to retained profits	(3)	(4)	-	-
Closing balance	721	724	-	-
<b>Total reserves</b>	<b>7,436,369</b>	<b>8,208,078</b>	<b>7,435,648</b>	<b>8,207,354</b>

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(f).

## 42. Retained earnings

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
	3,079,808	3,139,161	2,887,980	2,964,641
Prior year adjustment *	-	46,345		46,345
Transfer from asset revaluation reserve upon disposal	147,906	104,447	147,906	104,447
Transfer from Interest Assistance Lowstart reserve	3	4	-	-
Net profit/(loss) for the year	(288,674)	(210,149)	(287,917)	(227,453)
<b>Total retained earnings</b>	<b>2,939,043</b>	<b>3,079,808</b>	<b>2,747,969</b>	<b>2,887,980</b>

\* Refer to Note 3 for restatement

## 43. Notes to the Statement of Cash Flows

### Reconciliation of cash

#### Cash at the end of the year is shown in the Statement of Cash Flow as:

Cash at bank – operational	239,890	212,666	225,497	198,400
Deposits at call	229,964	210,064	-	-
Rental tenants bonds	7,630	9,213	7,630	9,213
Unspent Municipal and Essential Services funds	6,701	41,517	6,701	41,517
Joint operations cash	17,863	17,919	17,863	17,919
Remote indigenous communities	1,837	4,994	1,837	4,994
Royalties for Regions Fund	14,864	15,383	14,864	15,383
	<b>518,749</b>	<b>511,756</b>	<b>274,392</b>	<b>287,426</b>

## Reconciliation of cash flows from operations with profit for the period

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Net Profit / (Loss)	(288,786)	(210,491)	(287,917)	(227,453)
<b>Non-cash items:</b>				
Depreciation & amortisation expense	133,828	144,471	133,815	143,368
Doubtful debts expense	9,538	11,194	9,538	7,668
Loss on disposal of non-current assets	35,754	20,008	35,754	20,008
Impairment – Assets (Goldmaster)	-	-	-	19,631
<b>Cash items:</b>				
Grants & subsidies from government	(68,503)	(69,054)	(68,503)	(69,054)
(Increase)/decrease in assets:				
Receivables	(6,961)	39,033	(6,960)	39,690
Inventories	96,287	118,814	97,055	116,696
Other assets	195,187	41,518	193,275	39,849
<b>Increase/(decrease) in liabilities:</b>				
Provisions	(54,140)	(3,572)	(54,140)	(3,572)
Payables	(62,628)	(123,018)	(62,642)	(105,113)
Net GST payments	9,671	5,745	9,705	5,654
<b>Net cash flows provided by (used in) operating activities</b>	<b>(753)</b>	<b>(25,352)</b>	<b>(1,020)</b>	<b>(12,628)</b>

## 44. Purchase of non-current physical assets

Buildings under construction	106,825	139,070	106,825	139,070
Computing facilities & equipment	1,212	4,978	1,212	4,179
Office machines & equipment	1,009	486	1,009	486
Properties	74,276	215,852	74,276	215,852
<b>Total purchase of non-current physical assets</b>	<b>183,322</b>	<b>360,386</b>	<b>183,322</b>	<b>359,587</b>

## 45. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

Auditing the accounts, controls, financial statements and key performance indicators.	502	503	349	347
	<b>502</b>	<b>503</b>	<b>349</b>	<b>347</b>

## 46. Commitments for expenditure

At 30 June 2018, the expenditure commitments being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

### (a) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Within 1 year	78,938	135,959	78,938	135,959
Later than 1 year & not later than 5 years	14,550	1,444	14,550	1,444
Later than 5 years	1,650	-	1,650	-
	<b>95,138</b>	<b>137,403</b>	<b>95,138</b>	<b>137,403</b>

### The capital commitments include amounts for the following:

Dwelling construction & upgrades	35,018	76,923	35,018	76,923
Land development and redevelopment	9,342	4,578	9,342	4,578
Crisis accommodation program	1,022	392	1,022	392
Joint operations land development	4,643	6,154	4,643	6,154
New living	372	260	372	260
Local Government & Community Housing programs	-	5	-	5
Affordable Housing	44,741	49,091	44,741	49,091
	<b>95,138</b>	<b>137,403</b>	<b>95,138</b>	<b>137,403</b>

### (b) Loan advance commitment

Approved loans not yet fully disbursed	180,408	159,653	-	-
	<b>180,408</b>	<b>159,653</b>	<b>-</b>	<b>-</b>

### Loan advance commitment includes the following:

Loans to Home Buyers	180,408	159,653	-	-
	<b>180,408</b>	<b>159,653</b>	<b>-</b>	<b>-</b>

Capital expenditure commitments decreased by \$42.270m from the previous year.

Committed carryover for Construction of Houses decreased from the previous year as all units commenced under the Social Housing Investment Package were completed by the end of 2017-18. There were fewer number of commencements during 2017-18. Committed carryover for Key Worker Housing has decreased due to major projects being finalised in 2017-18.

Capital commitments for Remote Village construction has decreased due to delays in the Essential services works contract expected to be completed in 2017-18 has been terminated due to contractual disagreements. A new contract is currently being negotiated, with expenditure to commence in 2018-19.

Capital commitments for Land Development and Redevelopment has increased due to the commencement of new development projects in Bentley, Jindowie and Manjimup in the latter part of 2017-18.

Crisis Accommodation capital commitments has increased due to the approval of a spot purchase settlement which is carried over to in to 2018-19.

Capital commitment for Joint venture development reduced due to majority of committed works which were completed before the end of the financial year and only minor works were carried forward into 2017-18.

Committed carryover for the Affordable Housing Program decreased to \$44.730m due to a majority of the 2016-17 capital commitment for Affordable Housing being completed within 2017-18. All the Social Housing Investment Package for redevelopment projects were completed by the end of 2017-18, with no significant carryover.

Loans to Homebuyers commitments have increased by \$20.750m due to a change in the lending criteria, which resulted in more Keystart customers being eligible for a Home Loan and resulted in higher volume of loans being approved in 2017-18 compared to 2016-17.

### (c) Non cancellable operating lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements as liabilities are payable as follows:

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Rental property leases:</b>				
<b>Lease commitments on non cancellable operating leases are:</b>				
Rental property leases:				
Within 1 year	40,938	16,055	40,938	16,055
Later than 1 year & not later than 5 years	22,345	6,993	22,345	6,993
Later than 5 years	1,267	2,342	1,267	2,342
	<b>64,550</b>	<b>25,390</b>	<b>64,550</b>	<b>25,390</b>
<b>Motor vehicle leases:</b>				
<b>Lease commitments on non cancellable operating leases are:</b>				
Within 1 year	847	798	847	798
Later than 1 year & not later than 5 years	1,207	872	1,207	872
	<b>2,054</b>	<b>1,670</b>	<b>2,054</b>	<b>1,670</b>
<b>Office property leases:</b>				
<b>Lease commitments on non cancellable operating leases are:</b>				
Within 1 year	6,352	846	5,598	3,244
Later than 1 year & not later than 5 years	12,736	83	10,303	3,347
Later than 5 years	18,273	-	18,273	2,401
	<b>37,361</b>	<b>929</b>	<b>34,174</b>	<b>8,992</b>

## 47. Contingent liabilities

### Contaminated sites

Under the *Contaminated Sites Act 2003*, the Housing Authority is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Housing Authority may have a liability in respect of investigation or remediation expenses. There are two sites that have been identified as 'Contaminated – Remediation Required'.

#### 47. Contingent liabilities (continued)

The Housing Authority have identified six other suspected contaminated sites of which four sites had been listed as requiring further investigations and two other sites awaiting classification. The Authority is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the Housing Authority may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

The Housing Authority is undertaking a review of its building portfolio to identify any potential risk associated with combustible aluminium composite cladding. The costs associated with any potential remedial work required can not be estimated reliably until the review has been completed.

#### Litigation in progress

The value of legal actions and claims against the Authority involving asbestos related illnesses is estimated at \$300,000. Liability is being denied in each matter and the proceedings defended.

#### 48. Supplementary financial information

##### (a) Write offs

Bad Debts written off by the Accountable Authority in the year ended 30 June 2018 totalled \$7.691m (2017: \$7.015m)

Bad Debts recovered during the year ended 30 June 2018 totalled \$1.026m (2017: \$0.911m)

##### (b) Losses to the Housing Authority through thefts, defaults or other causes:

Cashier shortage incurred for the year ended 30 June 2018 was nil. (2017: nil).

Reportable thefts in the year ended 30 June 2018 was nil (2017: nil).

Amounts recovered during the year ended 30 June 2018 was nil (2017: nil)

##### (c) Gifts of public property

In the year ended 30 June 2018 the Housing Authority made no gifts of public property.

#### 49. Non-controlling interests

Goldmaster	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Opening equity for non-controlling interest	1,400	1,742	-	-
Non-controlling profit ending 30 June	(112)	(342)	-	-
Movement in equity attributable to Contributed Equity	-	-	-	-
Other changes to non-controlling interest	-	-	-	-
<b>Total non-controlling interest</b>	<b>1,288</b>	<b>1,400</b>	<b>-</b>	<b>-</b>

#### 50. Related parties

##### (a) Compensation of Key Management Personnel

The Authority has determined that key management personnel include Ministers, members of the accountable authority, senior officers and their close family members. However, the Authority is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.

Total compensation for key management personnel, comprising members and senior officers, of the Authority for the reporting period are presented within the following bands:

##### Compensation of senior officers <sup>(1)</sup>

Compensation Band	2018	2017
\$60,001 – \$70,000	0	1
\$110,001 – \$120,000	0	1
\$120,001 – \$130,000	0	1
\$180,001 – \$190,000	0	1
\$200,001 – \$210,000	0	2
\$210,001 – \$220,000	0	1
\$230,001 – \$240,000	1	0
\$480,001 – \$490,000	0	1

	\$000	\$000
Short-term employee benefits	190	1,423
Post-employment benefits	21	167
Other long-term benefits	21	8
Termination benefits	-	-
<b>Total compensation of key management personnel <sup>(2)</sup></b>	<b>232</b>	<b>1,598</b>

(1) Compensation band allocations and total key management personnel's compensation disclosed reflect the key management personnel's total compensation. Where the key management person performs services across the Department of Communities, Disability Services Commission and/or Housing Authority, the person's compensation is included in the Department of Communities' Annual Report.

## 50. Related parties (continued)

As a result, there is a decrease in the number of senior officers compared to prior year. Machinery of government changes has also contributed to the reduction of Senior Officers employed at the Authority during 2017-18.

(2) The total compensation includes the superannuation expense incurred by the Authority in respect of senior officers. There are no senior officers presently employed who are currently members of the Pension Scheme. Total compensation of key management personnel includes compensation of senior officers and members of the accountable authority.

### (b) Transactions with other related parties

The Housing Authority is a not-for-profit entity and is wholly controlled by the State of Western Australia in conducting its activities. The Housing Authority transacts with a number of Western Australian State Government authorities, agencies and government trading enterprises. Transactions with these entities include, but not limited to: borrowings and repayment of money, sales and purchase of goods, property and other assets, payment of rates, use of utilities, other government fees and charges.

Related parties of the Authority include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- the Government Employees Superannuation Board (GESB); and
- subsidiaries including Keystart and Goldmaster.

### Material transactions with Western Australian State Government entities:

The Authority is a not-for-profit entity and is wholly controlled by the State of Western Australia in conducting its activities. The Authority transacts with a number of Western Australian State Government authorities, agencies and government trading enterprises. Transactions with these entities include, but not limited to: borrowings and repayment of money, sales and purchase of goods, property and other assets, payment of rates, use of utilities, other government fees and charges.

The Housing Authority has no related party transactions with key management personnel for disclosure. Total annual transactions with related parties, in excess of \$10m include:

	Transaction value year ended	
Receipts	2018 \$000	2017 \$000
<b>Department of Treasury</b>		
Grants & disbursements	59,941	68,000
<b>Department of Regional Development</b>		
Funding	15,503	46,000
<b>Western Australian Treasury Corporation</b>		
Proceeds for Borrowings	652,000	420,000
<b>Payments</b>		
<b>Water Corporation</b>		
Water rates	50,379	49,000
<b>Department of Regional Development</b>		
Repayment of funding	-	31,000
<b>Western Australian Treasury Corporation</b>		
Repayment of borrowings	57,976	1,307,000
Interest on borrowings	90,260	99,000
Guarantee fees	16,722	14,000
<b>Government Employees' Superannuation Board</b>		
Superannuation contributions	21,340	20,000
<b>Department of Finance</b>		
Office accommodation rentals	11,571	9,000

## 50. Related parties (continued)

### (c) Subsidiaries

Keystart, a fully owned subsidiary is financed by the Housing Authority. The Housing Authority purchases preferential shares from Keystart at rates and conditions that mirror the loans that the Housing Authority obtains from the Western Australian Treasury Corporation.

The following transactions/balances are eliminated on the consolidation of Keystart:

	Note	2018 \$000	2017 \$000
Preferential shares	23	3,945,000	3,320,000
Interest revenue	10	86,240	78,858
Dividend	11	66,908	77,501
Other current assets	25	11,795	8,078
Distribution of equity	40	12,818	29,764

Goldmaster, a controlled subsidiary entity is financed by the Housing Authority. The Housing Authority has provided three loans to Goldmaster for the development of property in Cockburn. One loan has been fully paid in 2014-15.

The following transactions/balances are eliminated on the consolidation of Goldmaster:

	Note	2018 \$000	2017 \$000
Interest revenue	10	567	595
Other financial assets	27	17,719	37,350
Loans and receivables	23	10,073	10,371

## 51. Events occurring after the end of the reporting period

The Housing Authority had no adjusting or non-adjusting events after the end of the reporting period.

## 52. Financial instrument disclosures

Financial instruments held by the Consolidated Entity are cash and cash equivalents, other financial assets, loans to homebuyers, loans to commercial organisations, loans to local and statutory parties, State nominated borrowings, WATC borrowings, Commonwealth advances, rental deposits and tenant bonds.

The carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	Consolidated		Parent	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>(i) Financial assets</b>				
Cash and cash equivalents	239,882	212,666	225,489	198,400
Restricted cash and cash equivalents	48,895	89,026	48,895	89,026
<b>Other financial assets</b>				
deposits at call	229,964	210,063	-	-
other assets	24	24	17,743	17,743
<b>Receivables<sup>(a)</sup></b>				
Keystart preference shares	-	-	3,945,000	3,320,000
General	11,271	18,010	9,963	16,652
Land debtors	2,566	6,013	2,566	6,013
Rent from tenants and other	55,225	49,277	55,225	49,277
Rental and lease bonds	27,899	30,377	27,899	30,377
Loans to homebuyers	3,982,279	3,372,415	-	-
Loans to commercial organisations	857	5,737	10,930	10,371
Dividends receivable	-	-	66,908	77,501
<b>Other current assets</b>	<b>21,447</b>	<b>3,683</b>	<b>33,242</b>	<b>11,761</b>
<b>Total financial assets</b>	<b>4,620,309</b>	<b>3,997,291</b>	<b>4,443,860</b>	<b>3,827,121</b>
<b>(ii) Financial liabilities</b>				
<b>Borrowings</b>				
WATC	4,665,639	4,066,810	4,665,639	4,066,810
Commercial loan	62,276	62,276	62,276	62,276
Commonwealth advances	359,849	376,119	359,849	376,119
<b>Payables</b>				
General	21,759	26,115	21,642	25,970
Rental deposits and tenant bonds	7,630	9,212	7,630	9,212
<b>Other current liabilities</b>	<b>13,422</b>	<b>23,558</b>	<b>5,400</b>	<b>14,176</b>
<b>Total financial liabilities</b>	<b>5,130,575</b>	<b>4,564,090</b>	<b>5,122,436</b>	<b>4,554,563</b>

(a) The amount of loans and receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).

## 52. Financial instrument disclosures (continued)

### Interest Rate Risk

The following table represents a summary of the interest rate sensitivity of the Consolidated Entity's financial assets and liabilities at the end of the reporting period on the profit for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period. The Consolidated Entity's exposure to market interest rates relates primarily to the Consolidated Entity's long term debt obligations.

#### Consolidated

2018	Carrying amount \$000	Interest rate risk			
		-1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>(i) Financial assets</b>					
Cash and cash equivalents	239,882	(2,399)	(2,399)	2,399	2,399
Restricted cash and cash equivalents	48,895	(489)	(489)	489	489
Deposits at call	229,964	(2,300)	(2,300)	2,300	2,300
Loans to homebuyers	3,982,279	(39,823)	(39,823)	39,823	39,823
<b>(ii) Financial liabilities</b>					
<b>Borrowings</b>					
WATC floating	4,051,805	40,518	40,518	(40,518)	(40,518)
WATC fixed*	613,834	-	-	-	-
Commercial loan	62,276	623	623	(623)	(623)
Commonwealth advances*	359,849	-	-	-	-
<b>Total increase/(decrease)</b>		<b>(3,870)</b>	<b>(3,870)</b>	<b>3,870</b>	<b>3,870</b>
<b>2017</b>					
<b>(i) Financial assets</b>					
Cash and cash equivalents	212,666	(2,127)	(2,127)	2,127	2,127
Restricted cash and cash equivalents	89,026	(890)	(890)	890	890
Deposits at call	210,063	(2,101)	(2,101)	2,101	2,101
Loans to homebuyers	3,372,415	(33,724)	(33,724)	33,724	33,724
<b>(ii) Financial liabilities</b>					
<b>Borrowings</b>					
WATC floating	3,300,826	33,008	33,008	(33,008)	(33,008)
WATC fixed*	765,984	-	-	-	-
Commercial loan	62,276	623	623	(623)	(623)
Commonwealth advances*	376,119	-	-	-	-
<b>Total increase/(decrease)</b>		<b>(5,211)</b>	<b>(5,211)</b>	<b>5,211</b>	<b>5,211</b>

\* Commonwealth Advances and WATC (fixed) are fixed interest loans that are not affected by interest rates.

#### Parent

2018	Carrying amount \$000	Interest rate risk			
		-1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>(i) Financial assets</b>					
Cash and cash equivalents	225,489	(2,255)	(2,255)	2,255	2,255
Restricted cash and cash equivalents	48,895	(489)	(489)	489	489
Keystart preference shares	3,945,000	(39,450)	(39,450)	39,450	39,450
Loans to commercial organisations	10,930	(109)	(109)	109	109
<b>(ii) Financial liabilities</b>					
<b>Borrowings</b>					
WATC floating	4,051,805	40,518	40,518	(40,518)	(40,518)
WATC fixed*	613,834	-	-	-	-
Commercial loan	62,276	623	623	(623)	(623)
Commonwealth advances*	359,849	-	-	-	-
<b>Total increase/(decrease)</b>		<b>(1,162)</b>	<b>(1,162)</b>	<b>1,162</b>	<b>1,162</b>
<b>2017</b>					
<b>(i) Financial assets</b>					
Cash and cash equivalents	198,400	(1,984)	(1,984)	1,984	1,984
Restricted cash and cash equivalents	89,026	(890)	(890)	890	890
Keystart Preference Shares	3,320,000	(33,200)	(33,200)	33,200	33,200
Loans to commercial organisations	10,371	(104)	(104)	104	104
<b>(ii) Financial liabilities</b>					
<b>Borrowings</b>					
WATC floating	3,300,826	33,008	33,008	(33,008)	(33,008)
WATC fixed*	765,984	-	-	-	-
Commercial loan	62,276	623	623	(623)	(623)
Commonwealth advances*	376,119	-	-	-	-
<b>Total increase/(decrease)</b>		<b>(2,547)</b>	<b>(2,547)</b>	<b>2,547</b>	<b>2,547</b>

## 52. Financial instrument disclosures (continued)

Credit Risk Consolidated 2018	Ageing analysis of financial assets						
	Carrying Amount \$000	Not past due and not impaired \$000	Past due but not impaired				Impaired financial assets \$000
			Not more than 3 months \$000	More than 3 months less than 6 months \$000	More than 6 months less than 1 year \$000	More than 1 year \$000	
Cash and cash equivalents	239,882	239,882	-	-	-	-	-
Restricted cash and cash equivalents	48,895	48,895	-	-	-	-	-
<b>Other financial assets</b>							
Deposits at call	229,964	229,964	-	-	-	-	-
Other assets	24	24	-	-	-	-	-
<b>Receivables*</b>							
General	11,271	6,845	2,392	187	1,141	362	344
Land debtors	2,566	2,150	-	-	-	416	-
Rent from tenants and other	55,225	48,070	2,205	1,172	1,075	2,703	-
Rental lease bonds	27,899	21,554	391	142	135	1,722	3,955
Loans to homebuyers	3,982,279	3,982,279	-	-	-	-	-
Loans to commercial organisations	857	857	-	-	-	-	-
Other current assets	21,447	21,447	-	-	-	-	-
<b>Total financial assets</b>	<b>4,620,309</b>	<b>4,601,967</b>	<b>4,988</b>	<b>1,501</b>	<b>2,351</b>	<b>5,203</b>	<b>4,299</b>
<b>2017</b>							
Cash and cash equivalents	212,666	212,666	-	-	-	-	-
Restricted cash and cash equivalents	89,026	89,026	-	-	-	-	-
<b>Other financial assets</b>							
Deposits at call	210,063	210,063	-	-	-	-	-
Other assets	24	24	-	-	-	-	-
<b>Receivables*</b>							
General	18,010	14,340	1,175	-	1,134	930	431
Land debtors	6,013	5,597	-	-	-	416	-
Rent from tenants and other	49,277	49,747	1,714	1,297	1,975	(5,456)	-
Rental lease bonds	30,377	24,262	605	426	725	4,130	229
Loans to homebuyers	3,372,415	3,372,415	-	-	-	-	-
Loans to commercial organisations	5,737	5,737	-	-	-	-	-
Other current assets	3,683	3,683	-	-	-	-	-
<b>Total financial assets</b>	<b>3,997,291</b>	<b>3,987,560</b>	<b>3,494</b>	<b>1,723</b>	<b>3,834</b>	<b>20</b>	<b>660</b>

\* Ageing of past due but not impaired values are inclusive of allowance for impairment. These provisions are netted against past due items greater than 1 year.

## 52. Financial instrument disclosures (continued)

Credit Risk Parent	Ageing analysis of financial assets						
	Carrying Amount \$000	Not past due and not impaired \$000	Past due but not impaired				Impaired financial assets \$000
			Not more than 3 months \$000	More than 3 months less than 6 months \$000	More than 6 months less than 1 year \$000	More than 1 year \$000	
<b>2018</b>							
Cash and cash equivalents	225,489	225,489	-	-	-	-	-
Restricted cash and cash equivalents	48,895	48,895	-	-	-	-	-
<b>Other financial assets</b>							
Shares in Goldmaster Enterprises Pty Ltd	17,719	17,719	-	-	-	-	-
Other assets	24	24	-	-	-	-	-
<b>Receivables*</b>							
General	9,963	6,844	1,085	187	1,141	362	344
Land debtors	2,566	2,566	-	-	-	-	-
Rent from tenants and other	55,225	48,070	2,205	1,172	1,075	2,703	-
Rental lease bonds	27,899	21,554	391	142	135	1,722	3,955
Loans to homebuyers	-	-	-	-	-	-	-
Loans to commercial organisations	10,930	10,930	-	-	-	-	-
Keystart preference shares	3,945,000	3,945,000	-	-	-	-	-
Dividends receivable	66,908	66,908	-	-	-	-	-
Other current assets	33,242	33,242	-	-	-	-	-
<b>Total financial assets</b>	<b>4,443,860</b>	<b>4,427,241</b>	<b>3,681</b>	<b>1,501</b>	<b>2,351</b>	<b>4,787</b>	<b>4,299</b>
<b>2017</b>							
Cash and cash equivalents	198,400	198,400	-	-	-	-	-
Restricted cash and cash equivalents	89,026	89,026	-	-	-	-	-
<b>Other financial assets</b>							
Shares in Goldmaster Enterprises Pty Ltd	17,719	17,719	-	-	-	-	-
Other assets	24	24	-	-	-	-	-
<b>Receivables*</b>							
General	16,652	12,982	1,175	-	1,134	930	431
Land debtors	6,013	5,597	-	-	-	416	-
Rent from tenants and other	49,277	49,747	1,714	1,297	1,975	(5,456)	-
Rental lease bonds	30,377	24,262	605	426	725	4,130	229
Loans to homebuyers	-	-	-	-	-	-	-
Loans to commercial organisations	10,371	10,371	-	-	-	-	-
Keystart preference shares	3,320,000	3,320,000	-	-	-	-	-
Dividends receivable	77,501	77,501	-	-	-	-	-
Other current assets	11,761	11,761	-	-	-	-	-
<b>Total financial assets</b>	<b>3,827,121</b>	<b>3,817,390</b>	<b>3,494</b>	<b>1,723</b>	<b>3,834</b>	<b>20</b>	<b>660</b>

\* Ageing of past due but not impaired values are inclusive of allowance for impairment. These provisions are netted against past due items greater than 1 year.

## 52. Financial instrument disclosures (continued)

Liquidity risk and interest rate exposure		Interest rate exposure and maturity analysis of financial assets and financial liabilities											
Consolidated		Interest rate exposure			Contractual maturity dates							Adjustment for discounting \$000	Total carrying amount \$000
2018	Weighted average effective interest rate %	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Within 1 year \$000	1-2 Years \$000	2-3 Years \$000	3-4 Years \$000	4-5 Years \$000	More than 5 years \$000			
<b>(i) Financial assets</b>													
Cash and cash equivalents	2.12%	-	239,882	-	239,882	-	-	-	-	-	-	-	239,882
Restricted cash and cash equivalents	2.12%	-	48,895	-	48,895	-	-	-	-	-	-	-	48,895
<b>Other financial assets</b>													
Deposits at call	2.06%	-	229,964	-	229,964	-	-	-	-	-	-	-	229,964
Other assets	***	-	-	24	-	-	-	-	-	24	-	-	24
<b>Receivables</b>													
General	***	-	-	11,271	11,271	-	-	-	-	-	-	-	11,271
Land debtors	***	-	-	2,566	2,566	-	-	-	-	-	-	-	2,566
Rent from tenants and other	***	-	-	55,225	55,225	-	-	-	-	-	-	-	55,225
Rental and lease bonds	***	-	-	27,899	27,899	-	-	-	-	-	-	-	27,899
Loans to commercial organisations	***	-	-	857	857	-	-	-	-	-	-	-	857
Loans to homebuyers	4.74%	-	3,982,279	-	-	-	-	-	-	3,982,279	-	-	3,982,279
Dividends receivable	***	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	2.27%	1,245	11,795	8,407	21,447	-	-	-	-	-	-	-	21,447
<b>Total financial assets</b>		<b>1,245</b>	<b>4,512,815</b>	<b>106,249</b>	<b>638,006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,982,303</b>	<b>-</b>	<b>-</b>	<b>4,620,309</b>
<b>(ii) Financial liabilities</b>													
<b>Borrowings</b>													
WATC	2.39%	613,834	4,051,805	-	1,050,116	1,414,146	1,245,613	821,988	228,923	314,025	409,172	-	4,665,639
Commercial loan	4.46%	-	62,276	-	2,778	2,778	2,778	2,778	2,778	78,941	30,555	-	62,276
Commonwealth advances	4.59%	359,849	-	-	32,825	32,411	31,969	31,452	30,868	375,121	174,797	-	359,849
<b>Payables</b>													
General	***	-	-	21,759	21,759	-	-	-	-	-	-	-	21,759
Rental deposits and tenant bonds**	***	-	-	7,630	7,630	-	-	-	-	-	-	-	7,630
Other current liabilities	***	-	-	13,422	13,422	-	-	-	-	-	-	-	13,422
<b>Total financial liabilities</b>		<b>973,683</b>	<b>4,114,081</b>	<b>42,811</b>	<b>1,128,530</b>	<b>1,449,335</b>	<b>1,280,360</b>	<b>856,218</b>	<b>262,569</b>	<b>768,087</b>	<b>614,524</b>	<b>-</b>	<b>5,130,575</b>

\*\* Rental deposits and tenant bonds are repayable only when the tenant vacates the rental property. The full amount owing is not necessarily the amount that will be paid on vacation as this money can be offset against any outstanding rental payments or other payments that are outstanding.

\*\*\* Not applicable for non-interest bearing financial assets and liabilities

## 52. Financial instrument disclosures (continued)

Liquidity risk and interest rate exposure		Interest rate exposure and maturity analysis of financial assets and financial liabilities											
Consolidated		Interest rate exposure			Contractual maturity dates								Total carrying amount \$000
2017	Weighted average effective interest rate %	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Within 1 year \$000	1-2 Years \$000	2-3 Years \$000	3-4 Years \$000	4-5 Years \$000	More than 5 years \$000	Adjustment for discounting \$000		
<b>(i) Financial assets</b>													
Cash and cash equivalents	1.98%	-	212,666	-	212,666	-	-	-	-	-	-	-	212,666
Restricted cash and cash equivalents	1.98%	-	89,026	-	89,026	-	-	-	-	-	-	-	89,026
<b>Other financial assets</b>													
Deposits at call	2.05%	-	210,063	-	210,063	-	-	-	-	-	-	-	210,063
Other assets	***	-	-	24	-	-	-	-	-	24	-	-	24
<b>Receivables</b>													
General	***	-	-	18,010	18,010	-	-	-	-	-	-	-	18,010
Land debtors	***	-	-	6,013	6,013	-	-	-	-	-	-	-	6,013
Rent from tenants and other	***	-	-	49,277	49,277	-	-	-	-	-	-	-	49,277
Rental and lease bonds	***	-	-	30,377	30,377	-	-	-	-	-	-	-	30,377
Loans to homebuyers	4.77%	-	3,372,415	-	-	-	-	-	-	3,372,415	-	-	3,372,415
Loans to commercial organisations	***	-	-	5,737	5,737	-	-	-	-	-	-	-	5,737
Other current assets	***	-	-	3,683	3,683	-	-	-	-	-	-	-	3,683
<b>Total financial assets</b>		<b>-</b>	<b>3,884,170</b>	<b>113,121</b>	<b>624,852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,372,439</b>	<b>-</b>	<b>-</b>	<b>3,997,291</b>
<b>(ii) Financial liabilities</b>													
<b>Borrowings</b>													
WATC	2.12%	765,984	3,300,826	-	1,451,714	927,006	1,299,768	309,406	57,617	201,057	179,758	-	4,066,810
Commercial loan	4.18%	-	62,276	-	2,603	2,603	2,603	2,603	2,603	80,497	31,236	-	62,276
Commonwealth advances	4.58%	376,119	-	-	33,150	32,825	32,411	31,969	31,452	405,989	191,677	-	376,119
<b>Payables</b>													
General	***	-	-	26,115	26,115	-	-	-	-	-	-	-	26,115
Rental deposits and tenant bonds**	***	-	-	9,212	9,212	-	-	-	-	-	-	-	9,212
Other current liabilities	***	-	-	23,558	23,558	-	-	-	-	-	-	-	23,558
<b>Total financial liabilities</b>		<b>1,142,103</b>	<b>3,363,102</b>	<b>58,885</b>	<b>1,546,352</b>	<b>962,434</b>	<b>1,334,782</b>	<b>343,978</b>	<b>91,672</b>	<b>687,543</b>	<b>402,671</b>	<b>-</b>	<b>4,564,090</b>

\*\* Rental deposits and tenant bonds are repayable only when the tenant vacates the rental property. The full amount owing is not necessarily the amount that will be paid on vacation as this money can be offset against any outstanding rental payments or other payments that are outstanding.

\*\*\* Not applicable for non-interest bearing financial assets and liabilities

## 52. Financial instrument disclosures (continued)

Liquidity risk and interest rate exposure		Interest rate exposure and maturity analysis of financial assets and financial liabilities											
Parent		Interest rate exposure			Contractual maturity dates							Adjustment for discounting \$000	Total carrying amount \$000
2018	Weighted average effective interest rate %	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Within 1 year \$000	1-2 Years \$000	2-3 Years \$000	3-4 Years \$000	4-5 Years \$000	More than 5 years \$000			
<b>(i) Financial assets</b>													
Cash and cash equivalents	2.12%	-	225,489	-	225,489	-	-	-	-	-	-	225,489	
Restricted cash and cash equivalents	2.12%	-	48,895	-	48,895	-	-	-	-	-	-	48,895	
<b>Other financial assets</b>													
Other assets		-	-	17,743	-	-	-	-	-	17,743	-	17,743	
<b>Receivables</b>													
General	***	-	-	9,963	9,963	-	-	-	-	-	-	9,963	
Land debtors	***	-	-	2,565	2,565	-	-	-	-	-	-	2,565	
Rent from tenants and other	***	-	-	55,225	55,225	-	-	-	-	-	-	55,225	
Rental and lease bonds	***	-	-	27,899	27,899	-	-	-	-	-	-	27,899	
Loans to homebuyers	0.00%	-	-	-	-	-	-	-	-	-	-	-	
Loans to commercial organisations	5.25%	10,073	-	857	4,885	6,045	-	-	-	-	-	10,930	
Keystart preference shares	2.29%	80,000	3,865,000	-	680,000	1,270,000	1,075,000	750,000	170,000	-	-	3,945,000	
Dividends receivable	***	-	-	66,908	66,908	-	-	-	-	-	-	66,908	
Other current assets	2.27%	1,245	11,795	20,202	33,242	-	-	-	-	-	-	33,242	
<b>Total financial assets</b>		<b>91,318</b>	<b>4,151,179</b>	<b>201,363</b>	<b>1,155,072</b>	<b>1,276,045</b>	<b>1,075,000</b>	<b>750,000</b>	<b>170,000</b>	<b>17,743</b>	<b>-</b>	<b>4,443,860</b>	
<b>(ii) Financial liabilities</b>													
<b>Borrowings</b>													
WATC	2.39%	613,834	4,051,805	-	1,050,116	1,414,146	1,245,613	821,988	228,923	314,025	409,172	4,665,639	
Commercial loan	4.46%	-	62,276	-	2,778	2,778	2,778	2,778	2,778	78,941	30,555	62,276	
Commonwealth advances	4.59%	359,849	-	-	32,825	32,411	31,969	31,452	30,868	375,121	174,797	359,849	
<b>Payables</b>													
General	***	-	-	21,642	21,642	-	-	-	-	-	-	21,642	
Rental deposits and tenant bonds**	***	-	-	7,630	7,630	-	-	-	-	-	-	7,630	
Other current liabilities	***	-	-	5,400	5,400	-	-	-	-	-	-	5,400	
<b>Total financial liabilities</b>		<b>973,683</b>	<b>4,114,081</b>	<b>34,672</b>	<b>1,120,391</b>	<b>1,449,335</b>	<b>1,280,360</b>	<b>856,218</b>	<b>262,569</b>	<b>768,087</b>	<b>614,524</b>	<b>5,122,436</b>	

\*\* Rental deposits and tenant bonds are repayable only when the tenant vacates the rental property. The full amount owing is not necessarily the amount that will be paid on vacation as this money can be offset against any outstanding rental payments or other payments that are outstanding.

\*\*\* Not applicable for non-interest bearing financial assets and liabilities

## 52. Financial instrument disclosures (continued)

Liquidity risk and interest rate exposure		Interest rate exposure and maturity analysis of financial assets and financial liabilities										
Parent		Interest rate exposure			Contractual maturity dates							Total carrying amount \$000
2017	Weighted average effective interest rate %	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Within 1 year \$000	1-2 Years \$000	2-3 Years \$000	3-4 Years \$000	4-5 Years \$000	More than 5 years \$000	Adjustment for discounting \$000	
<b>(i) Financial assets</b>												
Cash and cash equivalents	1.98%	-	198,400	-	198,400	-	-	-	-	-	-	198,400
Restricted cash and cash equivalents	1.98%	-	89,026	-	89,026	-	-	-	-	-	-	89,026
<b>Other financial assets</b>												
Other assets		-	-	17,743	-	-	-	-	-	17,743	-	17,743
<b>Receivables</b>												
General	***	-	-	16,652	16,652	-	-	-	-	-	-	16,652
Land debtors	***	-	-	6,013	6,013	-	-	-	-	-	-	6,013
Rent from tenants and other	***	-	-	49,277	49,277	-	-	-	-	-	-	49,277
Rental and lease bonds	***	-	-	30,377	30,377	-	-	-	-	-	-	30,377
Loans to homebuyers	0.00%	-	-	-	-	-	-	-	-	-	-	-
Loans to commercial organisations	5.25%	10,371	-	-	4,634	5,737	-	-	-	-	-	10,371
Keystart preference shares	1.93%	0	3,320,000	-	1,270,000	600,000	1,200,000	250,000	-	-	-	3,320,000
Dividends receivable	***	-	-	77,501	77,501	-	-	-	-	-	-	77,501
Other current assets	***	-	-	11,761	11,761	-	-	-	-	-	-	11,761
<b>Total financial assets</b>		<b>10,371</b>	<b>3,607,426</b>	<b>209,324</b>	<b>1,753,641</b>	<b>605,737</b>	<b>1,200,000</b>	<b>250,000</b>	<b>-</b>	<b>17,743</b>	<b>-</b>	<b>3,827,121</b>
<b>(ii) Financial liabilities</b>												
<b>Borrowings</b>												
WATC	2.12%	765,984	3,300,826	-	1,451,714	927,006	1,299,768	309,406	57,617	201,057	179,758	4,066,810
Commercial loan	4.18%	-	62,276	-	2,603	2,603	2,603	2,603	2,603	80,497	31,236	62,276
Commonwealth advances	4.58%	376,119	-	-	33,150	32,825	32,411	31,969	31,452	405,989	191,677	376,119
<b>Payables</b>												
General*	***	-	-	25,970	25,970	-	-	-	-	-	-	25,970
Rental deposits and tenant bonds**	***	-	-	9,212	9,212	-	-	-	-	-	-	9,212
Other current liabilities	***	-	-	14,176	14,176	-	-	-	-	-	-	14,176
<b>Total financial liabilities</b>		<b>1,142,103</b>	<b>3,363,102</b>	<b>49,358</b>	<b>1,536,825</b>	<b>962,434</b>	<b>1,334,782</b>	<b>343,978</b>	<b>91,672</b>	<b>687,543</b>	<b>402,671</b>	<b>4,554,563</b>

\*\* Rental deposits and tenant bonds are repayable only when the tenant vacates the rental property. The full amount owing is not necessarily the amount that will be paid on vacation as this money can be offset against any outstanding rental payments or other payments that are outstanding.

\*\*\* Not applicable for non-interest bearing financial assets and liabilities

### 53. Special purpose account

#### Municipal and Essential Services Account

To hold the balance of the Commonwealth Government's final funding for the provision of municipal and essential services to remote Aboriginal communities in Western Australia.

	2018 \$000	2017 \$000
Balance at start of period	41,517	62,789
Receipts	-	-
Payments	(34,816)	(21,272)
<b>Balance at end of period</b>	<b>6,701</b>	<b>41,517</b>

### 54. Explanatory statement

#### (a) Comparison of estimates and actual operating results for 2017-18

Section 40 of the *Financial Management Act 2006* requires The Housing Authority to prepare annual budget estimates. Treasurer's Instruction 945P requires an explanation of significant variations between these estimates and actual results. Significant variations are considered to be those greater/less than \$10 million or 10% greater/less than the budgeted amount.

	Budget \$000	Actual \$000	Variance \$000
<b>1. Revenues have varied by the following:</b>			
<b>Sales</b>	589,931	247,228	(342,703)
Sales revenue came in under budget by \$342.7m (58%). This is due to lower sales of properties and land and primarily a result from a declining property market.			
<b>Rental revenue</b>	429,468	400,639	(28,829)
The variance of \$28.8m (7%) is due to the drop in market rentals across the state resulting in a reduction of rental income.			
<b>Other revenues</b>	78,645	106,632	27,987
Other revenues are \$27.9m (35%) above budget due to participation fees received for new Development Management Agreements (DMA) from the Authority's joint venture partners.			

	Budget \$000	Actual \$000	Variance \$000
<b>2. Expenses have varied by the following:</b>			
<b>Cost of sales</b>	401,702	176,708	(224,994)
Cost of sales is below budget by \$224.9m (56%). This is mainly due to the lower number of properties transacted.			
<b>Loss from the disposal of non-current assets</b>	18,016	35,754	17,738
The variance of \$17.7m (98%) is mainly attributed to the general slowing of the property market, hence lower revenue from disposals.			
<b>Community support</b>	262,737	165,683	(97,054)
Community support expense is \$97.0m (37%) lower than budget due to the Commonwealth delaying signing of the National Partnership on Remote Housing (NPRH) program resulting in reduced spending.			
<b>Supplies and services</b>	35,901	27,904	(7,997)
The variance of \$7.9m (22%) is mainly a result of lower spending on technical and professional services due to the delay in the commencement of the National Partnership on Remote Housing.			
<b>Employee benefits</b>	149,623	168,569	18,946
The variance of \$18.9m (12%) is mainly due to one off staff redundancy payments that occurred in 2017-18, along with associated annual and long service leave payouts.			
<b>Depreciation and amortisation</b>	150,944	133,815	(17,129)
Depreciation is lower than budget by \$17.1m (11%) mainly due to the lower asset base to depreciate as a result of property disposals and delays in the delivery of new properties.			
<b>Other expenses</b>	101,198	155,632	54,434
The variance of \$54.4m (54%) on other expenses mainly relate to the increased cost of assets transferred to community housing that were delayed from 2016-17 along with the write down of land expenses.			

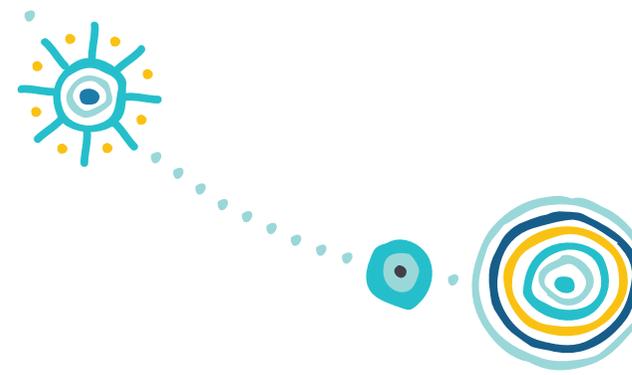
## 54. Explanatory statement (continued)

### (b) Comparison of actual operating results for 2017-18 with those of the preceding year

Details and reasons for significant variations between actual operating results for 2017-18 and the preceding year are detailed below.

Significant variations are considered to be those greater/less than \$10 million or 10% greater/less than the actual amount for the preceding year.

	Actual 2018 \$000	Actual 2017 \$000	Variance \$000
<b>Revenues have varied by the following:</b>			
<b>1. Revenues have varied by the following:</b>			
<b>Sales</b>			
Sales revenue is down by \$52.0m (17%). The contributing factors were mainly tough market conditions with a slow uptake of properties together with a steady decline in property prices.	247,228	299,272	(52,044)
<b>Other gains</b>			
Other gains increased by \$16.7m (19%) due to additional income for participation fees from Development Management Agreements with new joint venture partners.	106,632	89,946	16,686
<b>2. Expenses have varied by the following:</b>			
<b>Cost of sales</b>			
The variance of \$12.2m (7%) is mainly due to the restatement of the 2016-17 cost of sales figures. Refer to Note 3 for prior period restatement	176,708	164,458	12,250
<b>Loss from the disposal of non-current assets</b>			
Loss on the disposal of non-current assets has increased by \$15.7m (79%) due to a slowing property market resulting in lower sales income upon disposal.	35,754	20,008	15,746
<b>Community support</b>			
Community support expenses are up \$40.3m (32%) on the previous year due to the Commonwealth delaying approval of the National Affordable Housing Agreement (NAHA) program, thereby pushing expenditure into 2017-18.	165,683	125,295	40,388
<b>Employee benefits expense</b>			
The increase of \$22.3m (15%) is mainly due to staff redundancy payments that occurred in 2017-18, along with associated annual and long service leave payouts.	168,569	146,209	22,360



# Key performance indicators

## Certification of key performance indicators

For the reporting period ended 30 June 2018

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Housing Authority's performance, and fairly represent the performance of the Housing Authority and its subsidiary for the financial year ended 30 June 2018.

**Grahame Searle**  
Chief Executive Officer  
Accountable Authority

19 September 2018

## Outcome: Housing eligible Western Australians

The Housing Authority primarily contributes to the following government goal:

- **Goal 3: Results-Based Service Delivery** – greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

The Housing Authority seeks to enhance the quality of life and wellbeing of all people throughout Western Australia by satisfying the basic need for shelter. In the wider context, affordable, available and appropriate housing assists in contributing to positive social outcomes in health, education and employment. The Housing Authority contributes to Goal 3 by providing housing through its rental housing, home finance, home ownership, and land development activities for eligible Western Australians who may not otherwise be able to obtain housing. Through the provision of Government Regional Officers' Housing, the Housing Authority also provides government employees with suitable and appropriate housing in regional and remote areas to support the delivery of public services such as education and policing.

Eligibility for public rental housing and for home loans is determined by assessable income limits and other eligibility criteria. The opportunity to purchase the Housing Authority's land, priced in the low to moderate price bracket, is available to all Western Australians. In addition, the Housing Authority makes available loans to cover the cost of security bonds so that income-eligible applicants can access housing in the private rental market.

It is a key strategy of the Housing Authority to ease the pressure on the waiting list for public housing by expanding the range and diversity of housing products and services for people on low to moderate incomes. Varying alternatives will provide new entry points for clients as well as new and evolving options that support their transition along the housing continuum as their circumstances improve.

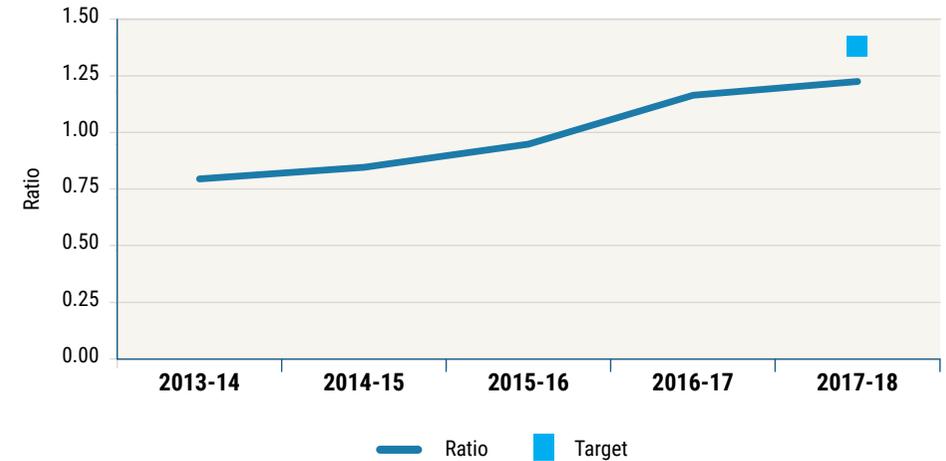
# Effectiveness indicator 1

## The extent to which the Housing Authority is responsive to the housing needs of eligible Western Australians

This indicator measures the Housing Authority’s capacity to respond to expressed unmet housing demand. It is calculated as the ratio of the total number of units of housing assistance provided each year, to the number on the waiting list at 30 June of the previous year. The higher the ratio, the greater the assistances provided in relation to expressed unmet demand.

Housing assistances comprise people housed from the waiting list into public housing or community housing options, bond assistance loans, new home loans, and land sales (lower quartile). The Housing Authority’s public rental housing waiting list is used to represent total expressed unmet housing demand, as the other forms of housing assistance do not have a waiting list.

Ratio of the number of units of housing assistance per annum to the number on the waiting list at the start of the reporting period



	Actual					Target
	2013-14	2014-15	2015-16	2016-17	2017-18	2017-18
Total housing assistances <sup>1</sup>	16,824	17,022	19,098	21,585	20,120	
Public rental waiting list at 30 June previous financial year <sup>2</sup>	21,121	20,013	20,127	18,530	16,516	
Ratio	0.80	0.85	0.95	1.16	1.22	1.38

## Comment on performance

In 2017-18, the ratio (1.22) of assistances provided to demand was lower than the target (1.38). Levels of assistance provided were consistent with expectation, with the exception of a smaller than anticipated number of bond assistance loans. There was lower than anticipated demand for bond assistance loans, with numbers similar to loans provided in previous years. The target anticipated a higher number of loans given weaker rental market conditions.

This is likely to be a result of reduced population growth and improved housing affordability.

### Notes:

- 1 For 2017-18, the total units of housing assistance comprises (2016-17 result indicated within brackets): number of people (applications) allocated from the waiting list into community housing options: 441 (394); number of new home loans approved: 2,789 (2,180); number of Housing Authority (including joint venture partner) land sales below \$179,000<sup>a</sup>: 370 (362); number of public rental occupations: 3,511 (3,724); number of bond assistance loans approved: 13,009 (14,925).
- a The benchmark cut-off for the lower end of the market (\$179,000) is the final December quarter lower quartile for Western Australia (State) residential land sales. For 2017-18 reporting, this was sourced directly from the Real Estate Institute of Western Australia. Previous lower quartile prices were derived from the Real Estate Institute of Western Australia's Market Update Report (March Quarter), which contained the final December quarter lower quartile (2013-14=\$175,000; 2014-15=\$189,000; 2015-16=\$192,000; 2016-17=\$182,050). Excluded from the lower quartile lot sales are multiple sales to the same person; lots over 1,000 square metres; sales to companies or other government departments; and internal transfers.
- 2 The total number of applications recorded on the public rental waiting list varies over time as applicants' eligibility changes. Applications may be withdrawn from the waiting list if applicants fail to meet ongoing eligibility requirements or re-instated if they are later considered eligible. The number of applications to calculate this indicator is based on the waiting list as at 30 June in the previous financial year.

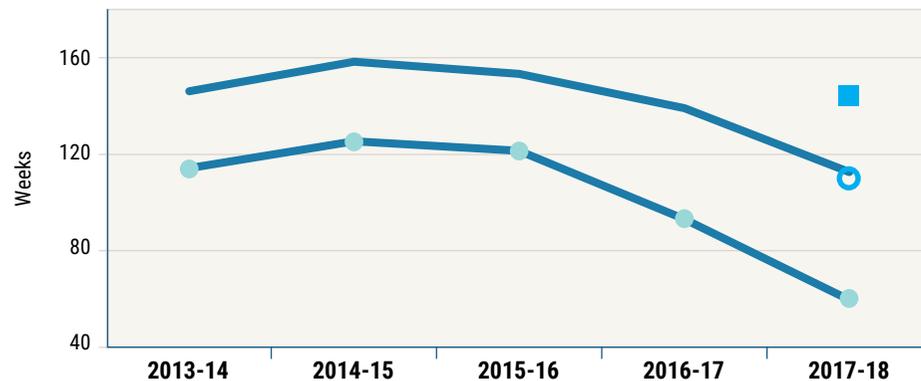
# Effectiveness indicator 2

## Waiting times for accommodation – applicants housed

This indicator measures the Housing Authority’s capacity to provide public rental housing to eligible applicants who are on the waiting list. Waiting times for accommodation measures the time between an applicant being listed on the waiting list and when they are housed. The greater the capacity to meet demand, the shorter the waiting time. The waiting time indicator includes properties that are head leased to community housing providers.

The graph indicates the waiting times of all applicants housed during the year in terms of average and median.

Waiting times for accommodation – applications housed average and median in weeks



	2013-14	2014-15	2015-16	2016-17	2017-18
Average	146	158	153	139	113
Median	114	125	121	93	60
Target Average					144
Target Median					110

	2013-14	2014-15	2015-16	2016-17	2017-18
< 1 month	11.88	6.47	4.56	5.48	7.97
1-12 months	21.03	21.76	27.04	30.29	39.19
1-3 years	28.12	29.38	28.92	30.72	26.60
3-5 years	18.08	19.49	18.13	14.80	12.76
5+ years	20.89	22.90	21.34	18.72	13.47

### Comment on performance

In 2017-18, the average and median wait times for accommodation (113 weeks and 60 weeks respectively) were lower than the target (144 weeks and 110 weeks respectively). Waiting times were reduced mainly due to the cumulative effect of higher turnover within the public housing portfolio enabling a greater number of allocations to be made.

A comparison of results for the past five years shows a consistent reduction in average and median wait times consistent with the overall reduction in waitlist numbers since its peak in 2009-10.

Factors influencing the time an applicant may wait to be housed include the area in which housing is being sought, turnover of properties in the region, the type of accommodation required, the applicant’s place on the waiting list and whether they have a priority need.

## Effectiveness indicator 3

### The extent to which the Government Regional Officers' Housing is responsive to the provision of housing to meet the needs of eligible Western Australian government employees

This indicator measures the capacity to provide accommodation in response to requests from government departments. This is calculated as supply divided by demand and is presented as a percentage. Supply is represented by the number of properties allocated to departments at the end of the financial year. Demand is calculated by adding the number of properties allocated to departments to the number of unmet accommodation requests from departments at the end of the financial year.

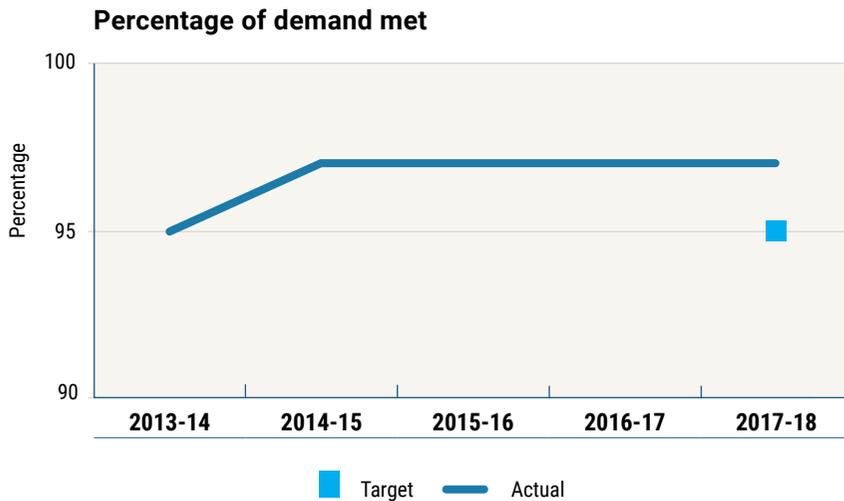
The table below illustrates the supply and demand for Government Regional Officers' Housing.

	Actual					Target
	2013-14	2014-15	2015-16	2016-17	2017-18	2017-18
Supply	5,054	5,014	4,708	4,573	4,457	
Demand	5,308	5,188	4,836	4,704	4,601	
Percent of demand met	95%	97%	97%	97%	97%	95%

#### Comment on performance

In 2017-18, the percentage of demand met (97 per cent) was higher than the target (95 per cent), which is consistent with the previous three years.

The result reflects improved engagement with client agencies to ensure alignment between demand and supply and also acknowledges greater consistency in regional staffing numbers.



## Efficiency indicators

The Authority provides four major services: rental housing, home loans, residential land and housing supply, and Government Regional Officers' Housing.

### Service 1: Rental Housing

This Service contributes to the Authority's outcome by providing eligible Western Australians with:

- public rental housing
- community housing managed properties: rental properties managed by not-for-profit housing companies, community organisations, housing associations, and local governments through the Authority's joint venture and community housing and crisis accommodation programs
- rental housing for key workers in regional Western Australia
- properties for remote Aboriginal communities.

#### Efficiency indicator 1

##### Operating cost per rental property

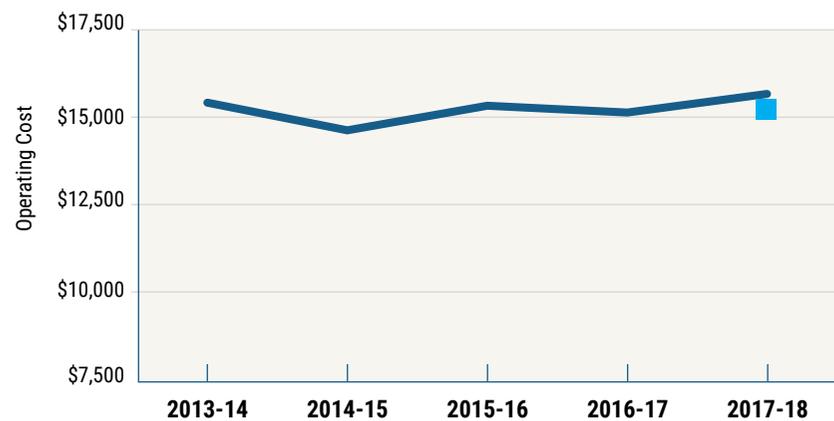
The operating cost per rental property measures the cost efficiency of rental housing, and is calculated by dividing the total cost of the service (total expenses) by the total number of rental properties.

The total operating cost of the Rental Housing Service comprises:

- administration costs (employee benefits, supplies and services, and accommodation)
- rental expenses
- finance costs
- depreciation and amortisation
- other expenses
- community support (includes the repair and maintenance of infrastructure, as well as power, water and wastewater in Aboriginal communities and town reserves, which cannot be directly attributed to a property).

Expenses relating to community housing managed properties are borne by both the Housing Authority and the community housing organisations.

### Operating cost per rental property



	2013-14	2014-15	2015-16	2016-17	2017-18
2017-18 Target					\$15,236
Operating cost per rental property	\$15,419	\$14,750	\$15,342	\$15,176	\$15,631

### Comment on performance

In 2017-18, the operating cost per rental property (\$15,631) was slightly higher than the target (\$15,236) due to minor fluctuations in public housing stock levels brought about in the main because of urban renewal and redevelopment activities.

## Service 2: Home Loans

This service contributes to the Housing Authority's outcome by providing home ownership schemes for eligible applicants.

### Efficiency indicator 2

#### Operating cost per current loan account

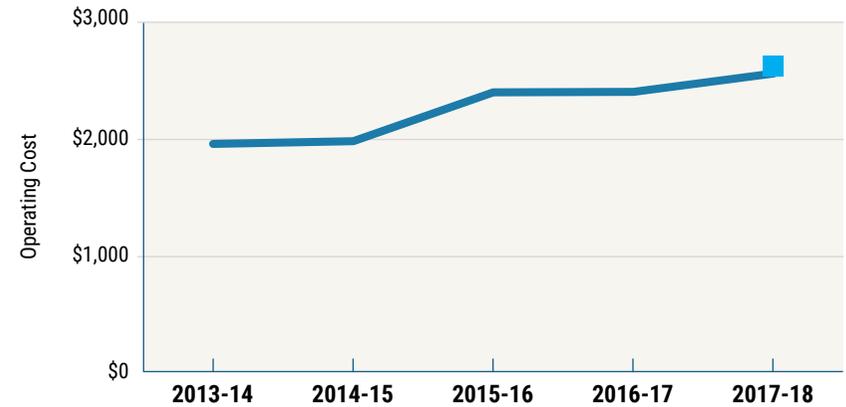
The operating cost per current loan account measures the cost efficiency in home ownership products and services. It is calculated by dividing the total cost of the service (total expenses) by the total number of loans (Keystart and other loan products).

The total operating cost of the Home Loans Service comprises:

- administration costs (employee benefits, supplies and services, and accommodation)
- depreciation and amortisation
- other expenses.

Keystart finance costs for loan advances to clients are excluded as borrowing costs are incurred and borne by clients and do not relate to the resources required to approve and process loan applications and manage loan accounts.

Operating cost per current loan account



	2013-14	2014-15	2015-16	2016-17	2017-18
2017-18 Target					\$2,613
Operating cost per current loan account	\$1,972	\$1,996	\$2,395	\$2,397	\$2,540

#### Comment on performance

In 2017-18, the operating cost per current loan account (\$2,540) was slightly lower but consistent with the target (\$2,613).

A comparison of results for the past five years shows a gradual increase from 2014-15 to 2017-18. This rise was predominately caused by an increase provision for doubtful and bad debts. This is consistent with the higher levels of unemployment in WA and subdued property prices.

## Service 3: Land and Housing Supply

This service contributes to the Housing Authority's outcome by developing land for housing and providing housing for sale to the market.

### Efficiency indicator 3

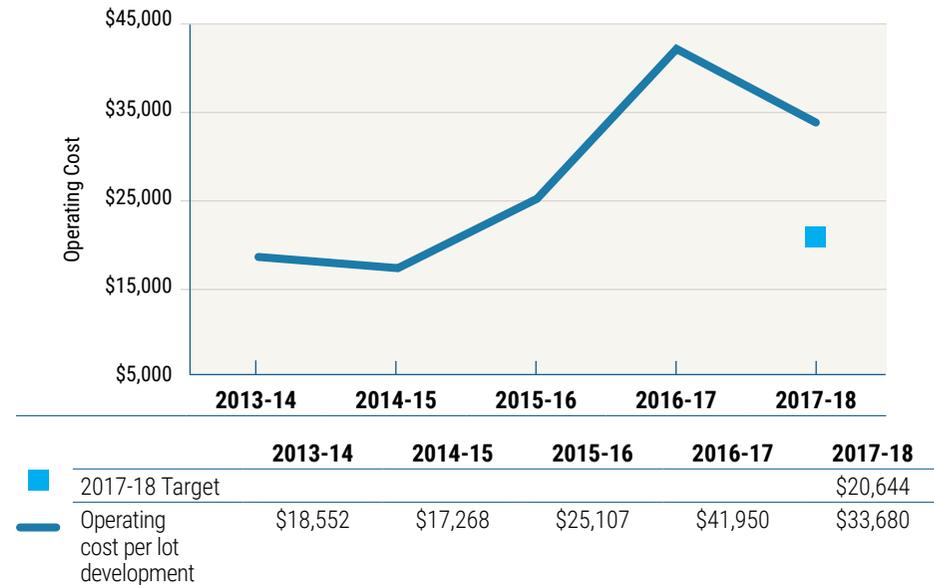
#### Operating cost per lot developed

This indicator measures the cost efficiency of the Housing Authority's land development activities. It is calculated by dividing the total cost of the land component of the service by the number of lots or dwelling unit equivalents developed. The Housing Authority's land development activities include joint venture partnerships, urban development, urban renewal and urban redevelopment.

The total operating cost of the land supply component of the Land and Housing Supply Service does not include 'cost of sales' and comprises:

- administration costs (employee benefits, supplies and services, and accommodation)
- depreciation and amortisation
- finance costs
- rental expenses
- other expenses.

Operating cost per lot developed



#### Comment on performance

In 2017-18, the operating cost per lot developed (\$33,680) was higher than the target (\$20,644) primarily as a result of the Housing Authority's reduction in the number of lots developed in response to a continuing subdued residential land market. Operating costs were on target.

These figures fluctuate as a result of movements in production volume relative to market demand.

# Efficiency indicator 4

## Operating cost per property sold

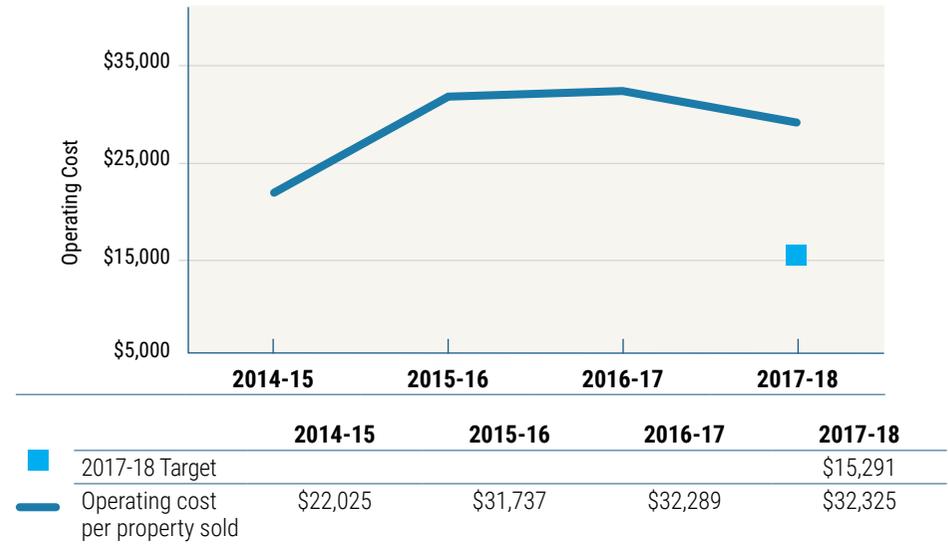
This indicator measures the cost efficiency in supplying housing for purchase by home buyers. It is calculated by dividing the total expenses of the housing supply component of the service by the number of properties sold.

The Housing Authority has a number of programs that supply housing to the market, including house and land sales, affordable housing programs such as the SharedStart shared equity program, and other housing built for sale through the Housing Authority’s development activities.

The total operating cost for the housing supply component of the Land and Housing Supply Service does not include ‘cost of sales’ and comprises:

- administration costs (employee benefits, supplies and services, and accommodation)
- depreciation and amortisation
- finance costs
- rental expenses
- other expenses.

Operating cost per property sold



Note: This indicator was reported for the first time in 2014-15.

### Comment on performance

In 2017-18, the operating cost per property sold (\$32,325) was higher than the target (\$15,291). While the Housing Authority can successfully contain total operating expenses below target, the aggregate number of properties sold was less than anticipated, which resulted in a higher result for this indicator.

The operating cost per property sold increased between 2014-15 and 2016-17 due to less sales and a weakening property market. These costs often reflect minor timing mismatch as costs incurred in one financial year apply to properties to be sold and settled in the subsequent year.

## Service 4: Government Regional Officers' Housing

This service contributes to the Housing Authority's outcome by providing government employees with suitable and appropriate housing in regional and remote areas to support the delivery of public services such as education and policing.

### Efficiency indicator 5

#### Operating cost per property

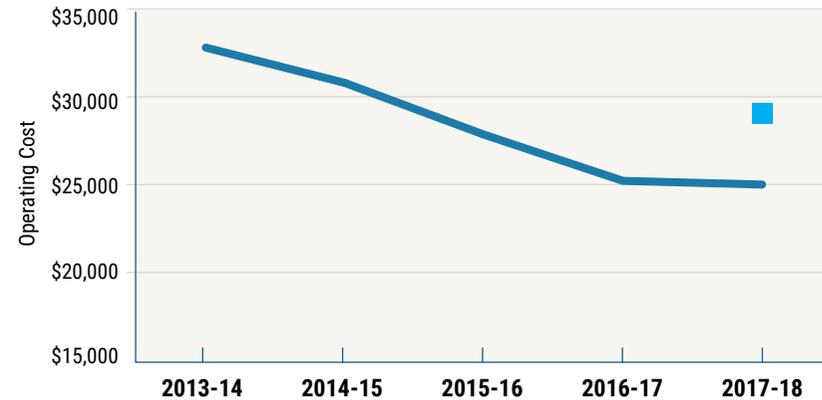
This indicator measures the cost efficiency of providing Government Regional Officers' Housing. It is calculated by dividing the total cost of the service (total expenses) by the total number of properties at the end of the year.

The total operating costs of the Government Regional Officers' Housing Service comprise:

- administration costs (employee benefits, supplies and services)
- depreciation and amortisation
- finance costs
- rental expenses
- other expenses.

This service is operated on a cost neutral basis, with costs being fully recovered from client agencies.

Operating cost per property



	2013-14	2014-15	2015-16	2016-17	2017-18
2017-18 Target					\$29,101
Operating cost per property	\$32,703	\$30,771	\$27,912	\$25,363	\$25,170

#### Comment on performance

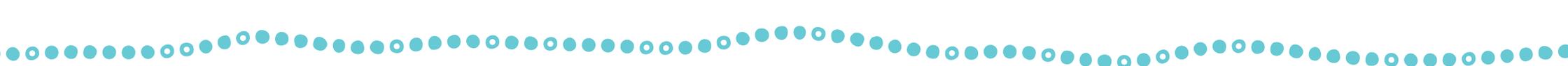
In 2017-18, the operating cost per property (\$25,170) was lower than the target (\$29,101). This was primarily due to a combination of continued reduction in lease costs from the private rental market, coupled with a reduced number of leases when compared to the target set last year.

A comparison of results for the past five years demonstrates the program's operating efficiency continues to be heavily influenced by movements in the private rental market.



# Ministerial directives

No ministerial directives were received during 2017-18.



# Other financial disclosures

## Pricing policies

### Rent setting for public housing tenants

The Housing Authority's rent policy is designed to ensure that public housing tenants are charged a rent that is affordable, is fair and reflects their capacity to pay. Accordingly, tenants who remain eligible for public housing are required to pay either 25 per cent of assessable household income in rent or the notional market rent for the property, whichever is lower.

At 30 June 2018, 71 per cent of public housing tenants were paying the standard 25 per cent of income in rent.

Rent calculation methods are determined by the Housing Authority and approved by the Minister for Housing under section 30(1) of the *Housing Authority Act 1980*. As part of the 2016-17 State Budget, a maximum weekly rent increase of \$6 was introduced for existing public housing tenants who were not yet paying 25 per cent of household assessable income or the market rent. This was completed in January 2018.

As part of the 2017-18 State Budget, further rent increases, capped at \$6 per week, for the following four years were approved for those households not yet paying 25 per cent of household assessable income or the market rent. The first of these four \$6 increases commenced in February 2018 as part of each tenant's annual rent review and will be completed by January 2019. This increase ensures that all tenants make a fair and equitable contribution towards their housing costs.

### Rent reform in remote communities

In line with public housing protocols, rents for all new tenancies in remote communities are capped at a maximum of 25 per cent of assessable household income. The Housing Authority continued to implement rent reform in 68 communities with more than 2,000 tenancies transitioning to the public housing-like rent model.

### Rent setting for Government Regional Officers' Housing

The Government Regional Officers' Housing (GROH) Tenant Rent Setting Framework policy sets out the maximum rent that government agencies can recoup from their region-based employees who occupy GROH properties. Under the policy, annual rent increases for GROH tenants are capped to ensure that tenant rents are appropriate and affordable. In 2017-18, the maximum rent that GROH tenants can be charged either decreased or remained the same for the large majority of GROH properties.

## Act of grace payments

As at 30 June 2018, there were no act of grace payments recorded.

## Capital works projects

In accordance with Treasurer's Instruction 903(13)(ii), the Housing Authority identifies capital works projects that remain ongoing at the end of the financial year (Table 1) and the

projects completed during the year (Table 2). Explanations have been provided for variations in actual expenditure that differ by more than \$2 million and 10 per cent of the estimated total cost.

**Table 1: Summary of capital works projects in progress in 2017-18**

Program	Expected year of completion	Estimated cost to complete (\$'000)	Estimated total cost of project (\$'000)	Variance from previous financial year (\$'000)	Explanation
Broome Move to Town	2018-19	12,634	15,551	-	
East Kimberley Transitional Housing Expansion Program	2020-21	24,044	25,000	-	
Hilton Revitalisation Project	2020-21	7,459	7,582	782	
Housing Refurbishments Town – Roebourne	2018-19	2,640	2,640	-	
National Partnership Agreement on Mental Health - Broome subacute facility	2019-20	6,685	7,798	-	
Non-Government Organisation housing – Stage 2	2018-19	47	27,886	-11,528	Spending has not profiled at a static annual value
Public Housing Stock Redevelopment Strategy – shared equity program	2018-19	571	22,587	-1,971	
Royalties for Regions Broome Aboriginal short stay accommodation facility	2018-19	4,234	20,115	500	
Royalties for Regions – domestic violence refuge	2019-20	2,489	2,500	-	
Royalties for Regions – Exmouth	2018-19	19	9,970	1,150	
Royalties for Regions – West Kimberley transitional housing	2018-19	3,459	28,000	-	
Social Housing – Mental Health Commission	2018-19	842	55,195	-	
Social Housing Investment Package – build and buy streams	2018-19	6,248	249,880	-2,000	
Commonwealth Stimulus Funded Sales Program – Stage 3	2023-24	41,490	56,158	-	
Subacute facilities in Karratha and Bunbury	2020-21	9,042	9,080	-	

**Table 2: Summary of capital works projects completed in 2017-18**

<b>Program</b>	<b>Total cost of project (\$'000)</b>	<b>Variance from previous financial year (\$'000)</b>	<b>Explanation</b>
Acute homeless shelter	5,497	71	
Carnarvon Independent Living	4,776	40	
Disability Services Commission – Port Hedland Respite	2,800	–	
Government Regional Officers' Housing – Onslow	7,434	2,473	2016-17 estimated cost excluded land acquisition costs
National Partnership Agreement – spot purchases	1,565	265	
Replacement of public housing rental stock	22,159	–	
Royalties for Regions – Kimberley Housing Project	7,465	-222	
Social Housing Boost	133,108	–	
Social Housing Investment Package – redevelop and renew streams	78,796	-1,640	Less properties purchased than prior year

## Employment and industrial relations

The Chief Executive Officer uses the resources of the Department of Communities to perform functions of the Housing Authority. The Department of Communities' Annual Report for 2017-18 provides information on employment and industrial relations.

## Personal expenditure on Government credit cards

In accordance with Treasurer's Instruction 321, officers are prohibited from using Government issued credit cards for personal expenditure. Treasurer's Instructions 903(13)(iv) requires the Housing Authority to disclose information relating to personal expenditure. Table 3 details the personal expenditure using Government issued credit cards in 2017-18.

**Table 3: Personal expenditure using Government issued credit cards in 2017-18**

	2017-18
Number of instances the Western Australian Government Purchasing Card has been used for a personal purpose	35
Aggregate amount of personal use expenditure for the reporting period	\$1,749
Aggregate amount of personal use expenditure settled by the due date	\$510
Aggregate amount of personal use expenditure settled after the period required by the due date	\$1,230
Aggregate amount of personal use expenditure outstanding at the end of the reporting period	-
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	-

Note: The inadvertent personal use transactions represent 0.03% of the total value of transactions during the financial year.

## Section 40 Estimates for 2018-19

In accordance with Treasurer's Instruction 953, the annual estimates for the Housing Authority in 2018-19 are provided below. These estimates do not form part of the 2017-18 financial statements and are not subject to audit.

### Statement of Comprehensive Income

	2018-19 \$'000		2018-19 \$'000
<b>Cost of services</b>		<b>Income</b>	
<b>Expenses</b>		<b>Income</b>	
Grants and subsidies	5,807	Sale of goods and services	371,080
Supplies and services	384,798	Grants and subsidies	128,098
Accommodation	180,350	Interest revenue	121,236
Depreciation and amortisation	156,450	Rent	438,664
Efficiency dividend	-39,064	Developers' contribution	71,253
Finance costs	157,103	Other revenue	58,770
Cost of lands sold	107,885	<b>Total income</b>	<b>1,189,101</b>
Other expense	394,414		
<b>Total cost of services</b>	<b>1,347,743</b>	<b>Net cost of services</b>	<b>158,642</b>
		<b>Income from State Government</b>	
		Service appropriations	78,146
		Royalties for Regions Fund: Regional Community Services Fund	7,684
		<b>Total income from State Government</b>	<b>85,830</b>
		<b>Surplus/(deficiency) for the period</b>	<b>(72,812)</b>

## Statement of Financial Position

	2018-19 \$'000
<b>Current assets</b>	
Cash assets	93,586
Restricted cash	32,126
Receivables	149,831
Other	1,675,798
Assets held for sale	23,366
<b>Total current assets</b>	<b>1,974,707</b>
<b>Non-current assets</b>	
Property, plant and equipment	12,667,706
Intangibles	17,766
Other	3,821,401
<b>Total non-current assets</b>	<b>16,506,873</b>
<b>Total assets</b>	<b>18,481,580</b>
<b>Current liabilities</b>	
Payables	11,413
Other	166,866
<b>Total current liabilities</b>	<b>178,279</b>
<b>Non-current liabilities</b>	
Borrowings	5,122,502
Other	3,602

	2018-19 \$'000
<b>Total non-current liabilities</b>	<b>5,126,104</b>
<b>Total liabilities</b>	<b>5,304,383</b>
<b>Equity</b>	
Contributed equity	2,442,156
Accumulated surplus/(deficit)	2,527,688
Reserves	8,207,353
<b>Total equity</b>	<b>13,177,197</b>
<b>Total liabilities and equity</b>	<b>18,481,580</b>

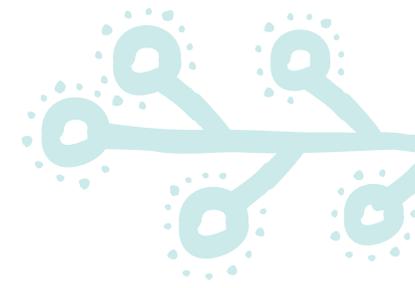
## Statement of Changes in Equity

	2018-19 \$'000
Contributed equity at start of period	2,470,608
Equity contributions during the period	(28,452)
<b>Contributed equity at the end of the period</b>	<b>2,442,156</b>
Accumulated surplus/(deficit) at start of period	2,600,500
Surplus/(deficit) for the period	(72,812)
<b>Accumulated surplus/(deficit) at end of period</b>	<b>2,527,688</b>

## Statement of Cash Flows

	2018-19 \$'000
<b>Cash flows from State Government</b>	
Service appropriations	78,146
<b>Royalties for Regions Fund:</b>	
Regional Communities Services Fund	7,684
Regional Infrastructure and Headworks Funds	2,500
<b>Net cash provided by State Government</b>	<b>88,330</b>
<b>Cash flows from operating activities</b>	
Payments	
Grants and subsidies	(5,807)
Supplies and services	(446,310)
Accommodation	(192,620)
Efficiency dividend	39,064
Finance costs	(157,105)
GST payments	-
Other payments	(449,652)
<b>Receipts</b>	
Grants and subsidies	128,098
Sale of goods and services	373,793
Interest received	121,238
Rent receipts	438,664
Dividend/State contributions received	64,362
Other revenue	52,213
<b>Net cash from operating activities</b>	<b>(34,062)</b>

	2018-19 \$'000
<b>Cash flows from investing activities</b>	
Purchase of non-current assets	(106,204)
Proceeds from sale of non-current assets	170,006
<b>Net cash from investing activities</b>	<b>63,802</b>
<b>Cash flows from financing activities</b>	
Repayment of borrowings	(884,519)
Other payments	(1,056,328)
Proceeds from borrowings	1,056,878
Other proceeds	600,000
<b>Net cash from financing activities</b>	<b>(283,969)</b>
<b>Net increase/decrease in cash held</b>	<b>(165,899)</b>
Cash assets at the beginning of the reporting period	291,611
Net cash transferred to/from other agencies	-
<b>Cash assets at the end of the reporting period</b>	<b>125,712</b>



# Governance disclosures

## Subsidiaries

The Housing Authority is the instigator of the Keystart Housing Scheme and has effective control over the whole structure, either directly or indirectly, through various agreements that constitute the structure and to which it is a party.

The Board of Directors of the Keystart group of companies comprises one director from the Housing Authority and five directors from the private sector. The Housing Authority holds 100 per cent of the total shareholding in:

- Keystart Bonds Ltd
- Keystart Loans Ltd
- Keystart Support Pty Ltd
- Keystart Support (Subsidiary) Pty Ltd
- Keystart Loans Ltd owns 100 per cent of Keystart Scheme Management Pty Ltd.

The Housing Authority is the majority shareholder in Goldmaster Enterprises Pty Ltd, with 88 per cent ownership. The board comprises two directors from the Housing Authority and one from the private sector.

The Housing Authority also holds minority interests in the following incorporated entities:

- Ocean Springs Pty Ltd: 47 per cent
- Dalyellup Beach Pty Ltd: 50 per cent

- Ellenbrook Management Pty Ltd: 47 per cent
- Seacrest Corporation Pty Ltd: 50 per cent
- Oyster Harbour: 50 per cent
- Brookdale JV (Sienna Woods): 50 per cent
- Golden Bay: 50 per cent.

In addition, the Housing Authority holds interests in other non-incorporated entities and joint ventures (further information is available in the Financial Statements).

## Director's indemnity insurance

In 2017-18, the Housing Authority paid insurance premiums in respect of the liability of officers of the Housing Authority in their capacity as directors and officers. The insurance policy covers costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome, and other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

## Insurance

In accordance with Treasurer's Instruction 812, the Housing Authority maintains an appropriate level of insurance cover for insurable risks. Effective from 1 July 2004, the Housing Authority has adopted a general policy of not insuring its

residential property assets as it is considered uneconomical. As part of the Housing Authority's ongoing risk management processes, a comprehensive analysis of the risk exposure to its residential property assets was completed during 2012. The Housing Authority's residential property assets continue to remain uninsured as it is considered uneconomical to do so.

The Housing Authority does, however, insure:

- residential properties related to employment-related accommodation (non-GROH)
- key worker villages
- residential property constructed by the Housing Authority under the Affordable Housing Action Plan for sale to private individuals
- residential properties (complexes) with a replacement value of \$10 million or greater.

The Housing Authority's other insurance programs are a combination of insurance policies provided by commercial insurance providers and the State Government's RiskCover fund. As per Treasurer's Instruction 825, insurance is complemented by a comprehensive approach to risk management and prudent management policies and practice.

# Other legal requirements

## Advertising

In accordance with section 175ZE of the *Electoral Act 1907*, the Housing Authority incurred expenditure in advertising and media advertising. Total expenditure for 2017-18 was \$1,442,928 (Table 4).

**Table 4: Advertising expenditure for 2017-18**

Category	2017-18 \$
<b>Advertising agencies</b>	<b>311,327</b>
Rare	311,327
<b>Market research organisations</b>	<b>Nil</b>
<b>Polling organisations</b>	<b>Nil</b>
<b>Direct mail organisations</b>	<b>Nil</b>
<b>Media advertising agencies</b>	<b>1,131,601</b>
Adcorp Australia Limited	124,612
Carat Australia Media Services Pty Ltd	1,006,989

## Disability access and inclusion plan

The Housing Authority is committed to ensuring its services, facilities and information are accessible and inclusive for people with disability, their families and carers. This commitment is demonstrated in the Disability Access and Inclusion Plan, which addresses the seven access and inclusion outcomes specified by the Disability Services Commission in accordance with the *Disability Services Act 1993*. It will remain in place until the Department of Communities' Disability Access and Inclusion Plan is implemented in 2018-19.

In 2017-18, the following initiatives delivered access and inclusion outcomes for people with disability:

**Outcome 1: People with disability have the same opportunities as other people to access the services of, and any events organised by the Housing Authority.**

- Continued to offer a range of housing options to help people with disability access appropriate and affordable housing, including:
  - public rental housing with modifications to make housing more accessible
  - purpose-built accommodation
  - community housing
  - home loans to purchase, build or modify private homes
  - bond assistance loans to access suitable private rental housing.

**Outcome 2: People with disability have the same opportunities as other people to access the buildings and other facilities of the Housing Authority.**

- Continued to ensure that office buildings and facilities are accessible to people with disability. Compliance with the *Building Act 2011* and relevant building codes has been incorporated as standard business practice, and programs of works continue to improve accessibility.

**Outcome 3: People with disability receive information from the Housing Authority in a format that will enable them to access the information as readily as other people are able to access it.**

- Achieved AA level compliance with guidelines for accessibility of the World Wide Web Consortium (W3C), along with second level compliance in some areas. Consequently, all pages are compliant with Priority 1 guidelines based on W3C Web Accessibility standards.
- Continued to offer information in alternative formats, which are available on request.

**Outcome 4: People with disability receive the same level and quality of service from employees of the Housing Authority as other people receive.**

- Provided mechanisms for customers to provide feedback directly to the Housing Authority via its external website.

**Outcome 5: People with disability have the same opportunity as other people to make a complaint to the Housing Authority.**

- Offered a complaints service via email, telephone, in person or through the National Relay Service that assists tenants and members of the public to have their matter resolved.

**Outcome 6: People with disability have the same opportunities as other people to participate in any public consultation by the Housing Authority.**

- Consulted on the new Department of Communities Disability Access and Inclusion Plan for 2018-2020. For further information refer to the Department of Communities' Annual Report for 2017-18.
- Maintained an accessible events checklist to assist staff with the organisation of accessible events.

**Outcome 7: People with disability have the same opportunities as other people to obtain and maintain employment within the Housing Authority.**

- Delivered an online training module that raises the awareness of people with disability and imbeds our commitment to people with disability.
- Introduced a capability based toolkit for managers, which outlines policies and programs that support people with disability.

## Substantive equality

The Housing Authority recognises the need to ensure all people are treated fairly and are recognised for their diversity. The Housing Authority is committed to ensuring that substantive equality principles are reflected appropriately in its policies, procedures and practices in accordance with the State Government's Policy Framework for Substantive Equality. The Policy Framework aims to achieve equality in the Western Australian public sector by addressing and eliminating systemic discrimination in the provision of public sector services and promoting sensitivity to the different needs of client groups.

## Recordkeeping plan

The Housing Authority has a Recordkeeping Plan under section 19 of the *State Records Act 2000*. It is an annexure to the Department of Communities' approved Recordkeeping Plan 2018, which follows the principles and standards governing recordkeeping by State organisations.

The Housing Authority evaluates the efficiency and effectiveness of its recordkeeping system through ongoing audits to confirm that staff are following correct recordkeeping practices within client and administrative files.

The Housing Authority operates an online Recordkeeping Awareness Training program that covers staff obligations, rights and responsibilities under the Act. Ongoing training is provided to enhance the search skills of staff and improve their management of client and administrative records.

The Housing Authority regularly reviews its recordkeeping training initiatives and materials to ensure compliance with relevant legislation and standards, as well as keeping content and staff up-to-date with changes in recordkeeping systems.

Recordkeeping Awareness Training is a mandatory component of staff induction training. The effectiveness of the induction program in addressing employee roles and responsibilities is regularly reviewed to ensure compliance with the Act.

# Government policy requirements

## Compliance with Public Sector Standards and ethical codes

The Chief Executive Officer uses the resources of the Department of Communities to perform functions of the Housing Authority. The Department of Communities' Annual Report for 2017-18 provides information on compliance with Public Sector Standards and ethical codes.

## Occupational safety, health and injury management

The Housing Authority is committed to providing, maintaining and promoting safe and healthy work practices in all aspects of its business.

The Department of Communities' Annual Report for 2017-18 provides information on the workers' compensation and injury management performance.

## Government building training policy

Through the Government Building Training Policy, the State Government aims to increase the overall number of apprentices and trainees in the building and construction industry. This is supported by requiring government building, construction and maintenance contractors to commit to meet or exceed a target training rate through the employment of construction

apprentices and trainees by their company and the sub-contractors they use for the contract.

In accordance with Premier's Circular 2015/02 – Government Building Training Policy, the Housing Authority has complied with the policy by updating tender documentation to include the policy and reporting requirements as well as monitoring building, construction and maintenance projects accordingly. The Government Building Training Policy applies to building and construction contracts (including civil and engineering contracts) with an estimated labour value of \$2 million or more for the construction component of the contract.

**Table 5: Government building contracts for 2017-18**

Measure	Number of contracts
<b>Awarded</b>	3
<b>Reported on</b>	
Commenced reporting	1
Continued reporting from previous financial year	2
<b>Target training rate</b>	
Met or exceeded	3
Did not meet	0
Granted a variation	0

# Appendix



## Maintaining properties

Maintenance services are performed on more than 44,000 residential properties across the State, including GROH homes and 112 remote and town-based Aboriginal communities.

In 2017-18, Communities issued an average of more than 20,000 job orders per month and spent \$207.2 million on day-to-day maintenance, vacated maintenance, refurbishments and improvements, planned and cyclical maintenance, estates maintenance and insurance work.

## Asbestos management

The Housing Authority is committed to protecting the health and safety of tenants, staff, maintenance contractors and visitors from the risks associated with asbestos containing materials within its assets. All known asbestos in public housing and in properties owned and controlled by the Housing Authority is documented in Asbestos Registers, which are updated annually and when the condition of the asbestos changes. An Asbestos Management and Awareness Strategy has been implemented to manage and control asbestos in accordance with legislative requirements.

## Head maintenance contracts

Maintenance services are delivered via the Housing Authority's four head maintenance contractors:

- Lake Maintenance (Western Australia) Pty Ltd – East and West Kimberley, Goldfields and Wheatbelt regions
- Pindan Contracting Pty Ltd – Mid West, Gascoyne and Pilbara regions
- Programmed Facility Management Pty Ltd – South Metro, South West and Great Southern regions
- Spotless Facility Services Pty Ltd – North Metro and South East Metro regions.

Head contractors are managed under a performance management framework that operates on an incentive and abatement process, including following up non-compliance issues. Key performance indicators are used to assist in identifying performance issues and informing business improvement opportunities.

## Maintenance audit methodology and statistics

In accordance with the recommendations of the Public Accounts Committee (Report numbers 8 and 13), each year the Housing Authority publishes information in relation to the head maintenance contract model, providing an overview of the head contractors' performance to demonstrate how the Housing Authority is realising better maintenance outcomes in the areas of timeliness, reduced costs, and quality of workmanship. Information includes:

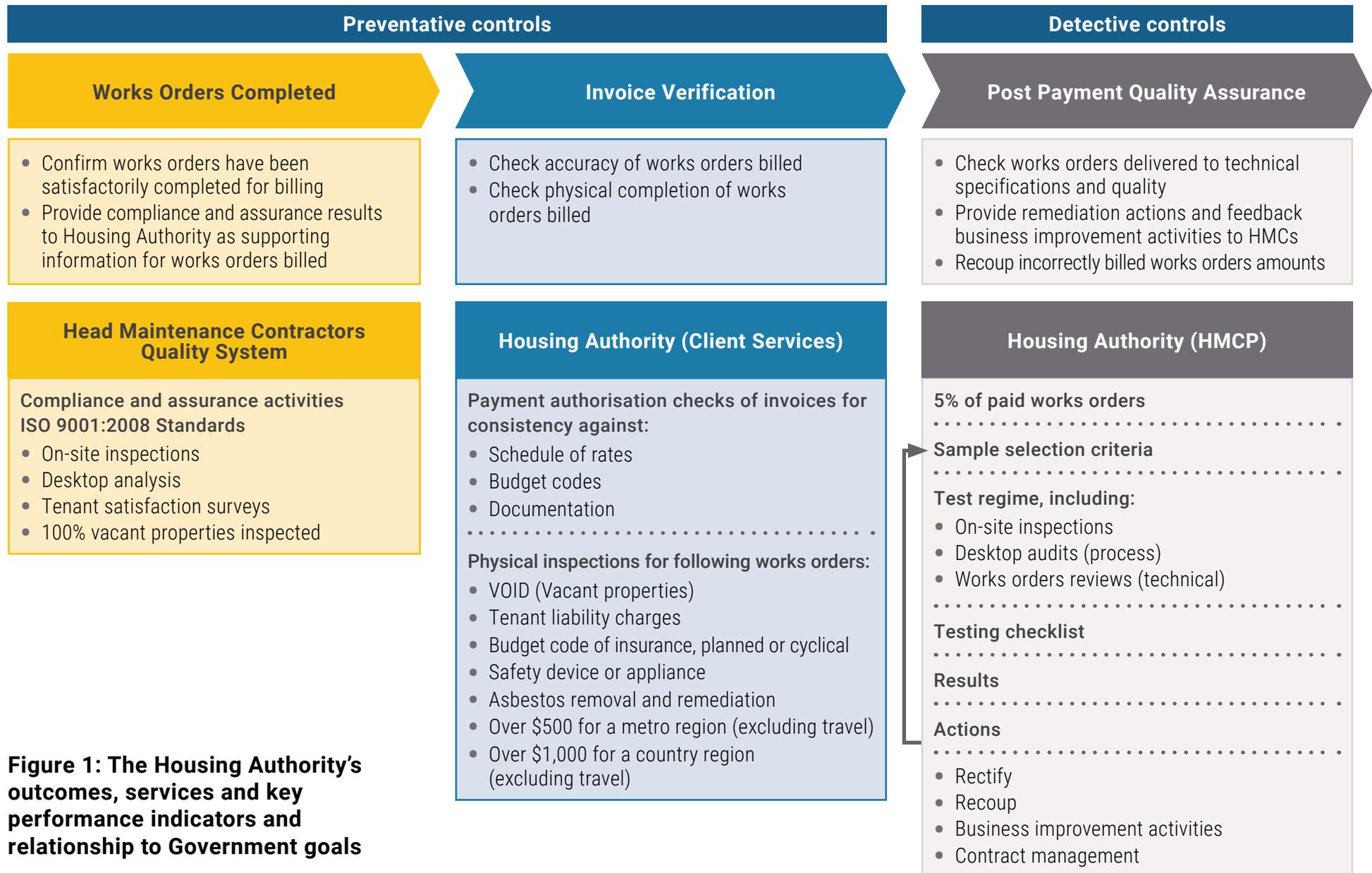
- a description of its audit methodology
- the number of works orders valued under \$500 that are audited each year
- confirmation of the total number (and percentage) of non-compliant works orders
- a breakdown of this number (and percentage) for each area of non-compliance
- a summary of the strategies it is undertaking to address non-compliance issues
- a clear explanation of each of the key performance indicators, including confirmation as to which of the five overarching performance categories (safety, timeliness, tenant satisfaction, quality and participation) each key performance indicator applies
- publication of the target (benchmark) figure for each key performance indicator along with the actual level of performance achieved
- a table for each of the four current head contractors indicating the level of performance against all key performance indicators.

## Head maintenance contract audit methodology

The head maintenance contract audit methodology consists of:

- inspections and works order audits by the head contractor (head contractor quality assurance system)
- inspections by the Housing Authority prior to payment (Housing Authority payment authorisations)
- physical review and desktop audits on paid works to the head contractor (Housing Authority quality assurance audits).

The methodology is outlined below:



**Figure 1: The Housing Authority's outcomes, services and key performance indicators and relationship to Government goals**

## Audited works orders statistics 2017-18

**Table 6: Paid works orders audited: 1 July 2017 – 30 June 2018**

	Works Orders	Percentage <sup>(1)</sup>
Number of paid works orders	253,579	
Number of audited works orders over \$500	13,595	5%
Number of audited works orders under \$500	14,627	6%
Number of non-compliant audited works orders over \$500	2,785	20%
Number of non-compliant audited works orders under \$500	2,517	17%

Note: (1) The calculation of this percentage is the number of non-compliant audited works orders over \$500, divided by the number of audited works orders over \$500 to gain the percentage.

## Head maintenance contract key performance indicators

### Key performance indicator definitions

The Housing Authority measures the performance of the head contractors against 15 key performance indicators as explained in table 7:

**Table 7: Explanation of the head maintenance contract key performance indicators assessed throughout 2017-18, including overarching performance categories and target**

Key Performance Indicators	Category	Name	Explanation	Performance Benchmark Score	Notes
KPI 1	Safety	Health, Safety and Environmental Management Plan	Plan complied with, including: Safety Inspections carried out for each Category of Work accord with safety inspections Contractor has an internal Corporate Occupational safety and health representative with relevant training and qualifications Safety Work Method Statement completed for all high risk construction work Take five safety check (or equivalent) completed for all Schedule of rates work	100% of Health, Safety and Environmental Management Plan provided	
KPI 2	Safety	Statutory Notices	Provision of statutory notices to the Principal	100% of statutory notices provided to the Principal immediately (and no later than five hours from receipt of the notice from a regulator)	
KPI 3	Timeliness	Emergency	Attend and restore or repair life threatening safety issue within 8 hours of issue of the Works Order to the Contractor	100% of paid emergency works orders completed within eight hours of issue of the works orders to the contractor	
KPI 4	Timeliness	Urgent	Attend and restore or repair essential service(s) within 24 hours of issue of the works order to the contractor	95% of paid urgent works orders completed within 24 hours of issue of the works orders to the contractor	
KPI 5	Timeliness	Priority	Attend and repair within 48 hours of issue of the works order to the contractor	95% of paid priority works orders completed within 48 hours of issue of the works orders to the contractor	
KPI 6	Timeliness	Void	Attend and complete void maintenance activity within 14 days of issue of the works order to the Contractor	Average of 14 days for the completion of paid void maintenance works orders for the relevant performance review quarter	
KPI 7	Timeliness	Routine	Attend and repair within 28 days of issue of the works order to the contractor	95% of paid routine works orders completed within 28 days of issue of the works orders to the Contractor	
KPI 8	Timeliness	Timeliness of invoices (Payment claims)	Submission of compliant payment claims (compliant with all requirements of the contract) within 14 days following completion of all maintenance works and services the subject of a works order Provide required number of Tender Evaluation Plans within timeframe as per General Specification	90% of payment claims submitted within 14 days of completion of all maintenance works and services the subject of a works order 95%	New key performance indicator added in Contract Year 4
KPI 8A	Timeliness	Quoted (Instruction)			
KPI 8B	Timeliness	Quoted (Works)	Attend and complete Quoted Work activity within agreed timeframe	95%	New key performance indicator added in Contract Year 4

Key Performance Indicators	Category	Name	Explanation	Performance Benchmark Score	Notes
KPI 9	Tenant satisfaction	Tenant satisfaction	% of satisfactory or above (measuring four-out-of-five or above) ratings in sample Tenant Satisfaction surveys in each performance review quarter. Tenant surveys will be randomly selected from paid works orders on a monthly basis and results will be collated to assess the key performance indicator for the relevant performance review quarter	90%	Key performance indicator removed as a standalone KPI in Contract Year 4; incorporated into new key performance indicator 12A
KPI 10	Quality	Non-defective works	Non-defective works orders as a percentage of total maintenance works and services works orders completed in the relevant performance review quarter	90%	
KPI 11	Quality	Improvement Notices	Number of Improvement Notices achieving the outcome sought to the satisfaction of the Principal in the agreed time for completion against the number issued for the relevant performance review quarter	95%	
KPI 12	Quality	Compliance Notices	Number of Compliance Notices achieving the outcome sought to the satisfaction of the Principal in the agreed time for completion against the number issued for the relevant performance review quarter	100%	
KPI 12A	Quality	Maintenance Works and Services Target Inspections	Number of inspections Completed as a percentage of the number of inspections undertaken to be completed in the Contractor's Operational Plan	100%	New key performance indicator added in Contract Year 4
KPI 13	Participation	Industry Participation Plan	Plan complied with	100% compliance	
KPI 14	Participation	Indigenous Employment and Enterprise Plan	Plan complied with	100% compliance	
KPI 14A	Participation	Indigenous Employment	Number of Indigenous personnel engaged in performing work in connection with the Contract during the relevant Performance Review Quarter as a percentage of all personnel engaged in performing work in connection with the Contract during the relevant Performance Review Quarter	The benchmark is dependent on the region, ranging from 5% to 20%	New key performance indicator added in Contract Year 4
KPI 14B	Participation	Indigenous Enterprise	Number of Indigenous businesses engaged as subcontractors in performing work in connection with the Contract during the relevant Performance Review Quarter as a percentage of all businesses engaged in performing work in connection with the Contract during the relevant Performance Review Quarter	The benchmark is dependent on the region, ranging from 5% to 20%	New key performance indicator added in Contract Year 4
KPI 15	Participation	Apprenticeship Plan	Plan complied with	100% compliance	
KPI 15A	Participation	Apprenticeships	Number of apprentices engaged by the Contractor or its Subcontractors who are performing work in connection with the Contract during the relevant Performance Review Quarter achieve the ratio of at least 1 apprentice for each \$1m in payments made by the Principal to the Contractor under the Contract in the relevant Performance Review Quarter (rounded up to nearest \$1million)	100% Compliance	New key performance indicator added in Contract Year 4

## Head contractor performance 2017-18

The Housing Authority measures, monitors and reports head contractor performance under the Head Maintenance Contract against individual contract areas on a quarterly basis. This reporting process provides the most accurate measurement of performance because it is measuring fixed quarterly performance against each contract area in line with the contract's performance management framework. This reporting has been adopted for the 2017-18 Annual Report and future years and is outlined by quarter in Tables 8 to 11.

## Head contractor performance 2017-18

**Table 8: Head maintenance contract key performance indicator performance: 1 July 2017 – 30 September 2017**

Head Maintenance Contract KPI Results	Year 4 Quarter 1 (July 2017 – September 2017)													
	Benchmark	East Kimberley						Contract Areas						
		Goldfields Kimberley	West Kimberley	Wheatbelt	Great Southern	South Metro	South West	Midwest Gascoyne	Pilbara	North Metro	South East Metro			
KPI 1 Health, Safety and Environmental Management Plan	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory Notices	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100.0%	96.0%	90.1%	98.2%	95.3%	99.0%	98.0%	96.6%	87.8%	91.9%	97.2%	96.5%		
KPI 4 Urgent (24 hours)	95.0%	84.3%	87.4%	81.0%	96.0%	80.7%	90.0%	83.7%	81.0%	74.6%	87.1%	87.2%		
KPI 5 Priority (48 hours)	95.0%	88.3%	87.7%	82.5%	95.8%	86.4%	89.6%	84.7%	74.4%	70.7%	92.7%	92.5%		
KPI 6 Void	14	7.5	6.8	9.3	4.7	8.4	9.3	10.6	13.9	12.7	13.9	10.5		
KPI 7 Routine (28 days)	95.0%	95.2%	94.4%	95.4%	97.0%	83.8%	89.7%	88.1%	89.2%	81.1%	85.5%	84.9%		
KPI 8 Timeliness of Invoices	90.0%	91.8%	91.2%	94.9%	90.5%	81.3%	91.2%	89.3%	94.1%	92.5%	92.0%	85.8%		
KPI 9 Tenant Satisfaction	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%		
KPI 10 Non defective works	90.0%	97.0%	97.4%	96.4%	98.1%	99.6%	97.8%	97.7%	98.7%	98.0%	97.3%	96.6%		
KPI 11 Improvement Notices	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
KPI 12 Compliance Notices	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
KPI 13 Industry Participation Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
KPI 14 Indigenous Employment and Enterprise Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
KPI 15 Apprenticeship Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

**Table 9: Head maintenance contract key performance indicator performance: 1 October 2017 – 31 December 2017**

Year 4 Quarter 2 (October 2017 – December 2017)												
Head Maintenance Contract		Contract Areas										
KPI Results	Benchmark	East Kimberley	Goldfields Kimberley	West Kimberley	Wheatbelt Southern	Great Southern	South Metro	West Metro	Midwest Gascoyne	Pilbara	North Metro	South East Metro
KPI 1 Health, Safety and Environmental Management Plan	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory Notices	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100.0%	96.8%	93.0%	98.0%	95.9%	97.6%	98.7%	98.0%	95.7%	95.5%	97.9%	98.2%
KPI 4 Urgent (24 hours)	95.0%	72.7%	81.9%	76.1%	89.7%	84.8%	94.7%	88.8%	87.8%	74.5%	91.9%	92.2%
KPI 5 Priority (48 hours)	95.0%	89.5%	83.4%	83.8%	94.5%	87.4%	92.9%	87.9%	91.4%	78.0%	95.3%	95.8%
KPI 6 Void	14	7.9	6.9	10.6	5.5	9.2	10.3	9.2	19	11.7	13.8	9.9
KPI 7 Routine (28 days)	95.0%	93.9%	93.7%	92.9%	97.5%	86.5%	92.8%	90.5%	93.3%	89.5%	87.8%	86.4%
KPI 8 Timeliness of Invoices	90.0%	89.7%	93.6%	92.4%	85.7%	91.9%	96.4%	92.0%	94.0%	94.4%	93.3%	92.6%
KPI 8a Quoted (Instruction)	95.0%	95.7%	100.0%	83.3%	100.0%	100.0%	92.6%	100.0%			93.3%	90.9%
KPI 8b Quoted (Works)	95.0%	33.3%	80.0%	100.0%	100.0%	100.0%	100.0%	100.0%			77.4%	83.3%
KPI 9 Tenant Satisfaction	90.0%								90.0%	90.0%		
KPI 10 Non defective works	90.0%	94.9%	97.6%	94.9%	98.5%	99.5%	98.2%	98.1%	98.7%	98.0%	97.8%	96.6%
KPI 11 Improvement Notices	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance Notices	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12a Maintenance Works and Services Target Inspections	100.0%	56.7%	89.8%	76.0%	89.9%	100.0%	100.0%	100.0%			100.0%	100.0%
KPI 13 Industry Participation Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14 Indigenous Employment and Enterprise Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a Indigenous Employment	5-20%	6.3%	1.0%	6.6%	1.0%	7.4%	6.0%	5.2%			3.3%	3.3%
KPI 14b Indigenous Enterprise	5-20%	32.0%	3.7%	7.5%	0.0%	10.0%	16.7%	7.1%			4.4%	4.4%
KPI 15 Apprenticeship Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%			100.0%	100.0%

\* Note: Three Head Contractors reported under a revised Performance Management Framework (PMF) during this period. The fourth Head Contractor commenced reporting under the revised PMF from 1/1/2018.

† Note: For KPI 14a and KPI 14b East Kimberley, West Kimberley and Pilbara have a benchmark of 20%, Goldfields has a benchmark of 10% and all other contract areas have a benchmark of 5%

**Table 10: Head maintenance contract key performance indicator performance: 1 January 2018 – 31 March 2018**

Head Maintenance Contract		Year 4 Quarter 3 (January 2018 – March 2018)										
		Contract Areas										
KPI Results	Benchmark	East Kimberley	Goldfields	West Kimberley	Wheatbelt	Great Southern	South Metro	South West	Midwest Gascoyne	Pilbara	North Metro	South East Metro
KPI1 Health, Safety and Environmental Management Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI2 Statutory Notices	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI3 Emergency (8 hours)	100.0%	83.5%	82.1%	86.0%	89.8%	97.4%	99.6%	99.1%	91.8%	93.8%	98.6%	99.3%
KPI4 Urgent (24 hours)	95.0%	70.9%	73.6%	56.1%	78.2%	88.2%	95.4%	84.4%	89.7%	79.4%	94.1%	92.5%
KPI5 Priority (48 hours)	95.0%	83.4%	78.5%	73.8%	88.8%	89.1%	95.4%	84.1%	93.7%	77.9%	97.6%	96.9%
KPI6 Void	14	10	8.5	13.7	4.8	7.8	10.2	8.8	14.7	12.3	9.1	7.6
KPI7 Routine (28 days)	95.0%	89.5%	92.7%	92.0%	92.4%	85.4%	91.1%	91.8%	95.7%	87.4%	95.2%	93.5%
KPI8 Timeliness of Invoices	90.0%	93.6%	91.8%	93.6%	91.2%	93.5%	97.2%	88.3%	96.6%	94.3%	94.5%	93.4%
KPI8a Quoted (Instruction)	95.0%	92.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	10.5%	25.0%	100.0%	100.0%
KPI8b Quoted (Works)	95.0%	35.7%	100.0%	100.0%	100.0%	100.0%	81.8%	100.0%	40.0%	85.7%	84.2%	100.0%
KPI10 Non defective works	90.0%	96.5%	98.4%	96.0%	99.2%	99.7%	98.7%	98.7%	98.9%	98.7%	98.7%	98.0%
KPI11 Improvement Notices	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI12 Compliance Notices	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI12a Maintenance Works and Services Target Inspections	100.0%	87.8%	90.4%	82.5%	91.2%	100.0%	100.0%	100.0%	100.0%	98.2%	99.9%	100.0%
KPI13 Industry Participation Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI14 Indigenous Employment and Enterprise Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI14a Indigenous Employment	5-20%	3.0%	1.2%	4.2%	0.0%	7.4%	6.1%	5.2%	7.1%	17.7%	3.6%	3.8%
KPI14b Indigenous Enterprise	5-20%	12.0%	3.7%	10.0%	0.0%	10.0%	16.7%	7.1%	11.4%	24.3%	3.3%	3.4%
KPI15 Apprenticeship Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI15a Apprenticeships	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

† Note: For KPI 14a and KPI 14b East Kimberley, West Kimberley and Pilbara have a benchmark of 20%. Goldfields has a benchmark of 10% and all other contract areas have a benchmark of 5%

**Table 11: Head maintenance contract key performance indicator performance:  
1 April 2018 – 30 June 2018**

Head Maintenance Contract		Year 4 Quarter 3 (April 2018 – June 2018)										
		Contract Areas					Contract Areas					
KPI Results	Benchmark	East Kimberley	Goldfields	West Kimberley	Wheatbelt	Great Southern	South Metro	South West	Midwest Gascoyne	Pilbara	North Metro	South East Metro
KPI 1 Health, Safety and Environmental Management Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory Notices	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100.0%	90.6%	86.6%	86.1%	92.2%	96.3%	98.2%	98.1%	90.4%	93.4%	98.9%	98.5%
KPI 4 Urgent (24 hours)	95.0%	76.4%	71.5%	59.4%	81.6%	82.7%	93.5%	86.0%	84.1%	82.9%	94.9%	95.3%
KPI 5 Priority (48 hours)	95.0%	84.3%	75.1%	62.2%	87.8%	89.4%	91.5%	85.1%	89.0%	82.4%	97.2%	97.0%
KPI 6 Void	14	7.8	9	9.7	6.1	9	8.9	11.2	9	11.1	9.8	8
KPI 7 Routine (28 days)	95.0%	97.8%	94.7%	91.1%	95.4%	83.6%	92.5%	92.4%	91.8%	88.7%	93.2%	92.6%
KPI 8 Timeliness of Invoices	90.0%	97.5%	95.1%	92.2%	95.4%	90.9%	93.8%	89.6%	95.3%	96.2%	94.4%	96.7%
KPI 8a Quoted (Instruction)	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	64.3%	100.0%	100.0%	100.0%
KPI 8b Quoted (Works)	95.0%	60.0%	100.0%	100.0%	66.7%	50.0%	100.0%	100.0%	73.3%	100.0%	100.0%	100.0%
KPI 10 Non defective works	90.0%	98.1%	98.0%	96.9%	98.7%	98.8%	97.9%	98.1%	98.8%	98.8%	99.0%	98.5%
KPI 11 Improvement Notices	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance Notices	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12a Maintenance Works and Services Target Inspections	100.0%	97.8%	97.6%	100.0%	98.9%	100.0%	100.0%	100.0%	99.7%	100.0%	100.0%	100.0%
KPI 13 Industry Participation Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14 Indigenous Employment and Enterprise Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a Indigenous Employment	5-20%	29.1%	3.1%	45.5%	5.7%	9.7%	9.2%	6.4%	7.5%	18.5%	5.3%	5.6%
KPI 14b Indigenous Enterprise	5-20%	25.0%	5.9%	19.2%	5.0%	10.0%	19.4%	7.4%	17.0%	29.3%	6.7%	7.0%
KPI 15 Apprenticeship Plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

† Note: For KPI 14a and KPI 14b East Kimberley, West Kimberley and Pilbara have a benchmark of 20%, Goldfields has a benchmark of 10% and all other contract areas have a benchmark of 5%

## Head contractor quality assurance system

Under the maintenance contracts, the head contractors must have a quality system that includes a minimum number of inspections on all completed works comprising on-site inspections, desktop analysis and tenant satisfaction surveys. In addition to this, 100 per cent of vacant properties (voids) are physically inspected.

Compliance and assurance activities to ISO9001:2008 standards are a key component of the head maintenance contract. ISO 9001:2008 is focused on meeting customer expectations and delivering customer satisfaction.

### Quality assurance audits

The Housing Authority's agreed audit methodology for sampling and selecting physical and desktop compliance inspections on paid works orders per head contractor includes:

- identification of high risk/high volume works orders, for example electrical safety devices, emergency premium claims and travel claims
- trend analysis (month to month) across all licensed and general trades based on previous audit findings
- seasonal issues, for example room heaters, flues, gutters and roof leaks.

The Housing Authority's maintenance technical advisors (which includes licensed electricians and plumbers/gas fitters and experienced general tradespeople) conduct physical inspections on works orders to identify compliance, check

measurements, quantity and review workmanship and quality. Qualified advisors conduct reviews to identify works order claims that do not comply with contractual business rules, general and technical specifications. Desktop audits are conducted to identify issues relating to the accuracy and appropriateness of quantity or measurements and document compliance. Any issues identified are raised directly with the head contractor to rectify or can result in a physical inspection to verify.

Each of these audit methods may result in the Housing Authority issuing a direction to the head contractor to re-perform or correct any matters identified.

### Payment authorisations

The Housing Authority reviews works orders prior to payment for the following:

- correct schedule of rates applied for location, quantities and measurements are claimed (including travel)
- correct budget codes have been applied
- required documentation is supplied in line with schedule of rates requirements.

In addition, a physical inspection of the works must be completed where the works order contains any of the following criteria:

- void (vacant properties)
- tenant liability charges (where tenants have been charged for repairs)
- any budget code for insurance, planned or cyclical (quoted works)
- any safety device or appliance installed

- asbestos removal and remediation
- works orders over \$500 for a metropolitan region or over \$1,000 for a country region (excluding travel).

Works found to be non-compliant are referred to the head contractor for rectification prior to payment being made.

## Addressing head contractor non-compliance

Non-compliance issues identified are followed up by the Housing Authority. Actions undertaken include:

- pursued recoups and refunds in relation to incorrect measurements claimed
- directed head contractors to supply missing items when details were not provided as required
- where work was not to technical specifications, directions were given to re-perform or correct non-compliant works
- the Housing Authority identified recoups to the value of \$1,142,784 during 2017-18.

The Housing Authority has also undertaken several approaches to validate the self-reported performance results of the head contractors, which provide opportunities for continuous improvement. This includes but is not excluded to:

- engaging qualified tradesmen, compliance and business improvement officers to undertake on-site quality audit inspections and desktop audits
- operational and quality assurance meetings with the head contractors to address any issues relating to non-compliance matters

- supporting tools and materials, such as the development of business rules, which are circulated as and when required
- toolbox workshop collaborative sessions between the Housing Authority and head contractors
- embedding the Housing Authority's Quality Assurance Framework
- monthly audit reports capturing monthly trends and issues.

Table 12 provides a breakdown of non-compliant audited works orders.

**Table 12: Non-compliant audited works orders: 1 July 2017 – 30 June 2018 number (and percentage) for each area of non-compliance <sup>(1)</sup>**

Non-compliance reason <sup>(2)</sup>	Works Orders	Category	Percentage
Labour added by Head Contractor exceeds authority limit	7	1	0.1%
Labour added by Head Contractor without details	35	2	0.5%
Labour value incorrectly claimed	109	3	1.6%
Material added by Head Contractor exceeds authority limit	10	1	0.1%
Material added by Head Contractor without details provided	9	2	0.1%
Material value incorrectly claimed	179	3	2.6%
Schedule of rates incorrectly claimed	1411	3	20.2%
Schedule of rates added not related to original task	339	1	4.9%
Duplication of schedule of rates	266	3	3.8%
Detail not provided as required by schedule of rate	664	2	9.5%
Included in other schedule of rate claimed	1181	3	16.9%
Incorrect measurement or quantity claimed	579	3	8.3%
Workmanship non-compliant	182	4	2.6%
Task not done or incomplete	61	4	0.9%
Task not done and not required	42	4	0.6%
Head Contractor claimed schedule of rate above self-variation threshold	99	1	1.4%
System issue <sup>(3)</sup>	121	2	1.7%
Variable travel	1221	3	17.5%
Emergency premium	464	3	6.6%

#### Categories

Category 1 – Unauthorised works carried out	8%
Category 2 – Administrative/documentation gaps	10%
Category 3 – Incorrect financial charges applied	77%
Category 4 – Quality/workmanship issues	4%

#### Notes:

(1) As works orders may have multiple issues in different areas, the count of non-compliance by area will be higher than the number of non-compliant works orders.

(2) Appendix 3: Head Maintenance Contract, Table 13 provides descriptions of non-compliance items as listed in this table.

(3) In 2016-17, 'system issue' was included as a non-compliance reason.

## Non-compliant items definitions

Table 13 provides definitions for each of the non-compliant items within the head maintenance contract.

**Table 13: Definition of Head Maintenance Contract non-compliant items**

Item	Definition
Labour claimed without authority	Head contractor has added a labour claim to a works order without authorisation from the Housing Authority.
Labour issued without details	The Housing Authority has added a labour schedule of rates without sufficient detail.
Material value incorrectly claimed	Receipt produced by head contractor does not match the value being claimed on the works order.
Schedule of rates incorrectly claimed	Schedule of rates item has either been issued incorrectly by the Housing Authority or incorrectly claimed by head contractor.
Incorrect measurement claimed	As a result of an audit of works, measurements have been found to be incorrect.
Schedule of rates added not related to original task	Head contractor has added an additional Schedule of rates task to the works order, which does not relate to the original task requested by the Housing Authority.
Duplication of Schedule of rates	Schedule of rates item has been duplicated either by issuing officer (the Housing Authority) or by head contractor duplicating Schedule of rates item when returning works order.
Multiple of Schedule of rates cannot be claimed	The Housing Authority's business rules do not allow for more than one of the Schedule of rates items to be claimed on each works order.
Incorrect or illogical location	Location listed on works order at the time of issuance, or when returned by head contractor, does not reflect the correct location of works undertaken. This only affects the Housing Authority's historical records.
Detail not provided as required by Schedule of rates	The Housing Authority's specifications require certain documents to be returned upon completion of works. Documents may include receipts, inspection reports and compliance certificates.
Included in other Schedule of rates claimed	New Schedule of rates task has been added to the works order. New works incorporate the original task, which has not been removed prior to returning the works order to the Housing Authority.
Incorrect Schedule of rates issued	Incorrect Schedule of rates issued by the Housing Authority. The head contractor has not corrected the works order prior to returning to the Housing Authority. Incorrect issuance may be as a result of information supplied by tenant.
Incorrect measurement issued	The Housing Authority has issued works order with incorrect measurement or quantity, and head contractor has not amended prior to returning works order. Incorrect measurement or quantity may be as a result of information supplied by the tenant.
Faulty workmanship	Works are of poor quality e.g. painting light switches.

<b>Item</b>	<b>Definition</b>
Task on works order not done	The head contractor has omitted to do the task on the works order.
Task on works order not complete	The head contractor has not completed the task on the works order.
Work not to technical specifications	The required work was not completed to technical specifications.
Warranty management	Appliances or products that are covered under warranty have been removed and new products installed or have had service works completed when warranty should have covered the works.
Product or manufacturer defect	There was a product or manufacturer defect causing the item or works order task to be non-compliant.
System issue	A system issue caused the works order to be non-compliant.
Variable travel	The head contractor has claimed travel in conflict with the agreed travel rules.
Emergency premium	The head contractor has claimed an emergency premium payment in conflict with the agreed business rules.