



Government of **Western Australia**  
Department of **Communities**



**Housing Authority**

**2018–19**

**Annual Report**

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# Statement of compliance



**Hon Peter Tinley AM MLA**

Minister for Housing.

**For the year ended 30 June 2019**

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 2019.

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 'Michelle Andrews'.

**Michelle Andrews**  
**Chief Executive Officer**  
**Accountable Authority**

24 September 2019

## Accessibility statement

This annual report has been designed to make it accessible to as many people as possible. As a result, the report mainly uses 12pt font – the accessible minimum standard – which makes the document length greater than usual, and ensures that people with vision impairment and people who use screen readers are able to access it. The report is also available online in an accessible PDF format. Should an alternate format be required, this can be provided upon request.

## 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 emerging.

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# Overview

## Executive summary

The Housing Authority joined the Department of Communities when it was established under the *Public Sector Management Act 1994* on 1 July 2017.

At that time, 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 2018–19 annual report of the Department of Communities.



# Operational structure

## Minister

The Housing Authority and the legislation administered are the responsibility of 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

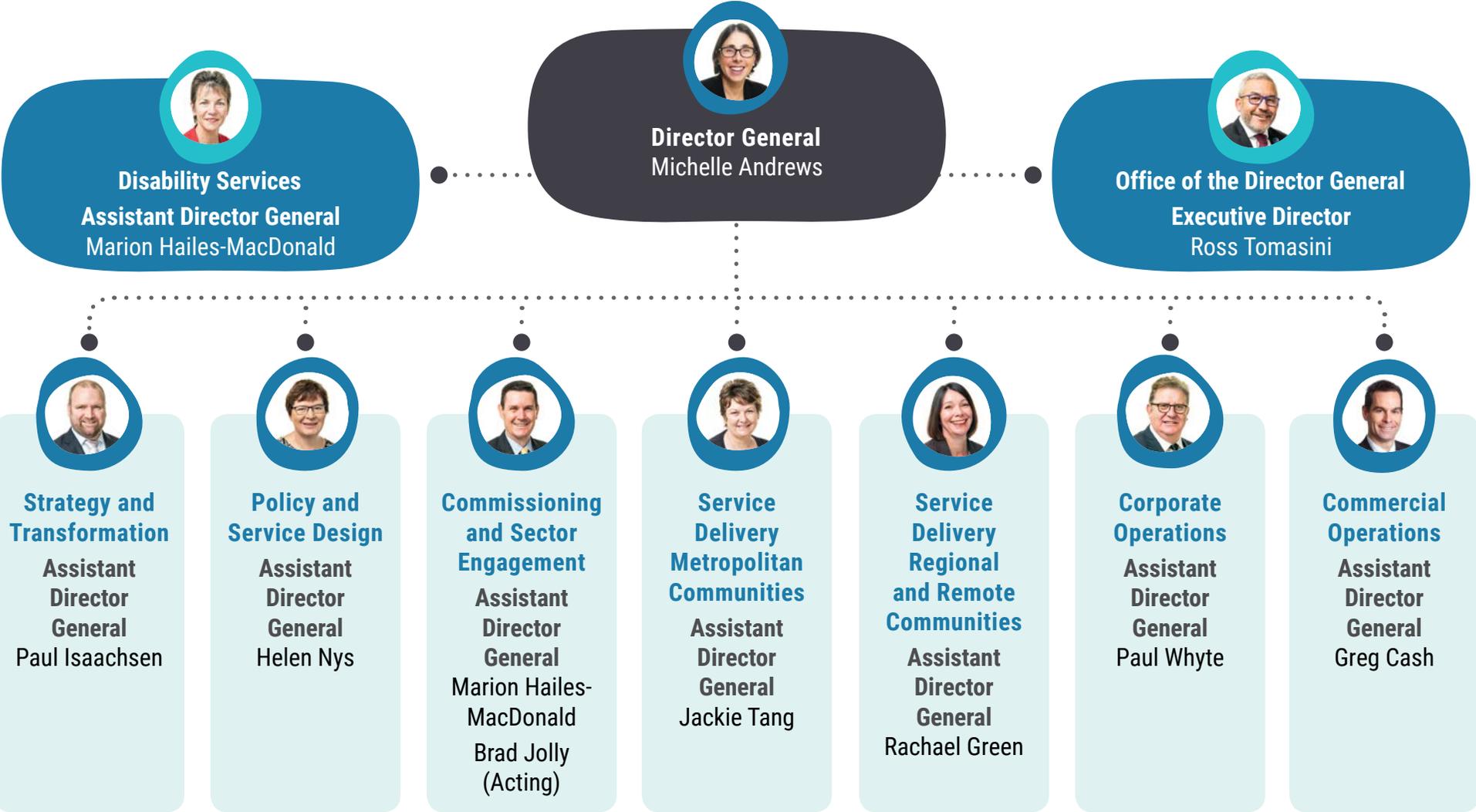
The Housing Authority assists the Minister for Housing to administer the following Acts:

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

# Organisational structure

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

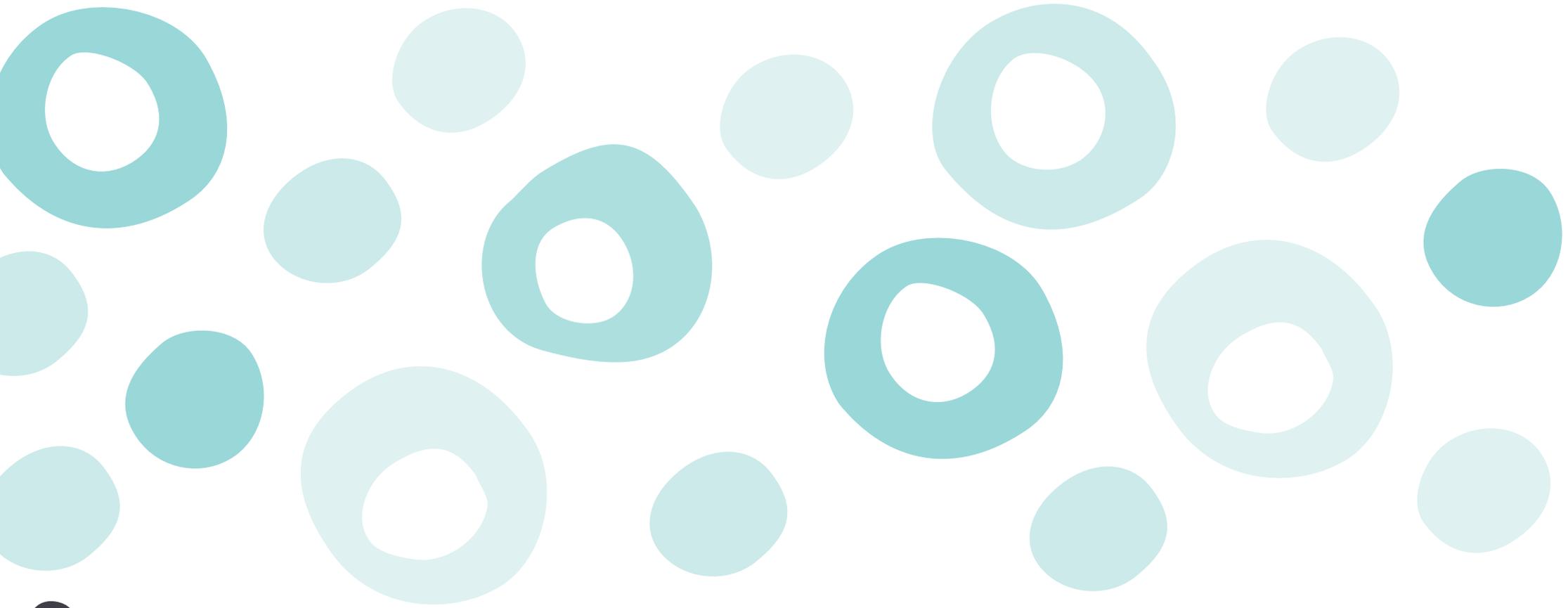
The Chief Executive Officer uses the resources of the Department of Communities to perform the Housing Authority's functions.



# Agency performance

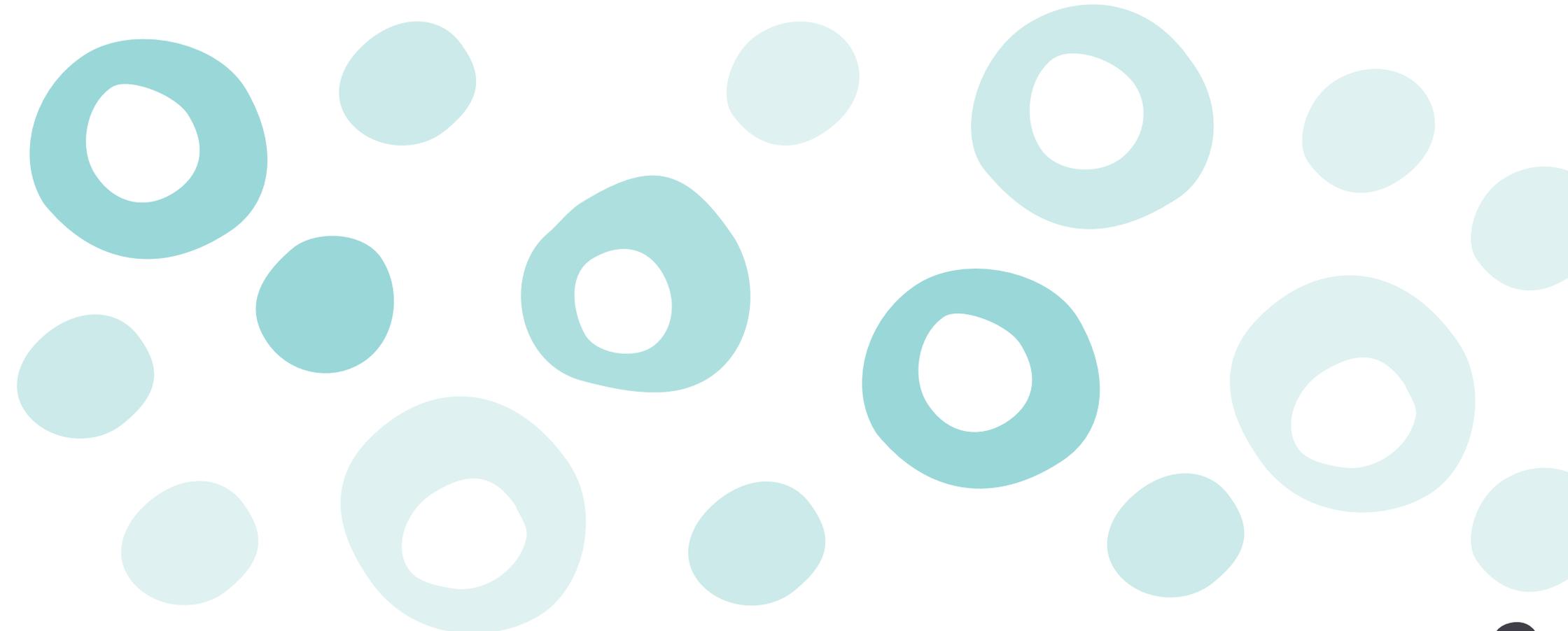
## Report on operations

The activities of the Housing Authority have been reported in the Department of Communities' 2018–19 Annual Report.



# Significant issues impacting the agency

The significant issues impacting the Housing Authority have been reported in the Department of Communities' 2018–19 Annual Report.



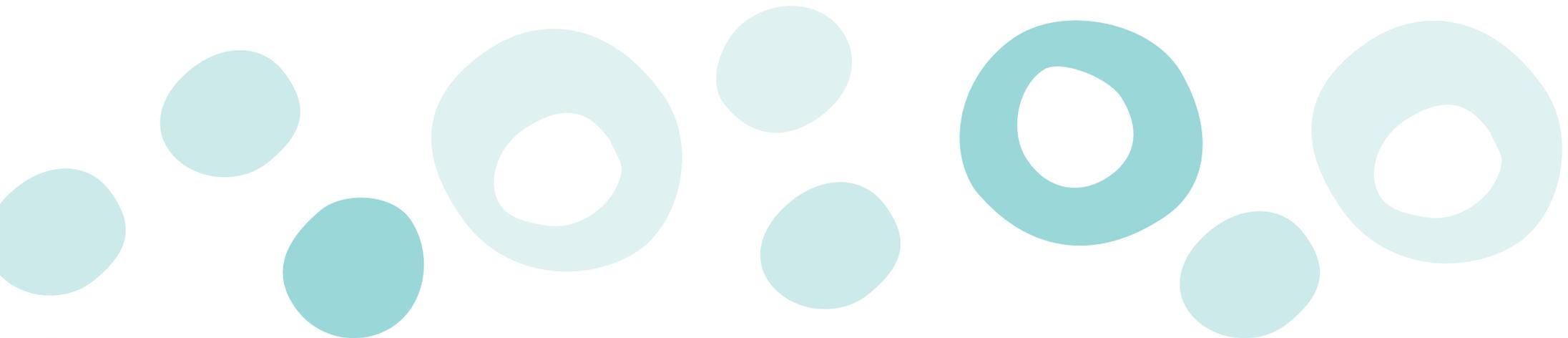
# Disclosures and legal compliance

## Performance management framework

The Housing Authority's performance management framework is reported in the Department of Communities 2018–19 Annual Report.

## Financial performance summary

The Housing Authority's financial performance summary is reported in the Department of Communities 2018–19 Annual Report.



# Key performance indicators summary

**Table 1: Summary of outcomes and effectiveness key performance indicators for 2018–19**

Indicator	Target <sup>(1)</sup>	Actual	Explanation of significant variance
<b>Outcomes and effectiveness indicators</b>			
<b>Outcome<sup>(2)</sup> – Housing eligible Western Australians.</b>			
The extent to which the Housing Authority is responsive to the housing needs of eligible Western Australians (total housing assistances relative to the public rental waiting list).	1.48	1.23	With the increased affordability of private rental housing and other affordable housing options available, there was a decrease in the number of public housing applicants on the public rental waiting list from the previous year.
Waiting times for accommodation – applicants housed:			
	<b>Average</b> 110 weeks	95 weeks	
	<b>Median</b> 70 weeks	45 weeks	
The extent to which the Government Regional Officers’ Housing (GROH) is responsive to the provision of housing to meet the needs of eligible Western Australian Government employees (total demand relative to current supply).	95%	98%	With increased availability of private rental housing and other more affordable housing options being available, there was a decrease in the number of public housing applicants on the public rental waiting list from the previous year. Initiatives implemented through the State Affordable Housing Strategy has also impacted positively on average and median public housing waiting times.

**Notes:**

- (1) The targets are as per the 2018-19 Western Australian State Budget Paper No.2 (Volume 2, Division 33, Part 8).
- (2) Further details on the indicators are contained in the Disclosures and Legal Compliance section of this report.

**Table 2: Summary of services and efficiency key performance indicators for 2018–19**

Indicator	Target <sup>(1)</sup>	Actual	Explanation of significant variance
<b>Services and efficiency indicators</b>			
<b>Service – Rental housing.</b>	\$15,658	\$15,513	
Average operating cost per rental property.			
<b>Service – Home loans.</b>	\$2,644	\$3,083	Higher than expected expenditure largely as a result of the application of Australian Accounting Standards Board (AASB) 9 Financial Instruments and an increased level of home loans in default. Subdued market conditions and lower housing prices during the year also affected the result.
Average operating cost per current loan account.			
<b>Service – Land and housing supply.</b>	\$25,867	\$46,645	Lower number of lots were produced in 2018–19 in response to subdued property market conditions compared to when the 2018–19 target was established. This has resulted in higher average cost per lot developed due mainly to the allocation of fixed operating costs and overheads.
Average operating cost per lot developed.			
Average operating cost per property sold.	\$15,906	\$35,916	A reduced number of properties was sold in response to ongoing subdued property market conditions. Falling market values and lower than anticipated sales in 2018–19 compared to when the target was established, together with the allocation of fixed operating costs and overheads, has compounded this result.
<b>Service – Government Regional Officers’ Housing.</b>	\$27,710	\$24,735	The declining average is primarily due to lower rental costs for properties sourced from the private rental market.
Average operating cost per property.			

**Notes:**

- (1) The targets are as per the 2018-19 Western Australian State Budget Paper No.2 (Volume 2, Division 33, Part 8).
- (2) Further details on the indicators are contained in the Disclosures and Legal Compliance section of this report.

# 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 Consolidated Statement of Financial Position as at 30 June 2019, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows 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 Group for the year ended 30 June 2019 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 Group 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 agency'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 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 2019.

### 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 2019. 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 2019.

### **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 and key performance indicators of the Housing Authority for the year ended 30 June 2019 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 2019

# Financial statements

## Certification of financial statements

For the reporting period ended 30 June 2019

The accompanying financial statements of the Housing Authority and the accompanying consolidated financial statements 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 2019 and the financial position as at 30 June 2019.

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



**Liam Carren**  
Chief Finance Officer

24 September 2019



**Michelle Andrews**  
Chief Executive Officer  
Accountable Authority

24 September 2019

## Statement of comprehensive income

### For the year ended 30 June 2019

	Note	Consolidated		Parent	
		2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Income</b>					
Sales	7	175,849	248,123	173,879	247,228
Rental revenue	8	387,922	400,639	387,922	400,639
Grants, contributions and subsidies	9	371,796	164,983	371,796	164,983
Interest revenue	10	221,714	185,746	120,939	91,162
Other revenue	11	45,547	46,261	100,291	106,632
<b>Total income</b>		<b>1,202,828</b>	<b>1,045,752</b>	<b>1,154,827</b>	<b>1,010,644</b>
<b>Expenses</b>					
Cost of sales	7	111,144	177,880	106,788	176,708
Rental expenses	13	353,956	358,712	353,956	358,712
Community support expense	14	121,212	165,683	121,212	165,683
Employee benefits expense	15	175,605	169,051	175,170	168,569
Supplies and services	16	36,521	32,263	30,774	27,904
Depreciation and amortisation expense	17	131,970	134,932	130,530	133,815
Finance costs	18	153,585	131,049	153,581	131,044
Accommodation expenses	19	15,989	14,451	13,741	13,632
Loss on disposal of non-current assets	12	11,099	35,754	11,099	35,754
Other expenses	20	171,962	183,655	143,301	155,632
<b>Total expenses</b>		<b>1,283,043</b>	<b>1,403,430</b>	<b>1,240,152</b>	<b>1,367,453</b>
Loss before grants and subsidies from State Government		(80,215)	(357,678)	(85,325)	(356,809)
Grants and subsidies from State Government	9	91,370	68,892	91,370	68,892
<b>Profit/(loss) for the period</b>		<b>11,155</b>	<b>(288,786)</b>	<b>6,045</b>	<b>(287,917)</b>
<b>Other comprehensive income</b>					
Changes in asset revaluation surplus	41	(783,707)	(771,709)	(783,704)	(771,706)
<b>Total other comprehensive income</b>		<b>(783,707)</b>	<b>(771,709)</b>	<b>(783,704)</b>	<b>(771,706)</b>
<b>Profit/(loss) attributable to:</b>					
Consolidated entity		11,552	(288,674)	-	-
Non-controlling interest	49	(397)	(112)	-	-
		11,155	(288,786)	-	-
<b>Total comprehensive income attributable to:</b>					
Consolidated entity		(772,155)	(1,060,383)	-	-
Non-controlling interest	49	(397)	(112)	-	-
		(772,552)	(1,060,495)	-	-
<b>Total comprehensive income for the period</b>		<b>(772,552)</b>	<b>(1,060,495)</b>	<b>(777,659)</b>	<b>(1,059,623)</b>

See also 'Schedule of Income and expenses by Service'.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of financial position

### As at 30 June 2019

	Note	Consolidated		Parent	
		2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	21	190,641	239,890	161,480	225,497
Restricted cash and cash equivalents	21	24,859	48,895	24,859	48,895
Inventories	22	290,616	377,660	285,287	369,215
Loans and receivables	23	649,084	612,843	162,593	163,003
Other current assets	25	10,702	26,473	23,516	38,251
Non-current assets classified as held for sale	26	8,159	21,677	8,159	21,677
Other financial assets	27	179,955	229,964	–	–
<b>Total current assets</b>		<b>1,354,016</b>	<b>1,557,402</b>	<b>665,894</b>	<b>866,538</b>
<b>Non-current assets</b>					
Inventories	22	674,316	594,846	658,999	583,635
Loans and receivables	23	3,880,093	3,466,914	4,337,156	3,955,148
Other financial assets	27	24	24	12,005	17,743
Rental properties	28	10,544,724	11,024,536	10,544,724	11,024,536
Community Housing properties	29	725,559	718,059	725,559	718,059
Shared Equity properties	30	500,450	525,035	500,450	525,035
Other properties	31	92,048	79,830	92,048	79,830
Plant and equipment	32	4,622	3,122	1,474	2,048
Buildings under construction	33	86,982	10,031	86,982	10,031
Intangible assets	35	12,524	23,027	11,692	21,767
<b>Total non-current assets</b>		<b>16,521,342</b>	<b>16,445,424</b>	<b>16,971,089</b>	<b>16,937,832</b>
<b>Total assets</b>		<b>17,875,358</b>	<b>18,002,826</b>	<b>17,636,983</b>	<b>17,804,370</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	36	30,138	29,365	29,780	29,248
Borrowings	37	105,306	304,154	105,306	304,154
Provisions	38	11,392	5,876	11,392	5,876
Other current liabilities	39	44,256	39,825	31,858	31,803
<b>Total current liabilities</b>		<b>191,092</b>	<b>379,220</b>	<b>178,336</b>	<b>371,081</b>

## Statement of financial position cont.

As at 30 June 2019

	Note	Consolidated		Parent	
		2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Non-current liabilities</b>					
Payables	36	24	24	24	24
Borrowings	37	5,072,309	4,783,610	5,072,309	4,783,610
Provisions	38	55,360	4,335	55,360	4,335
<b>Total non-current liabilities</b>		<b>5,127,693</b>	<b>4,787,969</b>	<b>5,127,693</b>	<b>4,787,969</b>
<b>Total liabilities</b>		<b>5,318,785</b>	<b>5,167,189</b>	<b>5,306,029</b>	<b>5,159,050</b>
<b>Net assets</b>		<b>12,556,573</b>	<b>12,835,637</b>	<b>12,330,954</b>	<b>12,645,320</b>
<b>Equity</b>					
Contributed equity	40	2,478,524	2,458,937	2,453,390	2,461,703
Reserves	41	6,652,662	7,436,369	6,651,944	7,435,648
Retained earnings	42	3,424,496	2,939,043	3,225,620	2,747,969
<b>Total equity attributable to the consolidated entity</b>		<b>12,555,682</b>	<b>12,834,349</b>	<b>12,330,954</b>	<b>12,645,320</b>
Non-controlling interest	49	891	1,288	-	-
<b>Total equity</b>		<b>12,556,573</b>	<b>12,835,637</b>	<b>12,330,954</b>	<b>12,645,320</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of changes in equity

### For the year ended 30 June 2019

	Note	Consolidated		Parent	
		2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Balance of equity at start of period		12,834,349	13,685,752	12,645,320	13,508,784
Contributed equity	40				
Balance at start of the period		2,458,937	2,397,866	2,461,703	2,413,450
<b>Transactions with owners in their capacity as owners:</b>					
Capital contribution		27,900	72,963	–	60,145
Other contributions by owner		23,095	8,132	23,095	8,132
Distributions to owners		(31,408)	(20,024)	(31,408)	(20,024)
<b>Balance at end of period</b>		<b>2,478,524</b>	<b>2,458,937</b>	<b>2,453,390</b>	<b>2,461,703</b>
<b>Reserves</b>	41				
Balance at start of the period		7,436,369	8,208,078	7,435,648	8,207,354
Asset revaluation decrement		(321,403)	(618,716)	(321,403)	(618,716)
Land inventory prior year eliminations		21,021		21,021	
Impairment loss on rental properties		(2,022)	(5,084)	(2,022)	(5,084)
Transfer to retained earnings		(481,303)	(147,909)	(481,300)	(147,906)
<b>Balance at end of period</b>		<b>6,652,662</b>	<b>7,436,369</b>	<b>6,651,944</b>	<b>7,435,648</b>
<b>Retained earnings</b>	42				
Balance at start of the period		2,939,043	3,079,808	2,747,969	2,887,980
Changes in accounting policy or correction of prior period errors		(2,932)	–	(2,494)	
Restated balance at start of the period		2,936,111	3,079,808	2,745,475	2,887,980
Transfer from reserves		476,833	147,909	474,100	147,906
Gain (Loss) for the period		11,552	(288,674)	6,045	(287,917)
<b>Balance at end of period</b>		<b>3,424,496</b>	<b>2,939,043</b>	<b>3,225,620</b>	<b>2,747,969</b>
<b>Balance of equity at end of period</b>		<b>12,555,682</b>	<b>12,834,349</b>	<b>12,330,954</b>	<b>12,645,320</b>

The Statements of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of cash flows

### For the year ended 30 June 2019

	Note	Consolidated		Parent	
		2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Grants, contributions and subsidies		364,688	164,192	364,688	164,192
Rental receipts		395,697	393,032	395,697	393,032
Interest received		218,871	189,858	117,071	87,538
Inventory receipts on sales		188,429	252,260	186,381	251,074
Other receipts		34,562	57,196	105,406	134,994
GST receipts on sales		11,735	17,006	11,735	17,006
GST receipts from taxation authority		29,224	15,476	29,171	15,510
<b>Payments</b>					
Employee benefits		(175,173)	(169,326)	(175,173)	(169,326)
Accommodation		(13,741)	(13,632)	(13,741)	(13,632)
Supplies and services		(63,363)	(52,615)	(33,738)	(27,208)
Finance costs		(150,448)	(126,462)	(150,448)	(126,462)
Purchase and development of inventory		(91,639)	(41,742)	(91,639)	(41,742)
GST payments on purchases		(30,148)	(22,812)	(30,148)	(22,812)
GST payments to taxation authority		(18,244)	–	(18,244)	–
Rental property payments		(368,042)	(372,524)	(368,042)	(372,524)
Other payments		(208,133)	(290,660)	(208,133)	(290,660)
<b>Net cash provided by/(used in) operating activities</b>	<b>43</b>	<b>124,275</b>	<b>(753)</b>	<b>120,843</b>	<b>(1,020)</b>
<b>Cash flows from investing activities</b>					
<b>Receipts</b>					
Proceeds from the sale of non-current physical assets		97,855	154,256	97,855	154,256
Home loan repayments received		356,993	351,085	–	–
Other investing receipts		–	–	–	–
<b>Payments</b>					
Purchase of non-current physical assets	44	(88,713)	(183,784)	(85,600)	(183,322)
New home loans advanced		(800,607)	(968,425)	–	–
Other investing payments		–	–	(379,789)	(625,000)
<b>Net cash used in investing activities</b>		<b>(434,472)</b>	<b>(646,868)</b>	<b>(367,534)</b>	<b>(654,066)</b>

## Statement of cash flows cont.

### For the year ended 30 June 2019

	Note	Consolidated		Parent	
		2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Cash flows from financing activities</b>					
<b>Receipts</b>					
Proceeds from borrowings WA Treasury Corporation		599,447	714,015	599,447	714,015
<b>Payments</b>					
Repayment of borrowings from WA Treasury Corporation		(492,824)	(119,766)	(492,824)	(119,766)
Commonwealth Government		(16,672)	(16,270)	(16,672)	(16,270)
<b>Net cash provided by financing activities</b>		<b>89,951</b>	<b>577,979</b>	<b>89,951</b>	<b>577,979</b>
<b>Cash flows from State Government</b>					
Net capital contribution		–	–	(28,265)	(12,562)
Royalties for Regions fund		4,824	8,132	4,824	8,132
Proceeds from grants		92,128	68,503	92,128	68,503
<b>Net cash provided by State Government</b>		<b>96,952</b>	<b>76,635</b>	<b>68,687</b>	<b>64,073</b>
Net increase/(decrease) in cash and cash equivalents		(123,294)	6,993	(88,053)	(13,034)
Cash and cash equivalents at the beginning of the period		518,749	511,756	274,392	287,426
<b>Cash and cash equivalents at the end of period</b>	<b>43</b>	<b>395,455</b>	<b>518,749</b>	<b>186,339</b>	<b>274,392</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 30 June 2019

## 1. Australian Accounting Standards

### General

The Housing Authority (the “parent entity”) and controlled entities financial statements for the year ended 30 June 2019 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 Treasurer's Instruction 1101 Application of Australian Accounting Standards and Other Pronouncements. No Australian Accounting Standards that have been issued or amended (but not yet operative) have been early adopted by the Housing Authority for the annual reporting period ended 30 June 2019.

## 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 operating result 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 per cent and effective control via representation on the Board of this company, effective 27 August, 2014.
- (iv) Seacrest Corporation Pty Ltd – the Authority controls and holds 100 per cent equity interest in this company. Prior to 25 March 2019 the Authority held 50 per cent interest in the then joint arrangement. Currently the company is used solely for managing the development of the Seacrest Estate in Geraldton Western Australia.

### (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 that 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 Housing Authority is the sole shareholder of Seacrest Corporation Pty Ltd effective 25 March 2019.

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

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

Name	Percentage owned		Contribution to Consolidated Entity result (\$'000)		Investment shares at cost (\$'000)	
	2019	2018	2019	2018	2019	2018
<b>Goldmaster Enterprises Pty Ltd</b>	87.18	87.18			37,350	37,350
Profit/(loss)			-	(874)		
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		
Keystart Support Trust			Nil	Nil		
Homeswest Loan Scheme Trust			Nil	Nil		
Seacrest Corporation Pty Ltd	100	Nil	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 2018–19 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.

### **Revaluation model**

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. Additions 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 and Property Analytics) 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 that are owned or are leased from various organisations and individuals.

### Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, 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:

	2019
Rental properties	2%
Community housing properties	2%
Shared equity properties	3%
Leasehold improvements	6%
Other properties:	
– Commercial properties	2%
– Office properties	5%
Plant and 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 consist 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 Western Australian land Information Authority 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/decrement, which is brought to account as an increase/decrease in the asset revaluation reserve.

Work in progress for house and land packages are classified as non-current while 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 and 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](#) 'Inventories'.

### (i) Loans and receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). In 2018, the collectability of receivables was reviewed on an ongoing basis and any receivables identified as uncollectable were written-off against the allowance account. The allowance for uncollectable amounts was raised when there was objective evidence that the Consolidated Entity would not be able to collect the debts. From 2019, an expected credit loss expense is

recognised as the movement in the allowance for impairment. The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date.

The Housing Authority has established a provision matrix that is based on its historical credit loss experience. The loss allowance for receivables reflects the lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the Authority's debtors, and relevant industry data form part of the impairment assessment. Refer to [Note 23](#) 'Reconciliation of changes in the allowance for impairment of receivables'.

The Housing Authority uses a provision matrix to measure the expected credit losses on debtors. Loss rates are calculated separately for groupings of customers with similar loss patterns. The Authority has determined there are three material groupings for measuring expected credit losses reflecting the different customer profiles for different revenue streams. The material groupings are for general debtors, rent from tenants debtors and rental and lease bond (bond assistance) debtors.

The carrying amount is equivalent to fair value. 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

Loans and advances continue to be measured at amortised cost and transaction costs are expensed in the Statement of Comprehensive Income. 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 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 (removed from the Statement of Financial Position) when the right to receive cash flows from the financial assets have expired; or have been transferred to a third party under a 'pass-through' arrangements and either the Consolidated Entity has transferred substantially all the risks and rewards of ownership or has neither transferred nor retained

substantially all the risks and rewards of the asset, but has transferred control of the asset.

### 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 on a forward-looking basis the expected credit loss (ECL) associated with its loans carried at amortised cost. The Consolidated Entity recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### Three stage approach

AASB 9 Financial Instruments outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk regularly monitored by the Trust.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is yet to be deemed credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is moved to 'Stage 3'.
- Financial instruments in 'Stage 1' have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from the default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis.

In 2018, the carrying amount of the asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognised in the Statement of Comprehensive Income within 'Doubtful Debts expense'. From 2019, an 'Expected credit loss expense' is recognised as a movement in the allowance for impairment account. 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 'Expected credit loss expense' in the Statement of Comprehensive Income.

Where possible, the Consolidated entity seeks to restructure loans rather than take possession of collateral. This may involve extending or suspending payment arrangements while the borrower experiences financial difficulty. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subjected to an individual or collective impairment assessment, calculated using the loan's original interest rate.

### (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 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 per cent completion of the contract with 2.5 per cent 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**

Borrowings refer to interest bearing liabilities raised from public borrowings raised through Western Australian Treasury Corporation (WATC), Commonwealth advances, Westpac Bank, finance leases and other interest bearing arrangements.

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequent measurement is at amortised cost. The classification depends on the nature and purpose of the interest bearing liabilities. The classification of interest bearing liabilities is determined at initial recognition.

## **(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 1980*. The basis for the amount of rent to be charged is determined from market rent information received from the Western Australian Land Information Authority (Valuations and Property Analytics) and due consideration to regional rental markets. Rental property revenue represents the net rental revenue that 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 per cent 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 per cent of the household income as rent. If 25 per cent 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 per cent in the rent calculation became assessable at the full 25 per cent 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 per cent 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.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in the net gain/(loss) on disposal of non-current assets in the Statement of Comprehensive Income.

#### **(r) Insurance**

In accordance with Treasurer's Instruction 812 Insurance, 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 Risk Management and Security, 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) Other**

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**

The amount recognised in profit and loss of the Statement of Comprehensive Income comprises employer contributions paid to GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

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
  - 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.

## (z) 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.

## (aa) Financial risk management

### Categories of financial instruments

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

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

**(i) Interest rate risk**

Borrowings issued at short term rates expose the Consolidated entity to interest rate risk if changes to rates are not passed on to customers. Borrowings issued at fixed rates expose the Trust to fair value interest rate risk.

During the financial year ending 30 June 2019 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.

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.

	2019		2018	
	Weighted ave interest rate	Balance (\$'000)	Weighted ave interest rate	Balance (\$'000)
Variable rate loans	4.95%	4,414,945	4.74%	3,979,550
Short term deposits	2.14%	179,955	2.06%	199,944
Cash and liquid assets	1.46%	28,432	1.52%	43,611

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

Historical VaR (99%, 20 day)	Average (\$'000)	Minimum (\$'000)	Maximum (\$'000)	Year end (\$'000)
<b>2019</b>				
Total VaR exposure	297	106	547	547
<b>2018</b>				
Total VaR exposure	154	108	261	261

## Credit Risk

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 per cent 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 "P-1" (Moody's) are accepted. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Counterparties must have Moody's long-term rating of at least "Aa3" 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.

### **(ab) 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.

### **(ac) 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](#) 'Deferred income Tax Asset'.

### **(ad) 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.

**(ae) 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 2018 that impacted on the Housing Authority.

**AASB 9 Financial Instruments**

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Housing Authority applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Housing Authority has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in Retained earnings.

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	Adjustments	1 July 2018	
		Consolidated (\$'000)	Parent (\$'000)
Assets			
Trade receivables	(a), (b)	(2,495)	(2,495)
Loans and advances	(a)	(438)	–
<b>Total assets</b>		<b>(2,933)</b>	<b>(2,495)</b>
	(a), (b)	(2,933)	(2,495)
<b>Total adjustments in Equity</b>		<b>(2,933)</b>	<b>(2,495)</b>

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Housing Authority’s business model for managing the assets; and whether the assets’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding.

The assessment of the Housing Authority business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances at the time of initial recognition of the assets.

The classification and measurement requirements of AASB 9 increased the Allowance for the impairment of loans and receivables by \$2.495 million for the Housing Authority. An additional allowance of \$0.438 million was recognised for the Consolidated Entity (to recognise the increase in the Allowance for the provision of land and receivables for Keystart). The following are the changes in the classification of the Housing Authority's financial assets:

- Trade receivables and loans and advances (i.e. other debtors) classified as loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as financial assets at amortised cost beginning 1 July 2018.
- The Housing Authority has designated 'Other financial assets' at fair value through Profit and Loss in 2018–19.

In summary, upon the adoption of AASB 9, the Housing Authority had the following reclassifications as at 1 July 2018:

	AASB 9 Category			
	Amortised cost (\$'000)	Fair value through OCI (\$'000)	Fair value through P/L (\$'000)	
<b>AASB 139 category</b>				
Loans and receivables – current				
Trade receivables*	163,003	160,508	–	–
		<b>160,508</b>	<b>–</b>	<b>–</b>

\* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

**Keystart had the following reclassifications as at 1 July 2018:**

	AASB 9 Category			
	Amortised cost (\$'000)	Fair value through OCI (\$'000)	Fair value through P/L (\$'000)	
<b>AASB 139 category</b>				
Loans and receivables				
Loans and advances to customers*	3,979,550	3,979,112	–	–
Other financial assets				
Deposits at call (financial assets at FVTPL)	199,944	199,944	–	–
		<b>4,179,056</b>	<b>0</b>	<b>0</b>

\* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Housing Authority's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Housing Authority to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Upon adoption of AASB 9, the Housing Authority recognised an additional impairment on the Housing Authority's Trade receivables of \$2,494,783 which resulted in a decrease in Retained earnings of \$2,494,783 as at 1 July 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018 (\$'000)	Remeasurement (\$'000)	ECL under AASB 9 as at 1 July 2018 (\$'000)
Loans and receivables under AASB 139 at amortised cost under AASB 9	10,440	2,495	12,935
	<u>10,440</u>	<u>2,495</u>	<u>12,935</u>

Keystart

	Impairment under AASB 139 as at 30 June 2018 (\$'000)	Remeasurement (\$'000)	ECL under AASB 9 as at 1 July 2018 (\$'000)
Loans and receivables under AASB 139 at amortised cost under AASB 9	25,689	438	26,127
	<u>25,689</u>	<u>438</u>	<u>26,127</u>

## 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.

### Title

Operative for reporting dates beginning on/after

<b>AASB 15</b> <b>Nature of change</b>	<b>Revenue from contracts with customers</b> This Standard establishes the principles that the Housing Authority shall apply to report useful information to users about the nature, amount, timing and uncertainty of revenue and cashflows arising from contracts with customers. The mandatory effective date of the Standard is currently 1 January 2019 after being amended by AASB 2016-7.	1 Jan 2019
<b>Impact</b>	The Housing Authority's generates most of its income from the sale of land and rental income. At this stage it is likely that there may be some change in revenue recognition, however the amount of change is not currently quantifiable.	
<b>Transition</b>	The Housing Authority will adopt the modified retrospective approach on transition to AASB 15. No comparative information will be restated under this approach, and the agency will recognise the cumulative effect of initially applying the Standard as an adjustment to the opening balance of Retained earnings at the date of initial application.	
<b>AASB 16</b> <b>Nature of change</b>	<b>Leases</b> 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.	1 Jan 2019

## Title

Operative for  
reporting dates  
beginning  
on/after

### Impact

The recognition of additional assets and liabilities, mainly from operating leases, will increase the agency's total assets by \$29.277 million and total liabilities by \$109.596 million. This will have an equity impact of \$80.319 million on 1 July 2019. In addition, interest and depreciation expenses will increase, offset by a decrease in rental expense for the year ending 30 June 2020 and beyond.

The above assessment is based on the following accounting policy positions:

- option1/option 2 of the modified retrospective approach on transition
- the 'low value asset' threshold set at AUD \$5,000 (unless Government Regional Officer Housing (GROH), Government Office Accommodation (GOA) or State Fleet)
- for leases classified as 'short-term' (12 months or less), these are not recognised under AASB 16 (unless GROH, GOA or State Fleet)
- land, buildings and investment property right-of-use assets are measured under fair value model, subsequent to initial recognition
- discount rates are sourced from WATC (where applicable).

### Transition

The Authority will adopt the modified retrospective approach on transition to AASB 16. No comparative information will be restated under this approach, and the agency will recognise the cumulative effect of initially applying the Standard as an adjustment to the opening balance of Retained earnings at the date of initial application.

Title	Operative for reporting dates beginning on/after	
<b>AASB 1058</b> Nature of change	<b>Income for not-for-profit entities</b> 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.	1 Jan 2019
<b>Impact</b>	AASB 1058 will have no impact on recurrent grants received by the Housing Authority – they will continue to be recognised as income when the funds are deposited in the bank account.	
<b>Transition</b>	The Authority will adopt a modified retrospective approach on transition to AASB 1058. No comparative information will be restated under this approach, and the Housing Authority will recognise the cumulative effect of initially applying the Standard as an adjustment to the opening balance of Retained earnings at the date of initial application.	
<b>AASB 1059</b> Nature of change	<b>Service concession arrangements: grantors</b> 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.	1 Jan 2020
<b>Impact</b>	The mandatory effective date of this Standard is currently 1 January 2020 after being amended by AASB 2018-5. The Housing Authority does not manage any public private partnership that is within the scope of the Standard.	
<b>AASB 2016-8</b> Nature of change	<b>Amendments to Australian Accounting Standards – Australian implementation guidance for not-for-profit entities</b> 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.	1 Jan 2019

Title	Operative for reporting dates beginning on/after
<b>AASB 2018-4</b> Amendments to Australian Accounting Standards – Australian implementation guidance for not-for-profit public sector licensors <b>Nature of change</b> This Standard amends AASB 15 to add requirements and authoritative implementation guidance for application by not-for-profit public sector licensors to transactions involving the issue of licences. There is no financial impact as the Agency does not issue licences.	1 Jan 2019
<b>AASB 2018-5</b> Amendments to Australian Accounting Standards – deferral of AASB 1059 <b>Nature of change</b> This Standard amends the mandatory effective date of AASB 1059 so that AASB 1059 is required to be applied for annual reporting periods beginning on or after 1 January 2020 instead of 1 January 2019. There is no financial impact.	1 Jan 2019
<b>AASB 2018-7</b> Amendments to Australian Accounting Standards – definition of material <b>Nature of change</b> This Standard clarifies the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. There is no financial impact.	1 Jan 2020
<b>AASB 2018-8</b> Amendments to Australian Accounting Standards – right-of-use assets of not-for-profit entities <b>Nature of change</b> This Standard provides a temporary option for not for profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives.	1 Jan 2019
<b>Impact</b> The agency will elect to apply the option to measure right-of-use assets under peppercorn leases at cost (which is generally about \$1). As a result, the financial impact of this Standard is not material.	

#### **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'.

##### **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 arms 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

2019

2018

Consolidated	Note	2019					2018						
		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>Revenue</b>													
Sales	7	2,291	237	-	173,321	-	175,849	(298)	81	-	248,264	-	248,047
Intersegment sales		-	-	-	-	-	-	-	-	-	-	76	76
Rental revenue	8	242,028	145,784	1	109	-	387,922	251,091	149,442	5	101	-	400,639
Grants, contributions and subsidies	9	370,796	-	-	1,000	-	371,796	164,983	-	-	-	-	164,983
Interest revenue	10	(18,914)	6,315	223,685	10,628	-	221,714	(16,950)	5,261	190,446	6,989	-	185,746
Developers contributions		-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	11	19,339	1,053	7,250	17,905	-	45,547	5,209	475	9,506	31,071	-	46,261
<b>Total income</b>		<b>615,540</b>	<b>153,389</b>	<b>230,936</b>	<b>202,963</b>	<b>-</b>	<b>1,202,828</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>Expenses</b>													
Cost of sales	3,7	(6,648)	498	-	117,294	-	111,144	7,206	26	-	170,648	-	177,880
Rental expenses	13	261,953	91,801	8	194	-	353,956	264,015	94,548	15	134	-	358,712
Community support expense	14	121,212	-	-	-	-	121,212	165,602	78	-	3	-	165,683
Employee benefits expense	15	148,130	12,038	3,258	12,179	-	175,605	141,272	11,365	3,833	12,581	-	169,051
Supplies and services	16	25,909	1,982	6,108	2,522	-	36,521	22,500	2,245	4,892	2,626	-	32,263
Depreciation and amortisation expense	17	111,659	11,002	8,155	1,154	-	131,970	114,429	10,979	8,290	1,234	-	134,932
Finance costs	18	20,523	5,110	122,984	4,968	-	153,585	21,687	5,948	97,963	5,451	-	131,049
Accommodation expenses	19	12,381	575	2,380	653	-	15,989	12,077	665	969	740	-	14,451
Loss on disposal of non-current assets	12	8,216	404	2,478	1	-	11,099	30,979	1,035	3,739	1	-	35,754
Other expenses	20	80,192	2,183	40,439	49,148	-	171,962	98,894	3,042	30,337	51,382	-	183,655
<b>Total expenses</b>		<b>783,527</b>	<b>125,593</b>	<b>185,810</b>	<b>188,113</b>	<b>-</b>	<b>1,283,043</b>	<b>878,661</b>	<b>129,931</b>	<b>150,038</b>	<b>244,800</b>	<b>-</b>	<b>1,403,430</b>
Profit/(loss) before grants and subsidies from government		(167,987)	27,796	45,126	14,850	-	(80,215)	(474,626)	25,328	49,919	41,625	76	(357,678)
Grants and subsidies from government	9	91,370	-	-	-	-	91,370	68,725	167	-	-	-	68,892
Profit/(loss) after grants and subsidies from government		(76,617)	27,796	45,126	14,850	-	11,155	(405,901)	25,495	49,919	41,625	76	(288,786)
Non-controlling interest	49	-	-	-	397	-	397	-	-	-	112	-	112
<b>Profit/(loss) for the period</b>		<b>(76,617)</b>	<b>27,796</b>	<b>45,126</b>	<b>15,247</b>	<b>-</b>	<b>11,552</b>	<b>(405,901)</b>	<b>25,495</b>	<b>49,919</b>	<b>41,737</b>	<b>76</b>	<b>(288,674)</b>

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

Income	Parent	2019						2018						
		Note	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>Revenue</b>														
Sales		7	2,291	237	-	171,351	-	173,879	(298)	81	-	247,369	-	247,152
Intersegment sales			-	-	-	-	-	-	-	-	-	-	76	76
Rental revenue		8	242,028	145,784	1	109	-	387,922	251,091	149,442	5	101	-	400,639
Grants, contributions and subsidies		9	370,796	-	-	1,000	-	371,796	164,983	-	-	-	-	164,983
Interest revenue		10	(18,914)	6,315	122,408	11,130	-	120,939	(16,950)	5,261	95,295	7,556	-	91,162
Developers contributions			-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		11	19,339	1,053	62,237	17,662	-	100,291	5,209	475	70,167	30,781	-	106,632
<b>Total income</b>			<b>615,540</b>	<b>153,389</b>	<b>184,646</b>	<b>201,252</b>	<b>-</b>	<b>1,154,827</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>Expenses</b>														
Cost of sales		7	(6,648)	498	-	112,938	-	106,788	7,206	26	-	169,476	-	176,708
Rental expenses		13	261,953	91,801	8	194	-	353,956	264,015	94,548	15	134	-	358,712
Community support expense		14	121,212	-	-	-	-	121,212	165,602	78	-	3	-	165,683
Employee benefits expense		15	148,130	12,038	2,823	12,179	-	175,170	141,272	11,365	3,351	12,581	-	168,569
Supplies and services		16	25,909	1,982	456	2,427	-	30,774	22,500	2,245	533	2,626	-	27,904
Depreciation and amortisation expense		17	111,659	11,002	6,720	1,149	-	130,530	114,429	10,979	7,176	1,231	-	133,815
Finance costs		18	20,523	5,110	122,980	4,968	-	153,581	21,687	5,948	97,958	5,451	-	131,044
Accommodation expenses		19	12,381	575	132	653	-	13,741	12,077	665	150	740	-	13,632
Loss on disposal of non-current assets		12	8,216	404	2,478	1	-	11,099	30,979	1,035	3,739	1	-	35,754
Other expenses		20	80,192	2,183	1,927	58,999	-	143,301	98,894	3,042	2,631	51,065	-	155,632
<b>Total expenses</b>			<b>783,527</b>	<b>125,593</b>	<b>137,524</b>	<b>193,508</b>	<b>-</b>	<b>1,240,152</b>	<b>878,661</b>	<b>129,931</b>	<b>115,553</b>	<b>243,308</b>	<b>-</b>	<b>1,367,453</b>
Profit/(loss) before grants and subsidies from government			(167,987)	27,796	47,122	7,744	-	(85,325)	(474,626)	25,328	49,914	42,499	-	(356,809)
Grants and subsidies from government		9	91,370	-	-	-	-	91,370	68,725	167	-	-	-	68,892
<b>Profit/(loss) for the period</b>			<b>(76,617)</b>	<b>27,796</b>	<b>47,122</b>	<b>7,744</b>	<b>-</b>	<b>6,045</b>	<b>(405,901)</b>	<b>25,495</b>	<b>49,914</b>	<b>42,499</b>	<b>76</b>	<b>(287,917)</b>

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

## 7. Trading profit

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Sales</b>				
Joint operations land	66,851	76,042	66,851	76,042
Land	23,612	53,619	23,410	53,619
House and land packages	85,386	118,462	83,618	117,567
	<b>175,849</b>	<b>248,123</b>	<b>173,879</b>	<b>247,228</b>
<b>Less cost of sales</b>				
Joint operations land	24,285	26,156	24,285	26,156
Land	21,146	23,222	20,957	23,222
House and land packages	65,713	128,502	61,546	127,330
	<b>111,144</b>	<b>177,880</b>	<b>106,788</b>	<b>176,708</b>
<b>Trading profit</b>	<b>64,705</b>	<b>70,243</b>	<b>67,091</b>	<b>70,520</b>

## 8. Rental revenue

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Rental and other properties	384,350	397,702	384,350	397,702
Rental amenities	3,572	2,937	3,572	2,937
<b>Total rental revenue</b>	<b>387,922</b>	<b>400,639</b>	<b>387,922</b>	<b>400,639</b>

## 9. Grants, contributions and subsidies

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Commonwealth grants and contributions</b>				
Aboriginal housing	251,310	48,414	251,310	48,414
Commonwealth rental grants	119,486	116,569	119,486	116,569
<b>Total Commonwealth grants and contributions</b>	<b>370,796</b>	<b>164,983</b>	<b>370,796</b>	<b>164,983</b>
<b>Local government grants</b>				
Shire of Manjimup	1,000	–	1,000	–
<b>Total Local Government grants</b>	<b>1,000</b>	<b>–</b>	<b>1,000</b>	<b>–</b>
<b>Total Grants, contributions and subsidies</b>	<b>371,796</b>	<b>370,796</b>	<b>371,796</b>	<b>370,796</b>
Department of Treasury	75,440	50,974	75,440	50,974
Department of Treasury – VTSS reimbursement	–	8,966	–	8,966
Department of State Development	–	167	–	167
Disability Services Commission	2,751	1,190	2,751	1,190
Mental Health Commission	6,439	–	6,439	–
Water Corporation	390	–	390	–
Department of Regional Development – Services received free of charge	6,108	7,340	6,108	7,340
Department of Finance – government accommodation leasing	242	255	242	255
<b>Total State grants and subsidies</b>	<b>91,370</b>	<b>68,892</b>	<b>91,370</b>	<b>68,892</b>

## 10. Interest revenue

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Loan interest</b>				
Keystart secured mortgage advances	208,945	176,935	-	-
<b>Total loan interest</b>	<b>208,945</b>	<b>176,935</b>	<b>-</b>	<b>-</b>
<b>Other interest</b>				
Interest on cash at bank	5,716	4,398	5,712	4,397
Interest on investments	4,219	3,888	112,393	86,240
Interest other	2,834	525	2,834	525
<b>Total other interest</b>	<b>12,769</b>	<b>8,811</b>	<b>120,939</b>	<b>91,162</b>
<b>Total interest revenue</b>	<b>221,714</b>	<b>185,746</b>	<b>120,939</b>	<b>91,162</b>

## 11. Other revenue

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Bad debts recovered	1,073	1,026	1,073	1,026
Conveyancing fees	1,340	1,849	1,340	1,849
Dividends	-	-	60,657	66,908
Previous year's GST refunds	11,893	3,899	11,893	3,899
DMA participation fee	15,925	30,000	15,925	30,000
Other revenue	15,316	9,487	9,403	2,950
<b>Total other revenues</b>	<b>45,547</b>	<b>46,261</b>	<b>100,291</b>	<b>106,632</b>

## 12. Net loss on disposal of non-current assets

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Proceeds from the disposal of non-current assets</b>				
Rental properties	74,413	122,344	74,413	122,344
Community Housing properties	8,061	631	8,061	631
Shared Equity properties	22,803	32,691	22,803	32,691
Plant and equipment and intangible assets	50	35	50	35
	<b>105,327</b>	<b>155,701</b>	<b>105,327</b>	<b>155,701</b>
<b>Carrying amount of non-current assets disposed</b>				
Rental properties	84,040	142,929	84,040	142,929
Community Housing properties	7,390	11,788	7,390	11,788
Shared Equity properties	24,949	36,376	24,949	36,376
Plant and equipment and intangible assets	47	362	47	362
	<b>116,426</b>	<b>191,455</b>	<b>116,426</b>	<b>191,455</b>
<b>Net loss</b>	<b>(11,099)</b>	<b>(35,754)</b>	<b>(11,099)</b>	<b>(35,754)</b>

The cost on disposal of rental properties includes the value of properties demolished of \$12.920m (2018: \$6.518m).

### 13. Rental expenses

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Maintenance expenses	149,188	152,923	149,188	152,923
Debt collection expenses	1,259	1,206	1,259	1,206
Estate management expenses	3,915	3,742	3,915	3,742
General expenses	17,656	17,291	17,656	17,291
Insurance expenses	8,373	8,562	8,373	8,562
Rates expenses	99,489	97,482	99,489	97,482
Renovations and improvements	9,087	11,454	9,087	11,454
Demolition costs	2,413	2,064	2,413	2,064
<b>Non cancellable operating leases:</b>				
Rental properties	62,576	63,988	62,576	63,988
<b>Total rental expenses</b>	<b>353,956</b>	<b>358,712</b>	<b>353,956</b>	<b>358,712</b>

### 14. Community support expense

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Aboriginal Housing <sup>(a)</sup>	112,307	156,441	112,307	156,441
Community Housing <sup>(b)</sup>	8,905	9,242	8,905	9,242
<b>Total community support expense</b>	<b>121,212</b>	<b>165,683</b>	<b>121,212</b>	<b>165,683</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 \$1.450m (2018: \$24.750m).

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

### 15. Employee benefits expense

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Salaries <sup>(a)</sup>	160,706	169,232	160,271	168,750
Superannuation – defined contribution plans <sup>(b)</sup>	15,268	15,037	15,268	15,037
Superannuation – defined benefit plans ( <a href="#">Note 38</a> )	1,181	(460)	1,181	(460)
Other employee benefits expenses	2,184	1,990	2,184	1,990
	<b>179,339</b>	<b>185,799</b>	<b>178,904</b>	<b>185,317</b>
<b>Less credits:</b>				
Administration capitalised	3,378	16,594	3,378	16,594
Recoups	356	154	356	154
<b>Total credits</b>	<b>3,734</b>	<b>16,748</b>	<b>3,734</b>	<b>16,748</b>
<b>Total employee benefits expenses</b>	<b>175,605</b>	<b>169,051</b>	<b>175,170</b>	<b>168,569</b>

(a) Included in salaries are voluntary severances of \$7.294m (2018).

(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'.



## 16. Supplies and services

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Other personnel costs	4,558	6,072	4,558	6,072
Travel	1,773	2,187	1,773	2,187
Stationery and supplies	865	912	465	507
Communication	4,124	4,470	3,946	4,347
Other costs and expenses <sup>(a)</sup>	22,264	15,652	17,270	12,203
External and internal audit fees	984	889	809	507
Motor vehicles	942	1,081	942	1,081
	<b>35,510</b>	<b>31,263</b>	<b>29,763</b>	<b>26,904</b>
Lease expenses				
<b>Non-cancellable operating leases:</b>				
– Motor vehicles	1,011	1,000	1,011	1,000
	<b>1,011</b>	<b>1,000</b>	<b>1,011</b>	<b>1,000</b>
<b>Total supplies and services</b>	<b>36,521</b>	<b>32,263</b>	<b>30,774</b>	<b>27,904</b>

(a) Included in other costs and expenses are fees for professional services \$6.117mm (2018: \$7.402m), asset maintenance \$2.951m (2018: \$4.543m), legal and technical services \$1.941m (2018: \$2.612m) and operating cost recoups.

## 17. Depreciation and amortisation expense

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Depreciation</b>				
Rental properties	103,364	104,996	103,364	104,996
Community Housing properties	8,545	8,834	8,545	8,834
Shared Equity properties	6,490	6,930	6,490	6,930
Other properties	1,120	1,451	1,120	1,451
Plant and equipment	1,804	1,503	912	1,057
<b>Amortisation</b>				
Intangible assets	10,099	10,547	10,099	10,547
Other assets	548	671	–	–
<b>Total depreciation and amortisation expense</b>	<b>131,970</b>	<b>134,932</b>	<b>130,530</b>	<b>133,815</b>

## 18. Finance costs

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Interest expense	153,581	131,045	153,581	131,044
Finance charges	4	4	-	-
<b>Total finance costs</b>	<b>153,585</b>	<b>131,049</b>	<b>153,581</b>	<b>131,044</b>

## 19. Accommodation expenses

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Office rental and accommodation	6,677	8,408	6,638	8,344
Non-cancellable operating office properties leases	9,312	6,043	7,103	5,288
<b>Total accommodation expenses</b>	<b>15,989</b>	<b>14,451</b>	<b>13,741</b>	<b>13,632</b>

## 20. Other expenses

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Doubtful debts expense	-	22,273	-	9,538
Expected credit loss expense <sup>(a)</sup>	33,317	-	9,692	-
Fees – Keystart	15,654	15,124	-	-
Grants and subsidies	1,218	1,055	1,218	1,055
Land expenses	24,898	42,443	24,898	42,443
Loan scheme expenses	905	912	905	912
Write-down of assets classified as held for sale	711	1,360	711	1,360
Employee on-costs	10,618	10,670	10,618	10,670
Impairment – non-current assets	15,547	-	15,547	-
Impairment – assets (Goldmaster)	-	-	11,027	-
Other expenses <sup>(b)</sup>	69,007	49,287	68,598	49,123
Assets transferred to Community Housing <sup>(c)</sup>	87	40,531	87	40,531
<b>Total other expenses</b>	<b>171,962</b>	<b>183,655</b>	<b>143,301</b>	<b>155,632</b>

(a) Expected credit losses were not required to be measured in 2018.

(b) Other expenses include grants paid \$12.544m (2018: \$12.110m), fees for technical services \$11.822m (2018: \$15.486m) and consultants \$5.980m (2018: \$5.968m).

(c) During 2018, the Housing Authority transferred 170 property assets valued at \$40.531m to Community Housing Organisations in accordance with Commonwealth stimulus funding requirements.

## 21. Cash and cash equivalents

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Cash at bank – operational	190,635	239,882	161,474	225,489
Cash advances	6	8	6	8
	<b>190,641</b>	<b>239,890</b>	<b>161,480</b>	<b>225,497</b>
<b>Restricted cash:</b>				
Rental tenants bonds	7,223	7,630	7,223	7,630
Joint operations cash	11,101	17,863	11,101	17,863
Unspent municipal and essential services funds	–	6,701	–	6,701
Remote Indigenous housing	3,364	1,837	3,364	1,837
Royalties for Regions fund	3,171	14,864	3,171	14,864
	<b>24,859</b>	<b>48,895</b>	<b>24,859</b>	<b>48,895</b>
<b>Total cash and cash equivalents</b>	<b>215,500</b>	<b>288,785</b>	<b>186,339</b>	<b>274,392</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 1987*. 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	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Current</b>				
Land held for sale at cost (Note 2(h)) current				
Cost of acquisition and development	120,347	148,157	115,040	139,958
Capitalised rates, taxes, administration and interest	–	1,196	–	1,196
	<b>120,347</b>	<b>149,353</b>	<b>115,040</b>	<b>141,154</b>
Joint operations land at cost (Note 2(h))	48,309	50,172	48,309	50,172
House and land packages for sale	94,869	76,220	94,847	75,974
House and land packages construction in progress	27,091	101,915	27,091	101,915
<b>Total current inventories</b>	<b>290,616</b>	<b>377,660</b>	<b>285,287</b>	<b>369,215</b>
<b>Non-current</b>				
Land held for sale at cost (Note 2(h)) non-current				
Cost of acquisition and development	578,133	484,329	562,816	473,118
House and land packages for sale	–	–	–	–
Capitalised rates, taxes, administration and interest	–	5,527	–	5,527
	<b>578,133</b>	<b>489,856</b>	<b>562,816</b>	<b>478,645</b>
Joint operations land at cost <sup>(a)</sup>	96,183	104,990	96,183	104,990
<b>Total non-current inventories</b>	<b>674,316</b>	<b>594,846</b>	<b>658,999</b>	<b>583,635</b>

- (a) The Housing Authority enters into joint operations for the development of land holdings. The principal place of business for all operations is Western Australia. Listed below are current joint operations.

### **Butler**

The Housing Authority holds a 46.78 per cent 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 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 per cent 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 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 47.14 per cent 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 Housing Authority contributes development costs and receives revenues on the basis of the interest held in the joint operation.

### **Wandina**

The Housing Authority held a 50 per cent interest in an incorporated joint operation with Barry Ross Mitchell as trustee for the Wandina Syndicate for the development of land at Wandina, Geraldton. In March 2019, the Housing Authority acquired the Wandina Syndicate share of the Seacrest Corporation Pty Ltd.

### **Oyster Harbour**

The Housing Authority is in the process of acquiring all of the undeveloped land in Oyster Harbour. This land will be outside of the joint venture. The Housing Authority will continue to hold a 50 per cent interest in an unincorporated joint operation with Lowe Pty Ltd for the remaining lots that have been titled but not sold at the Oyster Harbour Estate, Bayonet Head, Albany. The joint venture will continue until the last titled lot that has already been developed is sold.

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 per cent land payment on the sale of each lot and 80 per cent share in the profits.

### **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 per cent land payment on the sale of each lot and 40 per cent share in the profits.

### **Brookdale**

The Housing Authority holds a 50 per cent 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.

### **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 per cent land payment on the sale of the lots and built form products, a 10 per cent land payment on the sale of built form products and a 20 per cent share in the profits.

### **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 per cent land payment on the sale of each lot and 50 per cent share in the profits.



## Joint operations

2019	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)	Total (\$'000)
<b>Current assets</b>												
Cash and cash equivalents	21	3,649	2,670	1,275	-	131	2,233	1,143	-	-	-	11,101
Receivables	23	789	208	771	-	82	85	-	-	-	-	1,935
Inventories	22	8,659	3,870	21,719	-	3,107	4,340	6,614	-	-	-	48,309
Other current assets	25	-	-	800	-	-	-	-	-	-	-	800
<b>Total current assets</b>		<b>13,097</b>	<b>6,748</b>	<b>24,565</b>	<b>-</b>	<b>3,320</b>	<b>6,658</b>	<b>7,757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,145</b>
<b>Non-current assets</b>												
Receivables	23	-	-	191	-	-	-	-	-	-	-	191
Office equipment	32	-	81	37	-	-	16	-	-	-	-	134
Buildings	31	2,346	-	95	-	-	-	-	-	-	-	2,441
Development costs <sup>(1)</sup>	22	14,524	12,314	8,476	-	1,998	772	29,210	-	-	-	67,294
<b>Total non-current assets</b>		<b>16,870</b>	<b>12,395</b>	<b>8,799</b>	<b>-</b>	<b>1,998</b>	<b>788</b>	<b>29,210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,060</b>
<b>Total assets</b>		<b>29,967</b>	<b>19,143</b>	<b>33,364</b>	<b>-</b>	<b>5,318</b>	<b>7,446</b>	<b>36,967</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,205</b>
<b>Current liabilities</b>												
Payables	36	1,084	142	798	-	29	1,124	559	-	-	-	3,736
Other liabilities	39	-	-	-	-	-	-	223	-	-	-	223
Provisions	38	-	-	1,278	-	-	1,188	375	-	-	-	2,841
<b>Total current liabilities</b>		<b>1,084</b>	<b>142</b>	<b>2,076</b>	<b>-</b>	<b>29</b>	<b>2,312</b>	<b>1,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,800</b>
<b>Non-current liabilities</b>												
Payables and interest-bearing liabilities	36	-	-	24	-	-	-	-	-	-	-	24
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>Total liabilities</b>		<b>1,084</b>	<b>142</b>	<b>2,100</b>	<b>-</b>	<b>29</b>	<b>2,312</b>	<b>1,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,824</b>
<b>Net assets</b>		<b>28,883</b>	<b>19,001</b>	<b>31,264</b>	<b>-</b>	<b>5,289</b>	<b>5,134</b>	<b>35,810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,381</b>
Land <sup>(1)</sup>	22	1,273	-	1,327	-	5,872	7,362	9,039	901	2,002	1,113	28,889

(1) The total of development costs (\$67.294m) and Authority land (\$28.889m) represents the total (\$96.183m) joint operations land.

## 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)	Total (\$'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>Total current assets</b>		<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>Total non-current assets</b>		<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>Total current liabilities</b>		<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>Total non-current liabilities</b>		<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>
Land <sup>(1)</sup>	22	1,348	-	1,407	225	6,012	10,832	11,680	908	2,347	1,240	-	35,999

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

## 23. Loans and receivables

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Current</b>				
General	23,412	11,271	19,901	9,963
Performance deposit receivable	9,190	-	9,190	-
Loans to homebuyers	546,133	515,440	-	-
Joint operations receivables	1,935	2,491	1,935	2,491
Rental and lease bonds	26,320	29,399	26,320	29,399
Rents from tenants and other rents	56,768	63,825	56,768	63,825
Commercial organisations	212	857	2,708	857
Dividend receivable	-	-	60,657	66,908
	<b>663,970</b>	<b>623,283</b>	<b>177,479</b>	<b>173,443</b>
Less allowance for impairment	14,886	10,440	14,886	10,440
<b>Total loans and receivables current</b>	<b>649,084</b>	<b>612,843</b>	<b>162,593</b>	<b>163,003</b>

In 2018, an allowance for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. From 2019, the allowance for expected credit losses loans and receivables is measured at the lifetime expected credit losses for each reporting date, adjusting for forward-looking factors specific to the debtors and economic environment.

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Reconciliation of changes in the allowances for impairment of receivables</b>				
Balance at the start of the period	10,440	8,593	10,440	8,593
Remeasurement under AASB 9	2,495	-	2,495	-
<b>Restated balance at the start of the period</b>	<b>12,935</b>	<b>8,593</b>	<b>12,935</b>	<b>8,593</b>
Doubtful debts expense	-	9,538	-	9,538
Expected credit loss expense	9,692	-	9,692	-
Amounts written off during the period	(7,741)	(7,691)	(7,741)	(7,691)
<b>Balance at the end of period</b>	<b>14,886</b>	<b>10,440</b>	<b>14,886</b>	<b>10,440</b>

An expected credit loss of \$9.692m in 2019 (impairment loss of 2018: \$9.538m) has been recognised by the Housing Authority.

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Non current</b>				
General	7,680	–	7,680	–
Keystart preferential shares <sup>(a)</sup>	–	–	4,319,500	3,945,000
Commercial organisations <sup>(b)</sup>	3,414	–	9,785	10,073
Loans to homebuyers <sup>(c)(d)</sup>	3,901,821	3,489,798	–	–
Less provision for impairment	33,013	22,959	–	–
	<b>3,879,902</b>	<b>3,466,839</b>	<b>4,336,965</b>	<b>3,955,073</b>
Joint operations receivables	191	75	191	75
<b>Total loans and receivables non current</b>	<b>3,880,093</b>	<b>3,466,914</b>	<b>4,337,156</b>	<b>3,955,148</b>

### Movement in allowance for impairment of loans to homebuyers

As at 30 June 2019, loans to homebuyers with a nominal value of \$14.157m (2018: \$11.027m) were impaired and written off against provision for impairment following disposal of mortgaged property. The individually impaired receivables have increased during the year reflecting an increase in loans and defaults, as well as lower process for mortgaged properties, driven by subdued economic conditions.

The creation and release of the provision for impaired receivables has been included in doubtful debts expenses in the Statement of Comprehensive Income for 2018, in 2019 it is included as expected credit loss expense. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

All loans and advances are reviewed and graded according to the anticipated level of credit risk.

### Movement in allowance for impairment of loans to homebuyers

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at the start of the period	22,959	21,019	–	–
Remeasurement under AASB 9	438	–	–	–
Restated balance at the start of the period	23,397	–	–	–
Doubtful debts expense	–	12,735	–	–
Expected credit loss expense	23,625	–	–	–
Amounts written off during the period	(14,157)	(11,027)	–	–
Bad debts recovered	148	232	–	–
<b>Balance at the end of period</b>	<b>33,013</b>	<b>22,959</b>	<b>–</b>	<b>–</b>

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

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance	51,960	51,960	–	–
Allowance for impairment	(17,374)	(16,852)	–	–
	<b>34,586</b>	<b>35,108</b>	<b>–</b>	<b>–</b>
Interest foregone on repossessed loans	2,801	2,929	–	–

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	2019 (\$'000)	Number	2018 (\$'000)
Safety net loans	276	90,676	215	21,536
Provision for impairment		(3,504)		(827)
	<b>276</b>	<b>87,172</b>	<b>215</b>	<b>20,709</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 \$4,320 million (June 2018: \$3,945 million) of this facility has been drawn down.
- (b) The Non-Current loans to Commercial Organisations represents Acknowledgement of Debt totalling \$6.371 million to Goldmaster Enterprises at an interest rate of 5.25 per cent per annum and a loan secured over land for \$2.50m at a rate of 3.95 per cent.
- (c) Loans to homebuyers
- (i) Interest rate risk  
Refer to [Note 2 \(aa\)](#) 'Financial risk management' 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 \(aa\)](#) 'Financial risk management'.

- (ii) 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.

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
The fair values and carrying values of receivables are as follows:				
<b>Loans and receivables – fair value</b>	<b>4,440,941</b>	<b>3,997,929</b>	<b>-</b>	<b>-</b>

### 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 \(aa\)](#) 'Financial risk management' for more information on the risk management policy of the Consolidated Entity).

- (d) 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:

- (i) exercising its rights under the mortgage, including the power of sale; and
- (ii) 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.

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Fair value of collateral obtained in terms of the exercising of rights under the mortgages	45,230	47,322	-	-

### 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	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
For Goldmaster Pty Ltd				
Numerical reconciliation of income tax expense to the prima facie tax payable:				
Accounting profit/(loss) before income tax	(3,095)	(874)	-	-
Prima facie tax payable on profit/(loss) at 30%	(929)	(262)	-	-
Add/(less) tax effect of:				
Current year taxable differences not recognised	(4)	3	-	-
Previously unrecognised taxable differences	-	-	-	-
Previously unrecognised tax losses	-	-	-	-
Write-down of deferred tax asset	-	-	-	-
Deferred tax benefits not recognised	933	259	-	-
<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 \$33.763m (2018 \$31.378m). 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
- 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	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Accrued revenue</b>				
Interest on cash at bank	1,247	1,245	1,247	1,245
Accrued housing sales	915	20,202	915	20,202
Interest Keystart investments	-	-	12,828	11,795
	<b>2,162</b>	<b>21,447</b>	<b>14,990</b>	<b>33,242</b>
<b>Prepayments</b>				
General	7,740	4,940	7,726	4,923
Joint operations	800	86	800	86
	<b>8,540</b>	<b>5,026</b>	<b>8,526</b>	<b>5,009</b>
<b>Total other current assets</b>	<b>10,702</b>	<b>26,473</b>	<b>23,516</b>	<b>38,251</b>

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

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Opening balance</b>				
Rental properties	21,677	23,366	21,677	23,366
Movement for the period:				
Reclassified from/(to) from Rental properties	(132)	27,363	(132)	27,363
Less impairment	711	1,360	711	1,360
Less rental properties sold	12,675	27,692	12,675	27,692
<b>Total assets classified as held for sale</b>	<b>8,159</b>	<b>21,677</b>	<b>8,159</b>	<b>21,677</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 Non-current Assets Held for Sale and Discontinued Operations. Assets held for sale are held at fair value less selling costs. Information on fair value measurements are provided in [Note 34](#) 'Fair value measurements'.

## 27. Other financial assets

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Current</b>				
Deposits at call <sup>(a)</sup>	179,955	229,964	-	-
<b>Total current other financial assets</b>	<b>179,955</b>	<b>229,964</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>	-	-	6,692	17,719
Seacrest Corporation Pty Ltd	-	-	5,289	
<b>Total non-current other financial assets</b>	<b>24</b>	<b>24</b>	<b>12,005</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 \(aa\)](#) 'Financial instruments'.

(a) 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)
			2019 (%)	2018 (%)		
Ellenbrook Management Pty Ltd	Real estate development	Ord	47.47	47.47	Nil	24
Goldmaster Enterprises Pty Ltd	Property development	Ord	87.18	87.18	Nil	6,692
Seacrest Pty Ltd	Property development	Ord	100.00	-	Nil	5,289

## 28. Rental properties

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Rental properties at fair value</b>				
Improvements	4,777,076	5,028,688	4,777,076	5,028,688
Land	5,768,985	5,995,385	5,768,985	5,995,385
	<b>10,546,061</b>	<b>11,024,073</b>	<b>10,546,061</b>	<b>11,024,073</b>
Less accumulated depreciation	1,337	2,698	1,337	2,698
	<b>10,544,724</b>	<b>11,021,375</b>	<b>10,544,724</b>	<b>11,021,375</b>
Leasehold improvements at cost	-	4,307	-	4,307
Less accumulated depreciation	-	1,146	-	1,146
	<b>-</b>	<b>3,161</b>	<b>-</b>	<b>3,161</b>
<b>Total rental properties</b>	<b>10,544,724</b>	<b>11,024,536</b>	<b>10,544,724</b>	<b>11,024,536</b>

## 29. Community Housing properties

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Community Housing properties at fair value<sup>(a)</sup></b>				
Improvements	418,582	400,935	418,582	400,935
Land	316,009	317,639	316,009	317,639
	<b>734,591</b>	<b>718,574</b>	<b>734,591</b>	<b>718,574</b>
Less accumulated depreciation	9,032	515	9,032	515
<b>Total community housing properties</b>	<b>725,559</b>	<b>718,059</b>	<b>725,559</b>	<b>718,059</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	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Shared Equity properties at fair value</b>				
Improvements	220,131	218,093	220,131	218,093
Land	237,047	307,180	237,047	307,180
	<b>507,178</b>	<b>525,273</b>	<b>507,178</b>	<b>525,273</b>
Less accumulated depreciation	6,728	238	6,728	238
<b>Total shared equity properties</b>	<b>500,450</b>	<b>525,035</b>	<b>500,450</b>	<b>525,035</b>

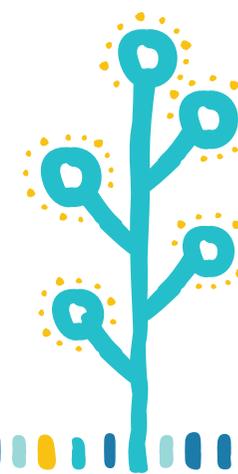
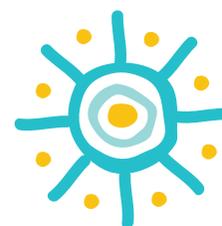
## 31. Other properties

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Other properties at fair value</b>				
Improvements	47,151	22,961	47,151	22,961
Land	40,454	53,026	40,454	53,026
Joint operations buildings	3,199	2,306	3,199	2,306
	<b>90,804</b>	<b>78,293</b>	<b>90,804</b>	<b>78,293</b>
<b>Less accumulated depreciation</b>				
Other properties at fair value – Improvements and Land <sup>(a)</sup>	357	382	357	382
Joint operations buildings	758	823	758	823
	<b>1,115</b>	<b>1,205</b>	<b>1,115</b>	<b>1,205</b>
	<b>89,689</b>	<b>77,088</b>	<b>89,689</b>	<b>77,088</b>
<b>Leasehold improvements</b>				
Leasehold improvements at cost	5,854	5,854	5,854	5,854
Less accumulated depreciation	3,495	3,112	3,495	3,112
	<b>2,359</b>	<b>2,742</b>	<b>2,359</b>	<b>2,742</b>
<b>Total other properties</b>	<b>92,048</b>	<b>79,830</b>	<b>92,048</b>	<b>79,830</b>

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

## 32. Plant and equipment

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Plant and equipment at cost</b>				
Office equipment and computing facilities	14,945	13,517	8,599	9,537
Joint operations office equipment	461	256	461	256
Works of art	58	58	58	58
Plant and equipment	4,633	4,760	4,586	4,711
	<b>20,097</b>	<b>18,591</b>	<b>13,704</b>	<b>14,562</b>
<b>Less accumulated depreciation</b>				
Office equipment and computing facilities	11,120	11,357	7,914	8,436
Joint operations office equipment	327	177	327	177
Plant and equipment	4,028	3,935	3,989	3,901
	<b>15,475</b>	<b>15,469</b>	<b>12,230</b>	<b>12,514</b>
<b>Total plant and equipment</b>	<b>4,622</b>	<b>3,122</b>	<b>1,474</b>	<b>2,048</b>



### 33. Property, plant and equipment reconciliation

2019

2018

Consolidated	2019							2018						
	Rental properties (\$'000)	Community Housing properties (\$'000)	Shared Equity properties (\$'000)	Other properties (\$'000)	Plant and equipment (\$'000)	Buildings under construction (\$'000)	Total (\$'000)	Rental properties (\$'000)	Community Housing properties (\$'000)	Shared Equity properties (\$'000)	Other properties (\$'000)	Plant and equipment (\$'000)	Buildings under construction (\$'000)	Total (\$'000)
Carrying amount at start of period	11,024,536	718,059	525,035	79,830	3,122	10,031	12,360,613	11,734,060	838,644	569,442	98,071	4,727	40,037	13,284,981
Correction of prior period error	-	-	-	-	-	-	-	-	-	-	(16,176)	(71)	5	(16,242)
<b>Restated amount at start 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>81,895</b>	<b>4,656</b>	<b>40,042</b>	<b>13,268,739</b>
Additions	5,455	2,411	5,582	891	3,312	66,701	84,352	16,905	3,735	21,731	4,080	1,294	107,450	155,195
Transfer from owner	-	-	-	21,236	-	-	21,236	-	-	-	-	-	-	-
Transfers within business outcomes	(535)	1,960	51	(1,476)	-	-	-	-	-	-	-	-	-	-
Transfers – buildings under construction	13,946	32,619	-	-	-	(46,565)	-	136,591	208	-	662	-	(137,461)	-
Transfers to Profit and Loss	-	(30,230)	-	-	-	-	(30,230)	-	-	-	-	-	-	-
Transfer to WIP/HFS	805	805	10,786	-	-	56,815	69,211	27,363	-	-	-	-	-	27,363
Disposals	(65,733)	(4,106)	(24,663)	(283)	(8)	-	(94,793)	(251,885)	(34,782)	(35,487)	(13,725)	(1,325)	-	(337,204)
Impairment of property <sup>(c)</sup>	(13,278)	-	-	-	-	-	(13,278)	(5,084)	-	-	-	-	-	(5,084)
Revaluation increments (decrements) <sup>(a)</sup>	(317,108)	12,586	(9,851)	(7,030)	-	-	(321,403)	(528,418)	(80,912)	(23,721)	9,250	-	-	(623,801)
Depreciation	(103,364)	(8,545)	(6,490)	(1,120)	(1,804)	-	(121,323)	(104,996)	(8,834)	(6,930)	(2,332)	(1,503)	-	(124,595)
<b>Carrying amount at end of period</b>	<b>10,544,724</b>	<b>725,559</b>	<b>500,450</b>	<b>92,048</b>	<b>4,622</b>	<b>86,982</b>	<b>11,954,385</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>

Parent	2019							2018						
	Rental properties (\$'000)	Community Housing properties <sup>(b)</sup> (\$'000)	Shared Equity properties (\$'000)	Other properties (\$'000)	Plant and equipment (\$'000)	Buildings under construction (\$'000)	Total (\$'000)	Rental properties (\$'000)	Community Housing properties (\$'000)	Shared Equity properties (\$'000)	Other properties (\$'000)	Plant and equipment (\$'000)	Buildings under construction (\$'000)	Total (\$'000)
Carrying amount at start of period	11,024,536	718,059	525,035	79,830	2,048	10,031	12,359,539	11,734,060	8,368,644	569,442	98,071	3,352	40,037	20,813,606
Correction of prior period error	-	-	-	-	-	-	-	-	-	-	(16,176)	(71)	5	(16,242)
<b>Restated amount at start 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>8,368,644</b>	<b>569,442</b>	<b>81,895</b>	<b>3,281</b>	<b>40,042</b>	<b>20,797,364</b>
Additions	5,455	2,411	5,581	891	338	66,701	81,377	16,905	3,735	21,731	4,080	1,149	107,450	155,050
Transfers from owner	-	-	-	21,236	-	-	21,236	-	-	-	-	-	-	-
Transfers within business outcomes	(535)	1,960	51	(1,476)	-	-	-	136,591	208	-	662	-	(137,461)	-
Transfers – buildings under construction	13,946	32,619	-	-	-	(46,565)	-	-	-	-	-	-	-	-
Transfers to Profit and Loss	-	(30,230)	-	-	-	-	(30,230)	-	-	-	-	-	-	-
Transfer to WIP/HFS	805	805	10,786	-	-	56,815	69,211	-	-	-	-	-	-	27,363
Disposals	(65,733)	(4,106)	(24,663)	(283)	-	-	(94,785)	(251,885)	(34,782)	(35,487)	(13,725)	(1,325)	-	(337,204)
Impairment of property <sup>(c)</sup>	(13,278)	-	-	-	-	-	(13,278)	(5,084)	-	-	-	-	-	(5,084)
Revaluation increments (decrements) <sup>(a)</sup>	(317,108)	12,586	(9,850)	(7,030)	-	-	(321,403)	(528,417)	(80,912)	(23,721)	9,250	-	-	(623,801)
Depreciation	(103,364)	(8,545)	(6,490)	(1,120)	(912)	-	(120,431)	(104,996)	(8,834)	(6,930)	(2,332)	(1,057)	-	(124,149)
<b>Carrying amount at end of period</b>	<b>10,544,724</b>	<b>725,559</b>	<b>500,450</b>	<b>92,048</b>	<b>1,474</b>	<b>86,982</b>	<b>11,951,236</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>

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 in 2018, see [Note 20](#).

(c) Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in the Statement of comprehensive income. Where 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:	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Fair value at the end of period (\$'000)
<b>2019</b>				
Non-current assets classified as held for sale (Note 26)	-	8,159	-	21,677
Land (Note 28, 29, 30 and 31)	-	5,934,307	-	6,673,230
Buildings and improvements (Note 28, 29, 30 and 31)	-	5,923,674	-	5,923,674
	-	<b>11,866,140</b>	-	<b>11,866,140</b>
<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>12,361,751</b>	-	<b>12,361,751</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	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Computing software at cost	8,533	9,043	4,361	4,361
Less accumulated amortisation	6,628	6,311	3,288	2,889
	<b>1,905</b>	<b>2,732</b>	<b>1,073</b>	<b>1,472</b>
Computing development at cost	52,698	52,674	52,698	52,674
Less accumulated amortisation	42,079	32,379	42,079	32,379
	<b>10,619</b>	<b>20,295</b>	<b>10,619</b>	<b>20,295</b>
<b>Total intangible assets</b>	<b>12,524</b>	<b>23,027</b>	<b>11,692</b>	<b>21,767</b>
<b>Intangible assets reconciliation</b>				
Carrying amount at start of period	23,027	32,668	21,767	31,058
Additions	160	1,341	24	1,257
Disposals	(16)	-	-	-
Amortisation expense	(10,647)	(10,982)	(10,099)	(10,548)
<b>Carrying amount at end of period</b>	<b>12,524</b>	<b>23,027</b>	<b>11,692</b>	<b>21,767</b>

### 36. Payables

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Current</b>				
Contractors retention monies	8,032	8,080	8,032	8,080
Joint operations creditors	3,736	4,450	3,736	4,450
Rental tenants bonds	6,009	7,630	6,009	7,630
Trade creditors	12,361	9,205	12,003	9,088
<b>Total current payables</b>	<b>30,138</b>	<b>29,365</b>	<b>29,780</b>	<b>29,248</b>

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

	2019 \$	2018 \$
Amounts carried forward from previous financial year	30,878	18,092
Payments made by the Commonwealth for IOT services	53,970	51,500
Cost of services	3,050	38,714
Construction paid	-	-
<b>Amounts carried forward to following financial year</b>	<b>81,798</b>	<b>30,878</b>

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

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Non-current</b>				
Joint operations creditors	24	24	24	24
<b>Total non-current payables</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>

### 37. Borrowings

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Current</b>				
WA Treasury Corporation	88,300	287,482	88,300	287,482
Commonwealth advances	17,006	16,672	17,006	16,672
<b>Total current borrowings</b>	<b>105,306</b>	<b>304,154</b>	<b>105,306</b>	<b>304,154</b>
<b>Non-current</b>				
WA Treasury Corporation	4,683,843	4,378,157	4,683,843	4,378,157
Commercial loan <sup>(a)</sup>	62,294	62,276	62,294	62,276
Commonwealth advances	326,172	343,177	326,172	343,177
<b>Total non-current borrowings</b>	<b>5,072,309</b>	<b>4,783,610</b>	<b>5,072,309</b>	<b>4,783,610</b>
<b>Total borrowings</b>	<b>5,177,615</b>	<b>5,087,764</b>	<b>5,177,615</b>	<b>5,087,764</b>

(a) Commercial loan is a \$62.294m 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 1.38 per cent, which is the Commonwealth bond rate. (June 2018 2.70 per cent).

	Total carrying amount		Aggregate Net Fair Value	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Consolidated</b>				
WA Treasury Corporation	4,772,143	4,665,639	4,785,816	4,765,601
Commercial loan	62,294	62,276	76,010	71,617
Commonwealth advances	343,178	359,849	445,851	417,770
	<b>5,177,615</b>	<b>5,087,764</b>	<b>5,307,677</b>	<b>5,254,988</b>
<b>Parent</b>				
WA Treasury Corporation	4,772,143	4,665,639	4,785,816	4,765,601
Commercial loan	62,294	62,276	76,010	71,617
Commonwealth advances	343,178	359,849	445,851	417,770
	<b>5,177,615</b>	<b>5,087,764</b>	<b>5,307,677</b>	<b>5,254,988</b>

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.

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 an interest only variable rate borrowing repayable in full by July 2029.

## 38. Provisions

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Current</b>				
Other provisions				
Joint operations provisions	8,551	5,389	8,551	5,389
Current provisions	2,841	487	2,841	487
<b>Total current provisions</b>	<b>11,392</b>	<b>5,876</b>	<b>11,392</b>	<b>5,876</b>
<b>Non-current</b>				
Other provisions	52,253	779	52,253	779
Development levies (Note 2s(i))	3,107	3,556	3,107	3,556
<b>Total non-current provisions</b>	<b>55,360</b>	<b>4,335</b>	<b>55,360</b>	<b>4,335</b>

## Movements in other provisions

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Other provisions</b>				
Carrying amount at start of period	6,168	–	6,168	–
Additional provisions recognised	60,635	9,713	60,635	9,713
Payments	(5,999)	(3,545)	(5,999)	(3,545)
<b>Carrying amount at end of period</b>	<b>60,804</b>	<b>6,168</b>	<b>60,804</b>	<b>6,168</b>
<b>Development levies</b>				
Carrying amount at start of period	3,556	3,048	3,556	3,048
Additional provisions recognised	1,234	2,758	1,234	2,758
Payments	(1,683)	(2,250)	(1,683)	(2,250)
<b>Carrying amount at end of period</b>	<b>3,107</b>	<b>3,556</b>	<b>3,107</b>	<b>3,556</b>
<b>Joint operations provisions</b>				
Carrying amount at start of period	487	2,058	487	2,058
Additional provisions recognised	5,120	332	5,120	332
Payments	(2,766)	(1,903)	(2,766)	(1,903)
<b>Carrying amount at end of period</b>	<b>2,841</b>	<b>487</b>	<b>2,841</b>	<b>487</b>

## 39. Other liabilities

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Current</b>				
<b>Accrued expenses</b>				
Administrative and general expenses	20,498	12,687	8,100	4,665
	<b>20,498</b>	<b>12,687</b>	<b>8,100</b>	<b>4,665</b>
Joint operations liabilities	223	735	223	735
Unearned income	23,535	26,403	23,535	26,403
<b>Total current other liabilities</b>	<b>44,256</b>	<b>39,825</b>	<b>31,858</b>	<b>31,803</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	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>Balance at start of period</b>	<b>2,458,937</b>	<b>2,397,866</b>	<b>2,461,703</b>	<b>2,413,450</b>
<b>Contributions by owners</b>				
Capital contributions	27,900	72,963	–	60,145
<b>Other contributions by owner</b>				
Royalties for Regions Fund – Regional Infrastructure and Headworks Account	1,860	8,132	1,860	8,132
Department of Training and Workforce Development	21,235	–	21,235	–
<b>Total contributions by owners</b>	<b>50,995</b>	<b>81,095</b>	<b>23,095</b>	<b>68,277</b>
<b>Transfer of net assets to other agencies</b>				
Refund Royalty for Regions Fund – Regional Infrastructure and Headworks Account	(3,143)	–	(3,143)	–
Department of Training and Workforce Development	–	(7,206)	–	(7,206)
Department of Communities	(365)	–	(365)	–
Keystart	(27,900)	(12,818)	(27,900)	(12,818)
<b>Total distributions to owners</b>	<b>(31,408)</b>	<b>(20,024)</b>	<b>(31,408)</b>	<b>(20,024)</b>
<b>Balance at end of period</b>	<b>2,478,524</b>	<b>2,458,937</b>	<b>2,453,390</b>	<b>2,461,703</b>

## 41. Reserves

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(i) Asset revaluation reserve</b>				
Balance brought forward from prior period	7,435,648	8,207,354	7,435,648	8,207,354
Transferred to retained earnings	(481,300)	(147,906)	(481,300)	(147,906)
Land inventory prior year eliminations	21,021	-	21,021	-
Revaluations during the period	(321,403)	(618,716)	(321,403)	(618,716)
Impairment loss on rental properties	(2,022)	(5,084)	(2,022)	(5,084)
<b>Closing balance</b>	<b>6,651,944</b>	<b>7,435,648</b>	<b>6,651,944</b>	<b>7,435,648</b>
<b>Revaluations recognised during the year were in respect of:</b>				
Rental properties – current	(317,109)	(528,417)	(317,109)	(528,417)
Community housing properties – current	12,586	(80,912)	12,586	(80,912)
Shared equity properties – current	(9,850)	(23,721)	(9,850)	(23,721)
Other properties – current	(7,030)	9,250	(7,030)	9,250
	<b>(321,403)</b>	<b>(623,800)</b>	<b>(321,403)</b>	<b>(623,800)</b>
<b>Transferred to retained earnings</b>				
Revaluation amount of rental properties – sold	(60,863)	(111,443)	(60,863)	(111,443)
Revaluation amount of rental properties – demolished	(13,044)	(5,036)	(13,044)	(5,036)

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revaluation amount of community housing properties – sold	(1,793)	(8,334)	(1,793)	(8,334)
Revaluation amount of other properties – sold	(5,062)	(14,931)	(5,062)	(14,931)
Revaluation amount of shared equity properties – sold	-	(8,162)	-	(8,162)
Transfer from asset revaluation reserve upon disposal in respect of prior year periods	(400,538)	-	(400,538)	-
	<b>(481,300)</b>	<b>(147,906)</b>	<b>(481,300)</b>	<b>(147,906)</b>
<b>(ii) Interest Assistance Lowstart reserve</b>				
Balance brought forward from prior year	721	724	-	-
Transfer to retained profits	(3)	(3)	-	-
<b>Closing balance</b>	<b>718</b>	<b>721</b>	<b>-</b>	<b>-</b>
<b>Total reserves</b>	<b>6,652,662</b>	<b>7,436,369</b>	<b>6,651,944</b>	<b>7,435,648</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	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Balance at start of period	2,939,043	3,079,808	2,747,969	2,887,980
Changes in accounting policy or correction of prior period errors*	(2,932)	-	(2,494)	-
Restated balance at start of period	2,936,111	3,079,808	2,745,475	2,887,980
Transfer from asset revaluation reserve upon disposal	80,762	147,906	80,762	147,906
Transfer from asset revaluation reserve during the period	396,068		393,338	
Transfer from Interest Assistance Lowstart reserve	3	3	-	-
Net profit/(loss) for the year	11,552	(288,674)	6,045	(287,917)
<b>Total retained earnings</b>	<b>3,424,496</b>	<b>2,939,043</b>	<b>3,225,620</b>	<b>2,747,969</b>

\* Refer to [Note 3](#) for changes in accounting policies and correction of prior period errors.

## 43. Notes to the Statement of Cash Flows

### Reconciliation of cash

Cash at the end of the period is shown in the Statement of Cash Flows as:

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Cash at bank – operational	190,641	239,890	161,480	225,497
Deposits at call	179,955	229,964	-	-
Rental tenants bonds	7,223	7,630	7,223	7,630
Unspent Municipal and Essential Services funds	-	6,701	-	6,701
Joint operations cash	11,101	17,863	11,101	17,863
Remote Indigenous communities	3,364	1,837	3,364	1,837
Royalties for Regions Fund	3,171	14,864	3,171	14,864
	<b>395,455</b>	<b>518,749</b>	<b>186,339</b>	<b>274,392</b>

## Reconciliation of net gain (loss) to net cash flows provided by/(used in) operating activities

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Net Profit/(Loss) for the period	11,155	(288,786)	6,045	(287,917)
<b>Non-cash items:</b>				
Depreciation and amortisation expense	131,972	133,828	130,530	133,815
Doubtful debts expense	–	9,538	–	9,538
Expected credit loss expense	30,587	–	9,692	–
Loss on disposal of non-current assets	11,123	35,754	11,099	35,754
Impairment – Goldmaster	–	–	11,027	–
Impairment – non-current assets	15,547	–	15,547	–
<b>Cash items:</b>				
Grants and subsidies from government	(92,128)	(68,503)	(92,128)	(68,503)
<b>(Increase)/decrease in assets:</b>				
Receivables	(9,732)	(6,961)	(7,538)	(6,960)
Inventories	22,651	96,287	20,631	97,055
Other assets	(40,723)	195,187	(42,478)	193,275
<b>Increase/(decrease) in liabilities:</b>				
Provisions	63,052	(54,140)	54,188	(54,140)
Payables	(18,068)	(62,628)	5,362	(62,642)
Net GST payments	(1,161)	9,671	(1,134)	9,705
<b>Net cash flows provided by/(used in) operating activities</b>	<b>124,275</b>	<b>(753)</b>	<b>120,843</b>	<b>(1,020)</b>

## 44. Purchase of non-current physical assets

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Buildings under construction	15,157	106,825	15,157	106,825
Computing facilities and equipment	161	1,212	24	1,212
Office machines and equipment	129	1,009	129	1,009
Properties	73,266	74,276	70,290	74,276
<b>Total purchase of non-current physical assets</b>	<b>88,713</b>	<b>183,322</b>	<b>85,600</b>	<b>183,322</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:

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Auditing the accounts, controls, financial statements and key performance indicators	472	502	340	349
	<b>472</b>	<b>502</b>	<b>340</b>	<b>349</b>

## 46. Commitments for expenditure

At 30 June 2019, 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	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Within 1 year	98,817	78,938	98,817	78,938
Later than 1 year and not later than 5 years	20,969	14,550	20,969	14,550
Later than 5 years	–	1,650	–	1,650
	<b>119,786</b>	<b>95,138</b>	<b>119,786</b>	<b>95,138</b>

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

Dwelling construction and upgrades	39,825	35,018	39,825	35,018
Land development and redevelopment	8,113	9,342	8,113	9,342
Crisis accommodation program	517	1,022	517	1,022
Joint operations land development	7,547	4,643	7,547	4,643
New living	638	372	638	372
Local government and Community Housing programs	–	–	–	–
Affordable Housing	63,146	44,741	63,146	44,741
	<b>119,786</b>	<b>95,138</b>	<b>119,786</b>	<b>95,138</b>

	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)

### (b) Loan advance commitment

Approved loans not yet fully disbursed	159,391	180,408	–	–
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	<b>159,391</b>	<b>180,408</b>	<b>–</b>	<b>–</b>
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#### Loan advance commitment includes the following:

Loans to home buyers	159,391	180,408	–	–
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	<b>159,391</b>	<b>180,408</b>	<b>–</b>	<b>–</b>
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Capital expenditure commitments increase by \$24.65 million from the previous year.

Committed carryover for construction of houses increased from the previous year as the Metronet Social and Affordable Housing and Jobs package was a new initiative and introduced in 2018–19, with the majority of expenditure to occur in 2019–20. In addition, a major building contract for the Step Up Step Down Facility in Bunbury being awarded late in the financial year to be expended in 2019–20.

Capital commitments for land development and redevelopment has decreased due to a number of projects being completed before the end of financial year. Development projects are still progressing in Beaconsfield and Redcliffe.

Crisis Accommodation capital commitments has decreased from previous year. The Housing Authority, in collaboration with the Community Housing sector will continue to provide and sustain social housing in the State.

Capital commitments for joint venture development is higher in comparison to the prior year due to the additional projects

commencing in Golden Bay and a high numbers of incomplete contracts still progressing in Ellenbrook and Brookdale.

New Living development commitments has increased with projects progressing in Redcliffe and Beaconsfield.

Committed carryover for the Affordable Housing Program increased by \$18.41 million due the Metronet and Affordable Housing and Jobs package. This is a new program commencing 2018–19 with the majority of the expenditure to occur in 2019–20. This is offset by the affordable sales program, which decreased from the previous year due to a majority of the 2017–18 capital commitments being completed in 2018–19 and together with a reduction in the number of new projects commencing in 2018–19.

Capital commitments for loans to homebuyers has decreased by \$21.02 million due to a general decline across the residential housing industry with fewer people seeking to buy a home in turn less demand for Keystart's products compared to 2017–18.

### (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:

Rental property leases:	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Lease commitments on non cancellable operating leases are:				
Within 1 year	48,354	48,137	46,985	47,383
Later than 1 year and not later than 5 years	38,026	36,288	32,711	33,855
Later than 5 years	23,829	19,540	18,202	19,540
	<b>110,209</b>	<b>103,965</b>	<b>97,898</b>	<b>100,778</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 is one site that has been identified as 'Contaminated – remediation required' and one site classified as 'Contaminated – investigation required'.

The Housing Authority has 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.

While 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 has identified one property where there are potential risks associated with combustible aluminium composite cladding. In 2014, Foundation Housing Pty Ltd paid for the construction of the building and currently manage the facility.

Foundation Housing Pty Ltd has assumed control and ownership of the rectification works, which is expected to be completed by December 2019. The Housing Authority is not expected to incur any costs associated with any remediation required.

### Litigation in progress

The value of legal actions and claims against the Authority involving asbestos related illnesses is estimated at \$100,000. 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 2019 totalled \$7.741m (2018: \$7.691m).

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

Cashier shortage incurred for the year ended 30 June 2019 was nil. (2018: nil).

Reportable thefts in the year ended 30 June 2019 was nil (2018: nil).

Amounts recovered during the year ended 30 June 2019 was nil (2018: nil)

### (c) Gifts of public property

In the year ended 30 June 2019, the Housing Authority made no gifts of public property.

## 49. Non-controlling interests

Goldmaster	Consolidated		Parent	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Opening Equity for non-controlling interest	1,288	1,400	-	-
Non-controlling loss ending 30 June	(397)	(112)	-	-
Movement in equity attributable to Contributed Equity	-	-	-	-
Other changes to non-controlling interest	-	-	-	-
<b>Total non-controlling interest</b>	<b>891</b>	<b>1,288</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	2019	2018
\$220,001 – \$230,000	1	–
\$230,001 – \$240,000	–	1
	2019 (\$'000)	2018 (\$'000)
Short-term employee benefits	184	190
Post-employment benefits	18	21
Other long-term benefits	21	21
Termination benefits	–	–
<b>Total compensation of key management personnel<sup>(2)</sup></b>	<b>223</b>	<b>232</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.
- (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, and 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)
- 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, and 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 include:

	Transaction value year ended	
	2019 (\$'000)	2018 (\$'000)
<b>Receipts</b>		
<b>Department of Treasury</b>		
Grants and disbursements	75,440	59,941
<b>Department of Regional Development</b>		
Royalty for Regions funding	7,968	15,503
<b>Western Australian Treasury Corporation</b>		
Proceeds from Borrowings	374,500	652,000
<b>Disability Services Commission</b>		
Grant for construction of a Disability Services home	2,749	–
<b>Mental Health Commission</b>		
Grant revenue	6,439	–
<b>Payments</b>		
<b>Water Corporation</b>		
Water rates	52,215	50,379
<b>Department of Regional Development</b>		
Repayment of funding	3,143	–
<b>Western Australian Treasury Corporation</b>		
Repayment of borrowings	267,877	57,976
Interest on borrowings	109,288	90,260
Guarantee fees	25,571	16,722
<b>Government Employees' Superannuation Board</b>		
Superannuation contributions	20,505	21,340
<b>Department of Finance</b>		
Office accommodation rentals	10,290	11,571
<b>Department of Communities</b>		
Overhead allocations recoup	8,647	–

### (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	2019 (\$'000)	2018 (\$'000)
Preferential shares	23	4,319,500	3,945,000
Interest revenue	10	112,393	86,240
Dividend	11	60,657	66,908
Other current assets	25	12,828	11,795
Distribution of equity	40	27,300	12,818

Seacrest Corporation Pty Ltd, is a fully-owned subsidiary of the Housing Authority.

The following balances are eliminated on the consolidation of Seacrest Pty Ltd:

	Note	2019 (\$'000)	2018 (\$'000)
Other financial assets	25	5,289	-

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	2019 (\$'000)	2018 (\$'000)
Interest revenue	10	505	567
Other financial assets	27	6,672	17,719
Loans and receivables	23	8,867	10,073

## 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 Authority's overall risk management program focuses on managing the risks identified below.

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	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(i) Financial assets</b>				
Cash and cash equivalents	190,635	239,882	161,474	225,489
Restricted cash and cash equivalents	24,859	48,895	24,859	48,895
<b>Other financial assets through profit and loss</b>				
Non-current investments	24	24	6,716	17,743
<b>Other financial assets at amortised cost</b>				
Deposits at call	179,955	229,964	-	-
<b>Financial assets at amortised cost – comprising<sup>(a)</sup></b>				
Keystart preference shares	-	-	4,319,500	3,945,000
General debtors	23,412	11,271	27,515	9,963
Performance deposit receivable	9,190	-	9,190	-
Land debtors	2,126	2,566	2,126	2,566
Rent from tenants and other	46,082	55,225	46,082	55,225
Rental and lease bonds	22,188	27,899	22,188	27,899
Loans to homebuyers	4,414,941	3,982,279	-	-
Loans to commercial organisations	3,626	857	12,493	10,930
Dividends receivable	-	-	60,657	66,908
<b>Other current assets at amortised cost</b>				
Accrued revenue	2,162	21,447	14,990	33,242
<b>Total financial assets</b>	<b>4,919,200</b>	<b>4,620,309</b>	<b>4,707,790</b>	<b>4,443,860</b>

	Consolidated		Parent	
	2019	2018	2019	2018
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(ii) Financial liabilities</b>				
<b>Financial liabilities at amortised costs – comprising</b>				
<b>Borrowings</b>				
WATC	4,772,143	4,665,639	4,772,143	4,665,639
Commercial loan	62,294	62,276	62,294	62,276
Commonwealth advances	343,178	359,849	343,178	359,849
<b>Payables</b>				
General	22,939	21,759	22,581	21,642
Rental deposits and tenant bonds	7,223	7,630	7,223	7,630
<b>Other current liabilities</b>	<b>20,721</b>	<b>13,422</b>	<b>8,323</b>	<b>5,400</b>
<b>Total financial liabilities</b>	<b>5,228,498</b>	<b>5,130,575</b>	<b>5,215,742</b>	<b>5,122,436</b>

(a) The amount of financial assets at amortised cost – loans and receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).



## Credit risk exposure

### Expected credit losses

The following table details the credit risk exposure on the Housing Authority's debtors using a provision matrix.

Parent	Total (\$'000)	Current (\$'000)	Days past due				Pending write off (\$'000)
			<90 days (\$'000)	91-180 days (\$'000)	181-365 days (\$'000)	>365 days (\$'000)	
<b>2018-19</b>							
<b>General debtors</b>							
Expected credit loss rate		0.05%	0.09%	0.12%	0.15%	2.24%	100%
Estimated total gross carrying amount at default	27,316	18,283	3,678	1,289	2,858	1,185	23
Expected credit losses	67	9	3	2	4	27	22
<b>Rent from tenants and other</b>							
Expected credit loss rate		1.92%	26.85%	41.64%	57.88%	92.84%	100%
Estimated total gross carrying amount at default	56,769	36,278	6,034	5,223	2,285	4,076	2,873
Expected credit losses	12,470	696	1,620	2,174	1,322	3,785	2,873
<b>Rental and lease bonds</b>							
Expected credit loss rate		4.16%	2.51%	4.03%	6.54%	17.00%	100%
Estimated total gross carrying amount at default	26,319	21,962	540	434	700	1,593	1,090
Expected credit losses	2,349	913	14	17	46	270	1,089
<b>Total expected credit loss allowance</b>	<b>14,886</b>	<b>1,618</b>	<b>1,637</b>	<b>2,193</b>	<b>1,372</b>	<b>4,082</b>	<b>3,984</b>
<b>1 July 2018 Remeasurement</b>							
<b>General debtors</b>							
Expected credit loss rate		0.03%	0.06%	0.09%	0.13%	2.41%	
Estimated total gross carrying amount at default	9,963	6,843	1,094	194	1,192	641	
Expected credit losses	20	2	1	-	2	15	
<b>Rent from tenants and other</b>							
Expected credit loss rate		1.76%	23.14%	42.00%	62.20%	93.56%	
Estimated total gross carrying amount at default	63,825	44,697	5,156	4,417	3,467	6,088	
Expected credit losses	11,686	787	1,193	1,855	2,156	5,695	
<b>Rental and lease bonds</b>							
Expected credit loss rate		1.34%	3.10%	4.55%	6.83%	19.88%	
Estimated total gross carrying amount at default	29,399	23,052	1,156	435	616	4,140	
Expected credit losses	1,229	309	36	20	42	822	
<b>Total expected credit loss allowance</b>	<b>12,935</b>	<b>1,098</b>	<b>1,230</b>	<b>1,875</b>	<b>2,200</b>	<b>6,532</b>	

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

The following table details the credit risk exposure on the Consolidated Entity's loans to homebuyers to different stages of the loans and advances portfolio below:

Detail of allowance for impairment	Consolidated	
	2019 (\$'000)	2018 (\$'000)
Collective impairment	–	5,889
Collective impairment – Stage 1	5,613	–
Collective impairment – Stage 2	5,659	–
Individual impairment	–	19,800
Individual impairment – Stage 3	21,741	–
	<b>33,013</b>	<b>25,689</b>

### 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 per cent 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	Carrying amount (\$'000)	Interest rate risk			
		-1% Profit (\$'000)	+1% Equity (\$'000)	-1% Profit (\$'000)	+1% Equity (\$'000)
2019					
<b>(i) Financial assets</b>					
Cash and cash equivalents	190,635	(1,906)	(1,906)	1,906	1,906
Restricted cash and cash equivalents	24,859	(249)	(249)	249	249
Deposits at call	179,955	(1,800)	(1,800)	1,800	1,800
Loans to homebuyers	4,414,941	(44,149)	(44,149)	44,149	44,149
<b>(ii) Financial liabilities</b>					
<b>Borrowings</b>					
WATC floating	4,265,744	42,657	42,657	(42,657)	(42,657)
WATC fixed *	506,399	–	–	–	–
Commercial loan	62,294	623	623	(623)	(623)
Commonwealth advances *	343,178	–	–	–	–
<b>Total Increase/ (Decrease)</b>		<b>(4,824)</b>	<b>(4,824)</b>	<b>4,824</b>	<b>4,824</b>

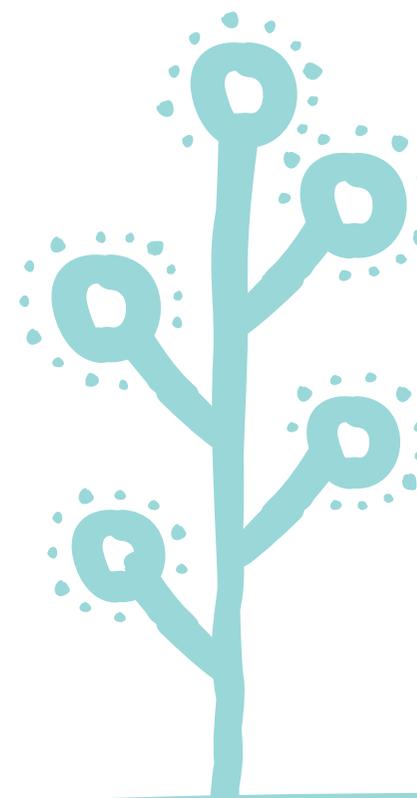
\* Commonwealth Advances and WATC (fixed) are fixed interest loans that are not affected by interest rates.

Consolidated	Carrying amount (\$'000)	Interest rate risk			
		-1% Profit (\$'000)	Equity (\$'000)	+1% Profit (\$'000)	Equity (\$'000)
2018					
<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>

Parent	Carrying amount (\$'000)	Interest rate risk			
		-1% Profit (\$'000)	Equity (\$'000)	+1% Profit (\$'000)	Equity (\$'000)
2019					
<b>(i) Financial assets</b>					
Cash and cash equivalents	161,474	(1,615)	(1,615)	1,615	1,615
Restricted cash and cash equivalents	24,859	(249)	(249)	249	249
Keystart preference shares	4,319,500	(43,195)	(43,195)	43,195	43,195
Loans to commercial organisations	12,493	(125)	(125)	125	125
<b>(ii) Financial liabilities</b>					
<b>Borrowings</b>					
WATC floating	4,265,744	42,657	42,657	(42,657)	(42,657)
WATC fixed *	506,399	-	-	-	-
Commercial loan	62,294	623	623	(623)	(623)
Commonwealth advances *	343,178	-	-	-	-
<b>Total Increase/ (Decrease)</b>		<b>(1,904)</b>	<b>(1,904)</b>	<b>1,904</b>	<b>1,904</b>

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

Parent	Interest rate risk				
	Carrying amount (\$'000)	-1%		+1%	
2018		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>



## Liquidity risk and interest rate exposure

The following table details the Housing Authority's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Consolidated	Interest rate exposure and maturity analysis of financial assets and financial liabilities											
	Interest rate exposure				Contractual maturity dates							
	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)	Less Adjustment for discounting (\$'000)	Total carrying amount (\$'000)
2019												
<b>(i) Financial assets</b>												
Cash and cash equivalents	1.83%	-	190,641	-	190,641	-	-	-	-	-	-	190,641
Restricted cash and cash equivalents	1.83%	-	24,859	-	24,859	-	-	-	-	-	-	24,859
<b>Other financial assets</b>												
- deposits at call	2.17%	-	179,958	-	179,955	-	-	-	-	-	-	179,955
- other assets	***	2,463	-	24	-	-	-	-	-	24	-	24
<b>Receivables</b>												
- general	***	-	-	23,412	23,412	-	-	-	-	-	-	23,412
- performance deposit receivable	***	-	-	9,190	9,190	-	-	-	-	-	-	9,190
- land debtors	***	-	-	2,126	2,126	-	-	-	-	-	-	2,126
- rent from tenants and other	***	-	-	46,082	46,082	-	-	-	-	-	-	46,082
- rental and lease bonds	***	-	-	22,188	22,188	-	-	-	-	-	-	22,188
- loans to commercial organisations	***	-	-	3,626	3,626	-	-	-	-	-	-	3,626
- loans to homebuyers	4.95%	-	4,414,941	-	-	-	-	-	-	4,414,941	-	4,414,941
- dividends receivable	***	-	-	-	-	-	-	-	-	-	-	-
Other current assets	2.27%	1,247	-	915	2,162	-	-	-	-	-	-	2,162
<b>Total financial assets</b>		<b>1,247</b>	<b>4,810,390</b>	<b>107,563</b>	<b>504,235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,414,965</b>	<b>-</b>	<b>4,919,200</b>
<b>(ii) Financial liabilities</b>												
<b>Borrowings</b>												
- WATC	1.94%	506,399	4,265,744	-	1,430,289	1,331,157	971,861	847,403	155,043	189,103	152,713	4,772,143
- Commercial loan	3.55%	-	62,294	-	2,214	2,214	2,214	2,214	2,214	75,576	24,352	62,294
- Commonwealth advances	4.80%	343,178	-	-	32,411	31,969	31,452	30,868	30,209	375,121	188,852	343,178
<b>Payables</b>												
- general	***	-	-	15,380	15,380	-	-	-	-	-	-	15,381
- rental deposits and tenant bonds **	***	-	-	7,223	7,223	-	-	-	-	-	-	7,223
Other current liabilities	***	-	-	20,721	20,721	-	-	-	-	-	-	20,721
<b>Total financial liabilities</b>		<b>849,577</b>	<b>4,328,038</b>	<b>43,324</b>	<b>1,508,238</b>	<b>1,365,340</b>	<b>1,005,527</b>	<b>880,485</b>	<b>187,466</b>	<b>639,800</b>	<b>365,917</b>	<b>5,220,939</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.

## Liquidity risk and interest rate exposure

Consolidated	Interest rate exposure and maturity analysis of financial assets and financial liabilities											
	Interest rate exposure				Contractual maturity dates							
	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)	Less Adjustment for discounting (\$'000)	Total carrying amount (\$'000)
<b>2018</b>												
<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	***	-	-	12,005	-	-	-	-	-	12,005	-	12,005
<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	***	-	-	3,626	3,626	-	-	-	-	-	-	3,626
- 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>120,999</b>	<b>640,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,982,303</b>	<b>-</b>	<b>4,635,059</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>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.

## Liquidity risk and interest rate exposure

Parent	Interest rate exposure and maturity analysis of financial assets and financial liabilities											
	Interest rate exposure				Contractual maturity dates							
	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)	Less Adjustment for discounting (\$'000)	Total carrying amount (\$'000)
2019												
<b>(i) Financial assets</b>												
Cash and cash equivalents	1.83%	-	161,474	-	161,474	-	-	-	-	-	-	161,474
Restricted cash and cash equivalents	1.83%	-	24,859	-	24,859	-	-	-	-	-	-	24,859
<b>Other financial assets</b>												
- other assets		-	-	6,716	-	-	-	-	-	6,716	-	6,716
Receivables		-	-	-	-	-	-	-	-	-	-	-
- general	***	-	-	27,515	27,515	-	-	-	-	-	-	27,515
- land debtors	***	-	-	2,126	2,126,000	-	-	-	-	-	-	2,126
- rent from tenants and other	***	-	-	46,082	46,082	-	-	-	-	-	-	46,082
- rental and lease bonds	***	-	-	22,188	22,188	-	-	-	-	-	-	22,188
- loans to homebuyers	***	-	-	-	-	-	-	-	-	-	-	-
- loans to commercial organisations	5.25%	8,867	-	3,626	6,122	6,371	-	-	-	-	-	12,493
- Keystart preference shares	2.70%	85,000	4,234,500	-	1,355,000	1,075,000	900,000	789,500	100,000	100,000	-	4,319,500
- dividends receivable	***	-	-	60,657	60,657	-	-	-	-	-	-	60,657
Other current assets	1.86%	1,247	12,823	915	14,990	-	-	-	-	-	-	14,990
<b>Total financial assets</b>		<b>93,114</b>	<b>4,433,661</b>	<b>169,825</b>	<b>1,721,013</b>	<b>1,081,371</b>	<b>900,000</b>	<b>789,500</b>	<b>100,000</b>	<b>106,716</b>	<b>-</b>	<b>4,698,600</b>
<b>(ii) Financial liabilities</b>												
<b>Borrowings</b>												
- WATC	1.94%	506,399	4,265,744	-	1,430,289	1,331,157	971,861	847,403	155,043	189,103	152,713	4,772,143
- Commercial loan	3.55%	-	62,294	-	2,214	2,214	2,214	2,214	2,214	75,576	24,352	62,294
- Commonwealth advances	4.80%	343,178	-	-	32,411	31,969	31,452	30,868	30,209	375,121	188,852	343,178
<b>Payables</b>												
- general	***	-	-	15,023	15,023	-	-	-	-	-	-	15,022
- rental deposits and tenant bonds **	***	-	-	7,223	7,223	-	-	-	-	-	-	7,223
Other current liabilities	***	-	-	8,323	8,323	-	-	-	-	-	-	8,323
<b>Total financial liabilities</b>		<b>849,577</b>	<b>4,328,038</b>	<b>30,568</b>	<b>1,495,482</b>	<b>1,365,340</b>	<b>1,005,527</b>	<b>880,485</b>	<b>187,466</b>	<b>639,800</b>	<b>365,917</b>	<b>5,208,183</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.

## Liquidity risk and interest rate exposure

Parent	Interest rate exposure and maturity analysis of financial assets and financial liabilities											
	Interest rate exposure				Contractual maturity dates							
	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)	Less Adjustment for discounting (\$'000)	Total carrying amount (\$'000)
<b>2018</b>												
<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
Receivables		-	-	-	-	-	-	-	-	-	-	-
- general	***	-	-	9,963	9,963	-	-	-	-	-	-	9,963
- 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 homebuyers	***	-	-	-	-	-	-	-	-	-	-	-
- 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.

## 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.

	2019 (\$'000)	2018 (\$'000)
Balance at start of the period	6,701	41,517
Receipts – transfer of internal funds	446	–
Payments	(7,147)	(34,816)
<b>Balance at end of period</b>	<b>–</b>	<b>6,701</b>

## 54. Explanatory statement

### (a) Comparison of estimates and actual operating results for 2018–19

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 per cent greater/less than the budgeted amount.

	Budget (\$'000)	Actual (\$'000)	Variance (\$'000)
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### 1. Revenues have varied by the following:

<b>Sales</b>	372,363	173,879	(198,484)
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Sales revenue is under budget due to a decline in sales of house and land inventory properties. The combination of the depressed market conditions along with a reduction in property prices impacted on this variance.

<b>Rental revenue</b>	438,666	387,922	(50,744)
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Rental revenue is under budget due to drop in market rentals across the state for Social Housing and Government Regional Officer Housing (GROH) properties.

<b>Grants, contributions and subsidies</b>	120,915	371,796	250,881
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Commonwealth grants are up by 207% for the Aboriginal Housing remote programs, the National Partnership Remote Housing funding (NPRH \$130m) and rental housing exit payment (\$121m).

<b>Other revenue</b>	123,465	100,291	(23,174)
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The variance in other revenues is mainly due to the expected sale of joint venture land not occurring.

	Budget (\$'000)	Actual (\$'000)	Variance (\$'000)
<b>2. Expenses have varied by the following:</b>			
<b>Cost of sales</b>	256,106	106,788	(149,318)
Cost of sales is under budget as a result of reduction in sales activities due to slow market conditions.			
<b>Rental expenses</b>	330,873	353,956	23,083
The variance is due to initiatives to achieve Government Trading Enterprise efficiency savings considered as part of the 2018-19 Mid-Year Review. The required efficiency savings were not realised at the original budget and have been realigned with the proposed initiatives at the Mid-Year Review.			
<b>Loss from disposal of non-current assets</b>	(5,275)	11,099	16,374
The variance in proceeds from disposal of non-current assets is mainly attributed to continued slow property market resulted in lower proceeds in 2019 compared to the original budget.			
<b>Community support expense</b>	138,863	121,212	(17,651)
Community support expense is lower due to the delay in carrying out repairs and maintenance work in Aboriginal remote communities.			

	Budget (\$'000)	Actual (\$'000)	Variance (\$'000)
<b>Supplies and services</b>	40,478	30,774	(9,704)
Supplies and services are under budget as a result of lower spending on temporary personnel, external consultancy and specialist services			
<b>Employee benefits expense</b>	137,043	175,170	38,127
Employee benefits are over budget due to a combination of factors. The realignment of positions as part of the Department of Communities restructure, reduction in administration recoveries and savings in External Consultancy, Temporary Personnel and Specialist Services as Housing Authority is trying to use more internal resources than outsourcing.			
<b>Depreciation and amortisation expense</b>	156,450	130,530	(25,920)
Depreciation charges are lower than budgeted mainly due to the reduction in Housing Authority assets as a result of the annual revaluation process.			
<b>Other expenses</b>	114,034	143,301	29,267
Other expenses are over budget mainly due to impairment of non-current assets \$15m and impairment of Goldmaster by \$11m which were not budgeted for.			

**(b) Comparison of actual operating results for 2018–19 with those of the preceding year**

Details and reasons for significant variations between actual operating results for 2018–19 and the preceding year are detailed below.

	Actual 2019 (\$'000)	Actual 2018 (\$'000)	Variance (\$'000)
<b>1. Revenues have varied by the following:</b>			
<b>Sales</b>	173,879	247,228	(73,349)
Sales revenue has reduced mainly due to difficult market conditions with slow uptake of properties and decline in property prices; in addition two projects Project 200 (P200) and Social Housing Investment Package (SHIP) redevelopment are finishing up.			
<b>Rental revenue</b>	387,922	400,639	(12,717)
Rental revenue has reduced mainly due to drop in market rent across the state.			
<b>Grants, contributions and subsidies</b>	371,796	164,983	206,813
The 125% increase this year as compared to previous year is mostly attributable to the net impact of Commonwealth grants and contributions for Aboriginal Housing that was reflowed out to 2020 due to delays in National Partnership Remote Housing (NPRH) funding agreement as well as the unexpected Commonwealth rental housing exit payment to Aboriginal Housing.			

	Actual 2019 (\$'000)	Actual 2018 (\$'000)	Variance (\$'000)
<b>Interest revenue</b>	120,939	91,162	29,777
There has been an increase in borrowings for the Keystart Portfolio resulting in increase in Interest Revenue as compared to previous year. This has been offset by corresponding increase in Finance Cost for Keystart Interest Expenses.			
<b>Other revenue</b>	100,291	106,632	(6,341)
Other revenues has decreased mainly due to reduced amount of participation fees received from new Development Management Agreement (DMA) projects compared to 2018 which varies due to the nature of each individual agreement.			
<b>2. Expenses have varied by the following:</b>			
<b>Cost of sales</b>	106,788	176,708	(69,920)
The cost of sales has reduced as compared to 2018 as a result of reduced sales activities due to continuing slow market conditions.			
<b>Loss from the disposal of non-current assets</b>	11,099	35,754	(24,655)
The continued slow property market has resulted in less properties sold and lower sales income in 2019 compared to 2018.			

	Actual 2019 (\$'000)	Actual 2018 (\$'000)	Variance (\$'000)
<b>Community support expense</b>	121,212	165,683	(44,471)

Other expenses are under previous year's actual mainly in Aboriginal Housing due to essential services works being delayed with greater expenditure now expected in 2020.

<b>Supplies and services</b>	30,774	27,904	2,870
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The increase is mainly due to slight increases across the supplies and services category.

<b>Finance costs</b>	153,581	131,044	22,537
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There has been an increase in borrowings for the Keystart Portfolio resulting in increase in finance costs as compared to previous year. This has resulted in a corresponding increase in interest received from Keystart.

<b>Other expenses</b>	143,301	155,632	(12,331)
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2018 expenses were higher as these included cost of properties final transfer to Community Housing program.

## Act of Grace Payments

The following Act of Grace Payments were made by the Housing Authority during 2019.

Purpose of payment	Date	Amount (\$'000)
Purchase of a modified vehicle and other necessary items	Various	75

# Key performance indicators

## Certification of key performance indicators

### For the reporting period ended 30 June 2019

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 2019.



**Michelle Andrews**  
**Chief Executive Officer**  
**Accountable Authority**

24 September 2019

## **Outcome: Housing eligible Western Australians**

The Housing Authority primarily contributes to the following Government Goal: Safe Communities: Safe Communities and Supported Families.

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 this Government Goal 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 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.



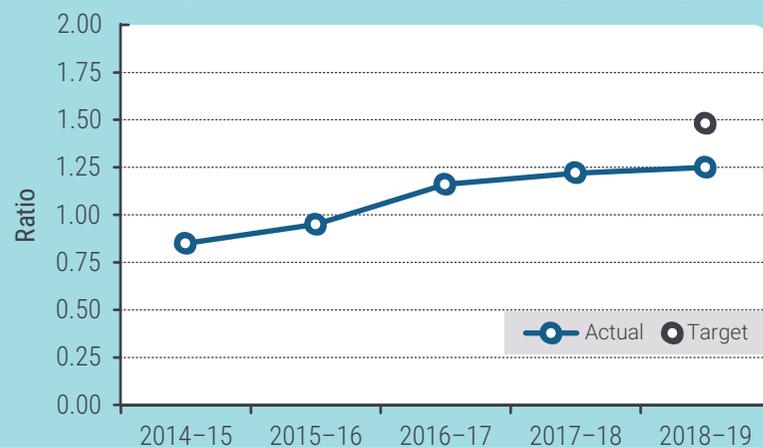
## Effectiveness indicator 1:

### 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
	2014-15	2015-16	2016-17	2017-18	2018-19
Total housing assistances <sup>(1)</sup>	17,022	19,098	21,585	20,120	19,739
Public rental waiting list at 30 June of previous financial year <sup>(2)</sup>	20,013	20,127	18,530	16,516	13,300
Ratio	0.85	0.95	1.16	1.22	1.48

## Comment on performance



The ratio of housing assistances provided to demand for public housing was consistent with the previous year's result, but was lower than the target.

With the increased affordability of private rental housing and other affordable housing options available, there was a decrease in the number of public housing applicants on the public rental waiting list from the previous year.

### Notes:

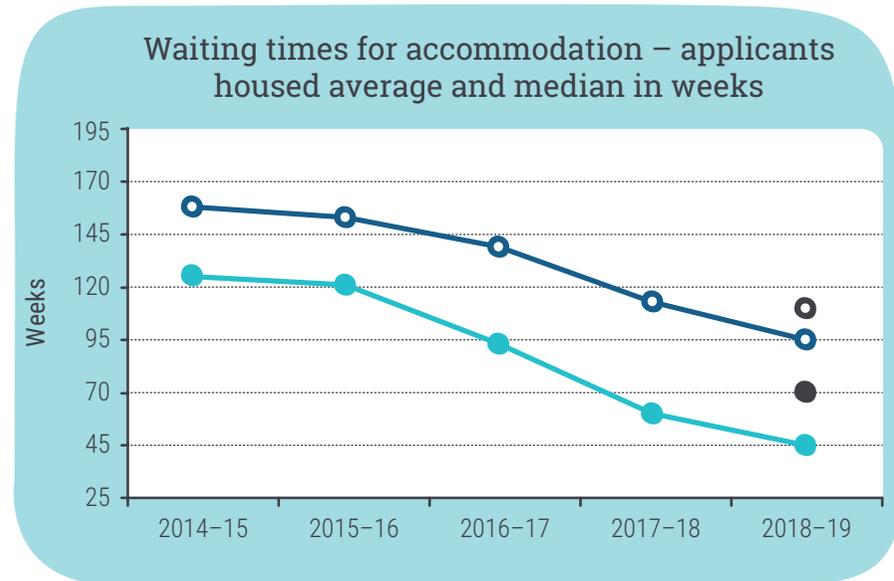
- (1) For 2018–19, the total units of housing assistance comprises (2017–18 result indicated within brackets): number of people (applications) allocated from the waiting list into community housing options: 363 (441); number of new home loans approved: 2,286 (2,789); number of Housing Authority (including Joint Venture partner) land sales below \$172,000<sup>(a)</sup> 260 (370); number of public rental occupations: 2,786 (3,511); number of bond assistance loans approved: 11,485 (13,009).
  - (a) The benchmark cut-off for the lower end of the market (\$172,000) is the final December quarter lower quartile for Western Australia (State) residential land sales. For 2018–19 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 (2014–15: \$189,000; 2015–16: \$192,000; 2016–17: \$182,500, 2017–18: \$179,000). 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.



	2014-15	2015-16	2016-17	2017-18	2018-19
○ Target average					110
● Target median					70
○ Average	158	153	139	113	95
● Median	125	121	93	60	45

### Comment on performance



The 2018–19 result represented improved performance compared to both the target and previous years’ results.

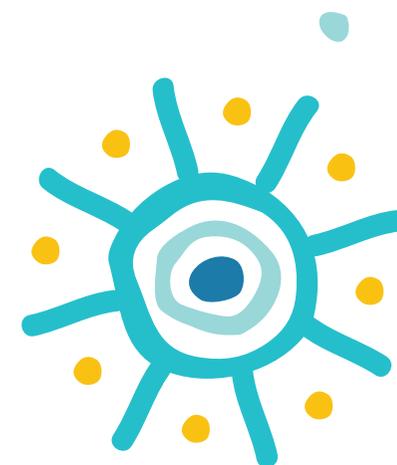
With increased availability of private rental housing and other more affordable housing options being available, there was a decrease in the number of public housing applicants on the public rental waiting list from the previous year.

The Social Housing Investment Package (SHIP) was a key initiative for the Housing Authority and its effectiveness has continued to reduce waiting times in 2018–19.

The many initiatives implemented through the *State Affordable Housing Strategy* over recent years and, in particular, continual focus and greater attention on alternative pathways such as SHIP and the Assisted Rental Pathways Pilot, has stimulated the diversity of housing supply and has created more affordable housing opportunities to assist people to transition through the housing continuum. This has impacted positively on average and median public housing waiting times.

The table below illustrates the distribution of wait times for applicants housed.

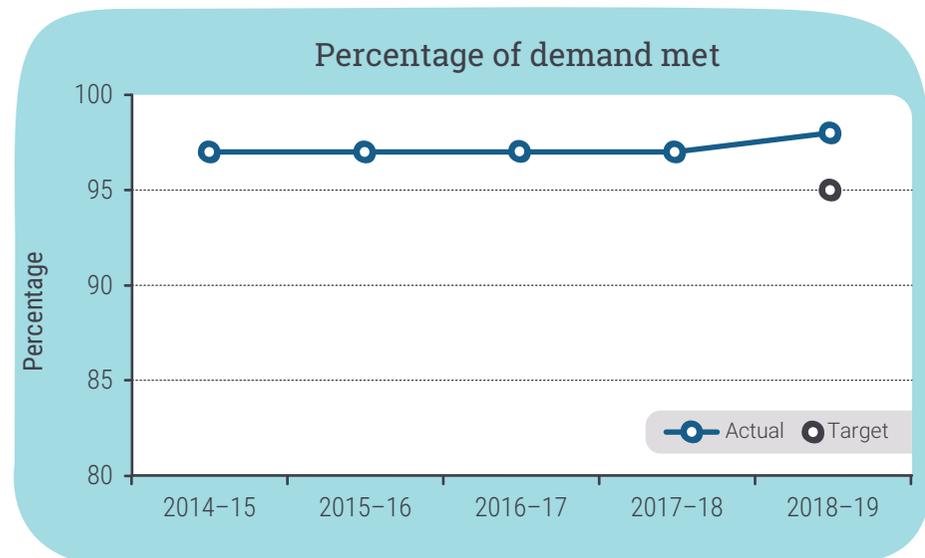
	2014-15 (%)	2015-16 (%)	2016-17 (%)	2017-18 (%)	2018-19 (%)
< 1 month	6.47	4.56	5.48	7.97	8.26
1-12 months	21.76	27.04	30.29	39.19	45.37
1-3 years	29.38	28.92	30.72	26.60	26.31
3-5 years	19.49	18.13	14.80	12.76	10.01
5+ years	22.90	21.34	18.72	13.47	10.05



### Effectiveness indicator 3:

**The extent to which the Government Regional Officers' Housing (GROH) is responsive to the provision of housing to meet the needs of eligible Western Australian Government employees (total demand relative to current supply)**

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.



#### Comment on performance



The 2018–19 result was higher than both the target and previous years' results. A softening in client agency demand and greater collaboration with client agencies to better forecast and match demand with needs has led to reduced demand.

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

	Actual					Target
	2014-15	2015-16	2016-17	2017-18	2018-19	2018-19
Supply	5,014	4,708	4,573	4,457	4,366	4,898
Demand	5,188	4,836	4,704	4,601	4,451	5,156
Percentage of demand met	97%	97%	97%	97%	98%	95%

## Service 1: Rental housing

This service contributes to the Housing 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 Housing 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.

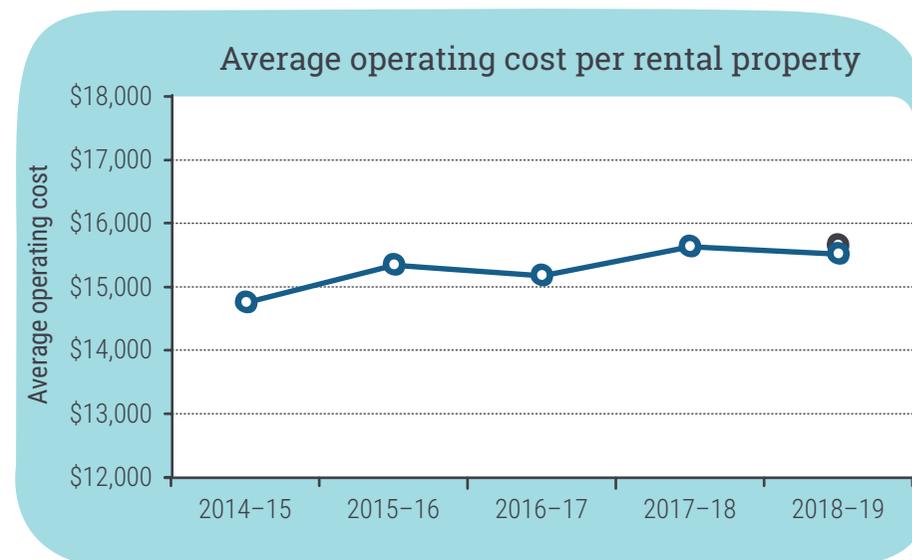
### Efficiency indicator 1:

#### Average operating cost per rental property

The average 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.



	2014-15	2015-16	2016-17	2017-18	2018-19
2018-19 Target					\$15,658
Average operating cost per rental property	\$14,750	\$15,342	\$15,176	\$15,631	\$15,513

#### Comment on performance

The 2018-19 average operating cost per rental property was consistent with both the target and the previous year's result.





## 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.

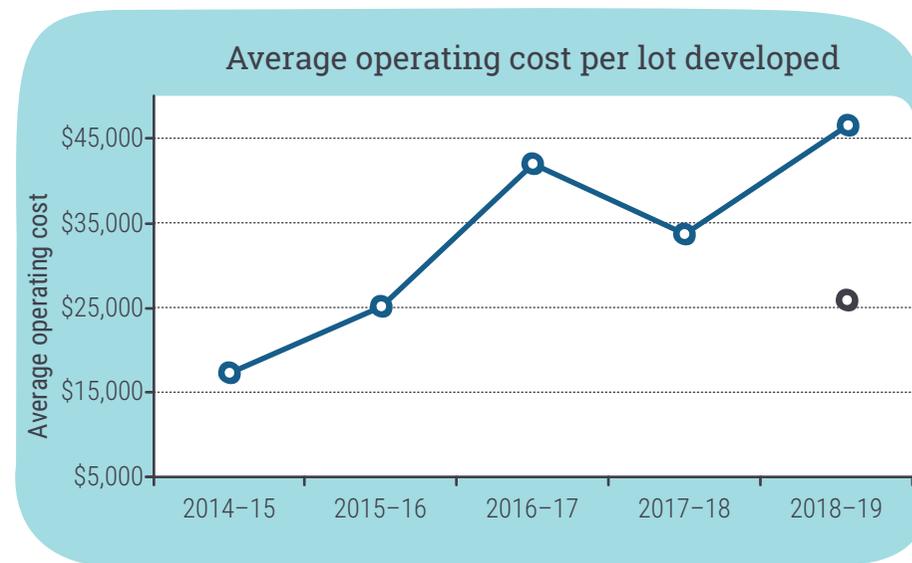
### Efficiency indicator 3:

#### Average 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.



	2014-15	2015-16	2016-17	2017-18	2018-19
● 2018-19 Target					\$25,867
○ Average operating cost per lot development	\$17,268	\$25,107	\$41,950	\$33,680	\$46,645

#### Comment on performance

The 2018-19 result was higher than the target and previous year's result. A lower number of lots were produced in 2018-19 in response to subdued property market conditions compared to when the 2018-19 target was established. This has resulted in higher average cost per lot developed due mainly to the allocation of fixed operating costs and overheads.





## 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:

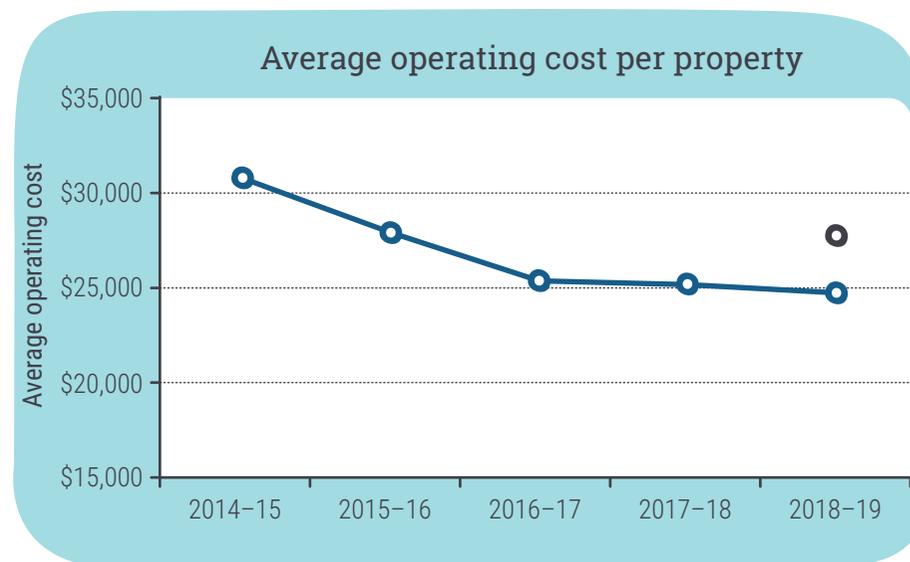
#### Average operating cost per property

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, and accommodation)
- 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.



	2014-15	2015-16	2016-17	2017-18	2018-19
● 2018-19 Target					\$27,710
● Average operating cost per property	\$30,771	\$27,912	\$25,363	\$25,170	\$24,735

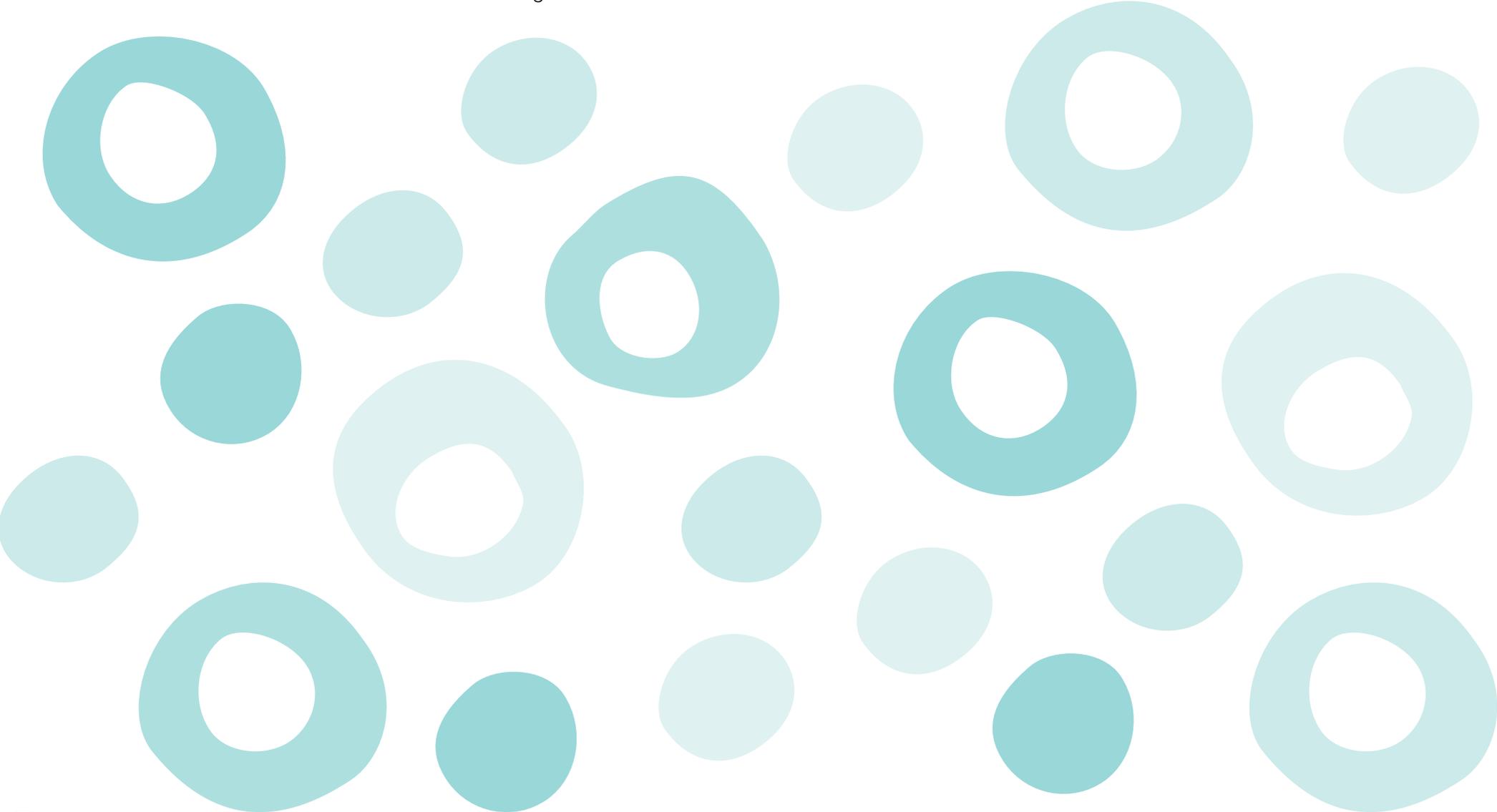
#### Comment on performance

The 2018-19 average operating cost was significantly lower than the target. The declining average is primarily due to lower rental costs for properties sourced from the private rental market.



# Ministerial directives

No ministerial directives were received during 2018–19.



# Other financial disclosures

## Pricing policies

### Rent setting for public housing tenants

Rent calculation methods are determined by the Housing Authority and approved by the Minister for Housing under section 30(1) of the *Housing Act 1980*. Public housing rent setting policy is designed to ensure tenants are charged a rent that is affordable, fair and reflects their capacity to pay. Accordingly, tenants who remain eligible for a public housing subsidy are required to pay either 25 per cent of assessable household income in rent or the Landgate (State Land Information Authority) determined market rent for the property, whichever is lower. On 28 March 2016, the definition of assessable income changed resulting in removal of concessions and inclusion of income types that were previously treated as non-assessable. The new definition of assessable income came into effect to ensure all tenants make a fair and equitable contribution towards their housing costs.

The change resulted in rent increases for most existing tenants at the time. Tenants who occupied on or after 28 March 2016 commenced immediately on the new rent model, whereas tenants who occupied before 28 March 2016 had any resultant weekly rent increase implemented gradually, up to \$12 initially, then up to \$6 at each annual rent review until they reached paying 25 per cent. As at 1 July 2019, 79 per cent of public housing tenants who occupied before 28 March 2016 have reached paying 25 per cent of their assessable household income under the new definition. Those not yet paying 25 per cent will receive a rent increase of

up to \$6 a week at their next annual rent review. Communities' currently has approval for a total of four \$6 increases through the 2018–19 State Budget.

### 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 2018–19, the maximum rent that GROH tenants can be charged either increased slightly or remained the same for the large majority of GROH properties.

## Capital works projects

In accordance with Treasurer's Instruction 903(13)(ii), the Housing Authority identifies the capital works projects that remain ongoing at the end of the financial year (Table 3) and the projects completed during the year (Table 4). 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 3: Summary of major capital works projects in progress in 2018–19**

Program	Expected year of completion	Balance to be spent (\$'000)	Original estimated total cost	Revised estimated total cost of project (\$'000)	Variance in estimated total cost (\$'000)	Explanation
Broome Move to Town	2019–20	1,382	15,551	12,072	-3,479	The cost been revised down due to a reduction in the number of lots acquired and lower construction costs than originally estimated.
Disability Services Social Housing	2020–21	6,675	25,244	25,244	-	
East Kimberley Transitional Housing Project – North West Aboriginal Fund (NWAHF)	2020–21	23,645	25,000	32,306	7,306	Additional Royalties for Regions (RfR) funding approved in 2018–19 to fund additional land and construction costs.
Family and Domestic Violence(FDV) Refuges – Peel	2020–21	2,437	2,500	2,500	-	
Family and Domestic Violence(FDV) Refuges – South East Metro	2020–21	2,480	-	2,500	-	New project funding approved in 2018–19 to build two additional family and domestic violence refuges in the Metropolitan area.
METRONET Social and Affordable Housing and Jobs Package	2021–22	38,442	-	40,975	-	New program for the construction and redevelopment in METRONET areas and existing heritage train station precincts.
Reconfiguration of the Spinal Cord Injury Service	2021–22	7,122	-	7,166	-	New project to provide alternative housing and support to existing and new individuals with spinal cord injuries.
West Pilbara Plan – Roebourne Refurbishment	2019–20	263	2,640	2,848	208	

Program	Expected year of completion	Balance to be spent (\$'000)	Original estimated total cost	Revised estimated total cost of project (\$'000)	Variance in estimated total cost (\$'000)	Explanation
Step Up/Step Down Mental Health Facilities – Bunbury	2020–21	3,533	4,560	4,560	–	
Step Up/Step Down Mental Health Facilities – Kalgoorlie	2020–21	5,347	–	5,600	–	Grant funding provided from Mental Health Commission to construct the Step Up/Step Down mental health facilities in Kalgoorlie.
Step Up/Step Down Mental Health Facilities – Karratha	2020–21	4,412	4,520	4,520	–	
Broome Aboriginal Short Stay Accommodation Facility	2019–20	1,450	20,115	20,115	–	

**Table 4: Summary of capital works projects completed in 2018–19**

Program	Forecast cost of project	Actual cost of project (\$'000)	Variance (\$'000)	Explanation
Social Housing – Investment Package	328,676	312,440	–16,236	Savings were achieved due to procurement results being better than expected. All program objectives were achieved.
Non-Government Organisation Housing – Stage 2	27,886	27,845	–41	
Royalties for Regions – Exmouth	9,970	9,952	–18	
Royalties for Regions – West Kimberley Transitional Housing	28,000	24,552	–3,448	Savings achieved due to the actual construction cost per unit being lower than originally budgeted.
Social Housing – Mental Health Commission	55,195	54,353	–842	

## 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' 2018–19 Annual Report 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 purposes. Treasurer's Instructions 903(13)(iv) requires the Housing Authority to disclose information relating to personal use. Table 5 details the Personal expenditure using Government issued credit cards in 2018–19.

**Table 5: Personal expenditure using Government issued credit cards in 2018–19**

	2018–19
Number of instances the Western Australian Government Purchasing Card has been used for a personal purpose	34
Aggregate amount of personal use expenditure for the reporting period	\$1,139
Aggregate amount of personal use expenditure settled by the due date	\$918
Aggregate amount of personal use expenditure settled after the period required by the due date	\$221
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	–

## Section 40 Estimates for 2019–20

In accordance with Treasurer’s Instruction 953, the annual estimates for the Housing Authority in 2019–20 are provided below. These estimates do not form part of the 2018–19 financial statements and are not subject to audit.

### Statement of Comprehensive Income

	2019–20 (\$'000)		2019–20 (\$'000)
<b>Cost of services</b>		<b>Income</b>	
<b>Expenses</b>		Sale of goods and services	301,347
Grants and subsidies	2,982	Grants and subsidies	132,514
Supplies and services	340,174	Interest revenue	154,320
Accommodation	174,888	Rent	375,855
Depreciation and amortisation	149,035	Dividend contribution	57,208
Efficiency dividend	(16,381)	Other revenue	47,148
Finance and interest costs	181,882	<b>Total Income</b>	<b>1,068,392</b>
Cost of lands sold	80,468	<b>Net cost of services</b>	<b>229,713</b>
Other expense	385,057	<b>Income from State Government</b>	
<b>Total cost of services</b>	<b>1,298,105</b>	Service appropriations	13,983
		Royalties for Regions Fund:	
		Regional Community Services Fund	62,617
		<b>Total income from State Government</b>	<b>76,600</b>
		<b>Surplus/(deficiency) for the period</b>	<b>(153,113)</b>

## Statement of Financial Position

	2019–20 (\$'000)		2019–20 (\$'000)
<b>Current assets</b>		<b>Current liabilities</b>	
Cash assets	137,661	Payables	18,839
Restricted cash	27,330	Borrowings and leases	267,877
Receivables	398,990	Other	74,026
Other	504,259	<b>Total current liabilities</b>	<b>360,742</b>
Loans and advances	812,132	<b>Non-current liabilities</b>	
Assets held for sale	21,676	Borrowings and leases	5,639,714
<b>Total current assets</b>	<b>1,902,048</b>	Other	4,358
<b>Non-current assets</b>		<b>Total non-current liabilities</b>	<b>5,644,072</b>
Property, plant and equipment	11,870,206	<b>Total liabilities</b>	<b>6,004,814</b>
Intangibles	10,310	<b>Equity</b>	
Receivables	75	Contributed equity	2,419,035
Other	653,601	Accumulated surplus/(deficit)	2,601,750
Loans and advances	4,025,005	Reserves	7,435,646
<b>Total non-current assets</b>	<b>16,559,197</b>	<b>Total equity</b>	<b>12,456,431</b>
<b>Total assets</b>	<b>18,461,245</b>	<b>Total liabilities and equity</b>	<b>18,461,245</b>

## Statement of Changes in Equity

	2019–20 (\$'000)
Contributed equity at start of period	2,429,801
Equity contributions during the period	(10,766)
<b>Contributed equity at the end of the period</b>	<b>2,419,035</b>
Accumulated surplus/(deficit) at start of period	2,754,863
Surplus/(deficit) for the period	(153,113)
<b>Accumulated surplus/(deficit) at end of period</b>	<b>2,601,750</b>
Reserves at start of period	7,435,646
Additions for the period	0
<b>Accumulated surplus/(deficit) at end of period</b>	<b>7,435,646</b>

## Statement of Cash Flows

	2019–20 (\$'000)
<b>Cash flows from State Government</b>	
Service appropriations	13,983
Capital appropriations	7,370
Royalties for Regions Fund:	
Regional Communities Services Fund	62,617
Regional Infrastructure and Headworks Funds	1,000
<b>Net cash provided by State Government</b>	<b>84,970</b>
<b>Cash flows from operating activities</b>	
<b>Payments</b>	
Grants and subsidies	(2,982)
Supplies and services	(477,021)
Accommodation	(187,382)
Efficiency dividend	16,381
Finance and interest costs	(181,882)
Other payments	(352,996)
<b>Receipts</b>	
Grants and subsidies	132,514
Sale of goods and services	310,337
Interest receipts	154,320
Rent receipts	375,855
Dividend/State contributions received	59,647
Other revenue	98,985
<b>Net cash from operating activities</b>	<b>(54,224)</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 which 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 Authority and five directors from the private sector. The 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 Authority is the majority shareholder in Goldmaster Enterprises Pty Ltd with 87.18 per cent ownership. The Board comprises two directors from the Authority and one from the private sector.

The Authority holds 100 per cent of the shareholding in Seacrest Corporation Pty Ltd effective 15 March 2019. Prior to this date, The Authority held 50 per cent interest in the incorporated entity (joint venture).

The authority also holds interests in the following incorporated entities (joint ventures):

- Ocean Springs Pty Ltd: 46.78 per cent
- Dalyellup Beach Pty Ltd: 50 per cent
- Ellenbrook Management Pty Ltd: 47.14 per cent.

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

## Contracts with senior officers

In 2018–19, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Housing Authority other than normal contracts of employment of service.

## Director's indemnity insurance

In 2018–19, 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. A review is currently being undertaken on the economic viability of insuring the Housing Authority's residential assets with a replacement value of less than \$10 million.

The Housing Authority does, however, insure:

- residential properties related to employment-related accommodation (non-Government Regional Officers' Housing)
- key worker villages
- residential property constructed by the Housing 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 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 2018–19 was \$984,190 (Table 6).

**Table 6: Advertising expenditure for 2018–19**

Category	2018–19 \$
<b>Advertising agencies</b>	<b>984,190</b>
Adcorp Australia Limited	6,931
Carat Australia Media Services Pty Limited	734,135
Initiative Media Australia Pty Limited	28,251
Rare Pty Limited	214,873
<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 organisations</b>	<b>Nil</b>

## Disability access and inclusion plan

The Department of Communities 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 its Disability Access and Inclusion Plan, which is reported in the Department of Communities' 2018–19 Annual Report.

## Substantive equality

The Housing Authority's commitment to substantive equality is reported in the Department of Communities' 2018–19 Annual Report.

## Recordkeeping plan

The Housing Authority's Recordkeeping plan is reported in the Department of Communities' 2018–19 Annual Report.

# 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 the functions of the Housing Authority.

## Occupational safety, health and injury management

The Department of Communities' 2018–19 Annual Report 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 7: Government building contracts for 2018–19**

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

# Appendix

## Appendix 1: Housing head maintenance contracts performance

### Housing head maintenance contracts

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. Relevant information for 2018–19 can be found below.

### Maintaining properties

Maintenance services are performed on more than 51,000 residential properties across the State, including Government Regional Officer Housing homes and 112 remote and town-based Aboriginal communities.

In 2018–19, Communities issued an average of more than 20,000 job orders per month and spent \$204.5 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 Metropolitan, South West and Great Southern regions
- Spotless Facility Services Pty Ltd – North Metropolitan and South East Metropolitan 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

The Housing Authority publishes information in relation to the head maintenance contract model, which 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:

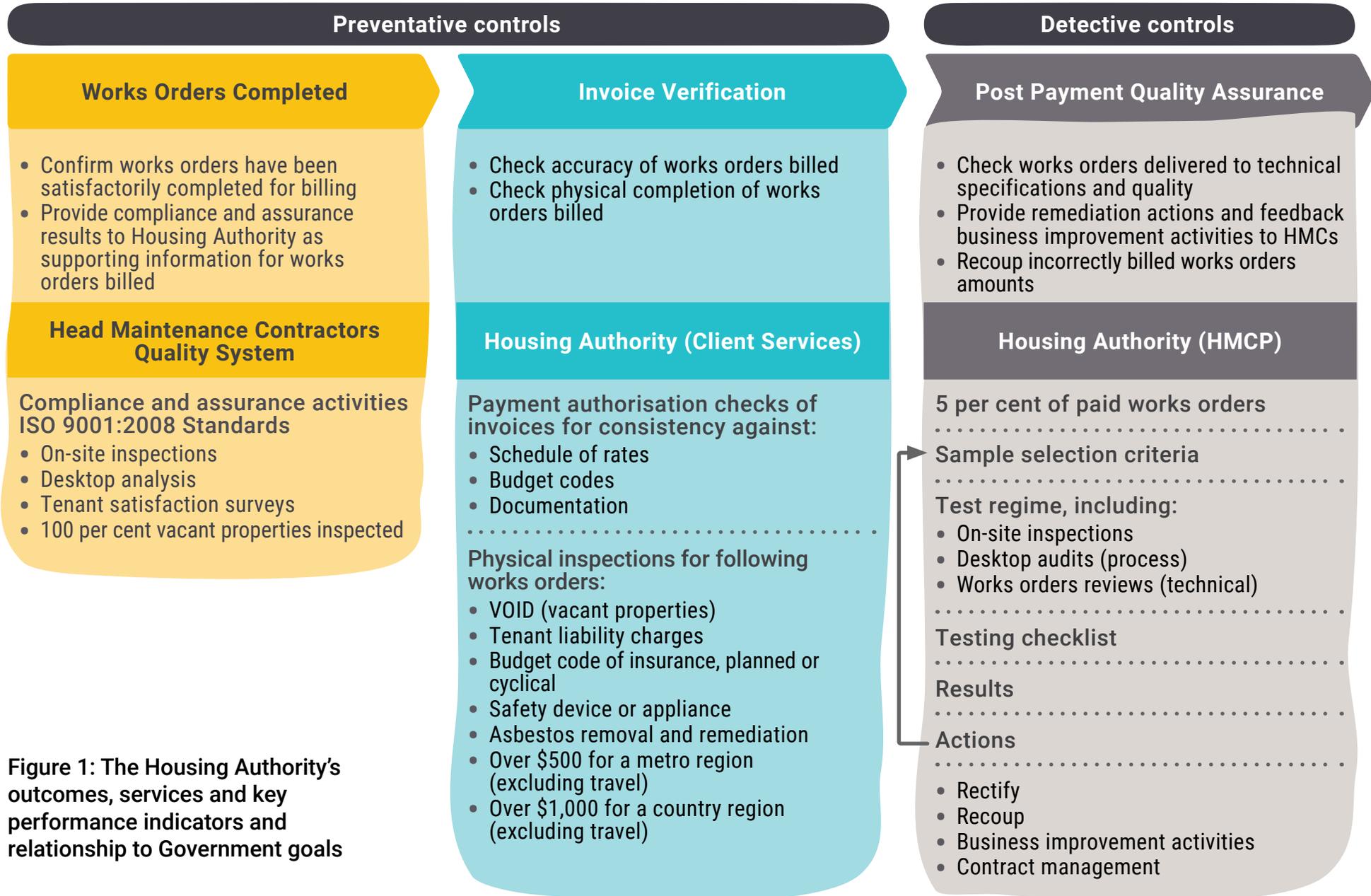


Figure 1: The Housing Authority's outcomes, services and key performance indicators and relationship to Government goals

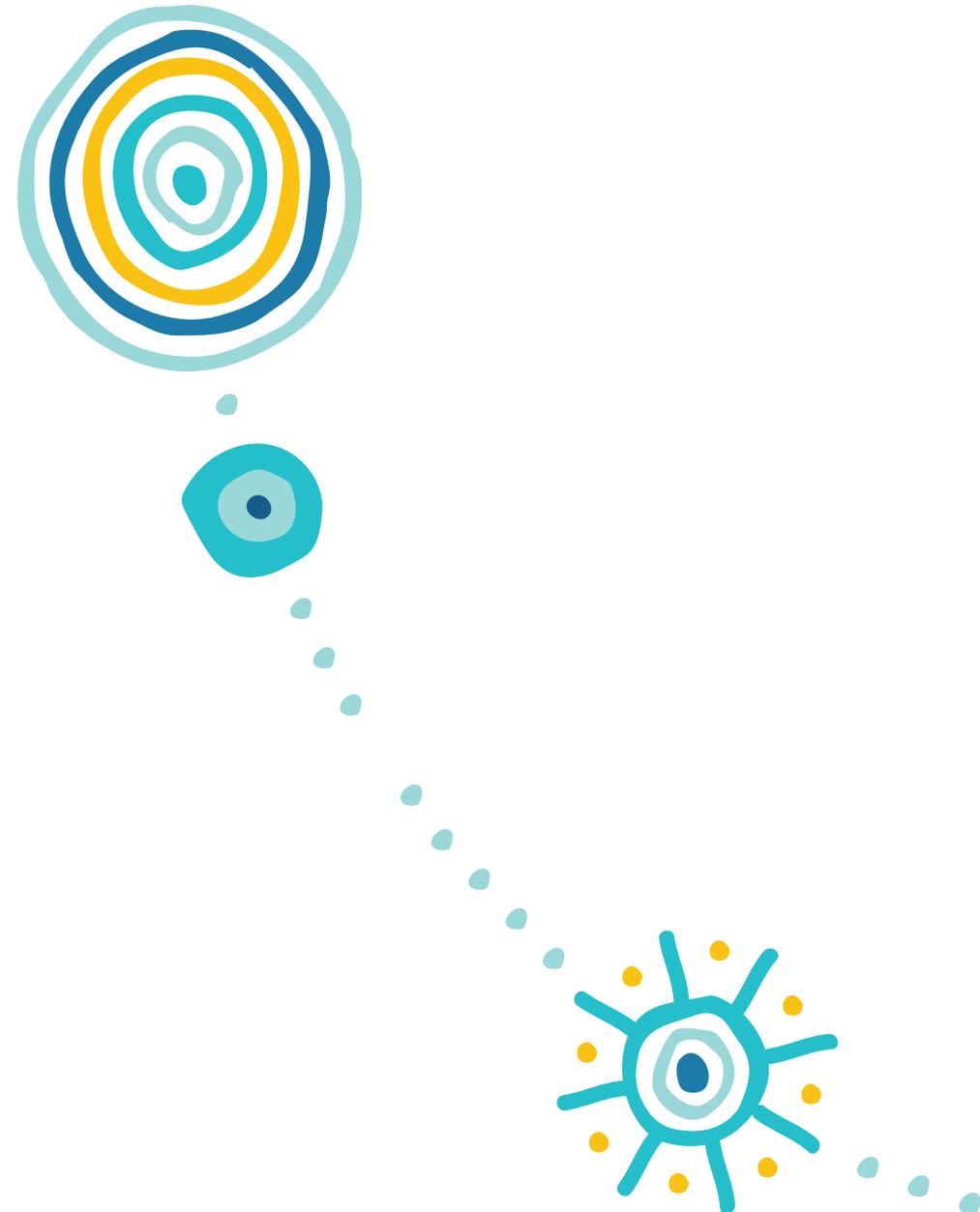
# Audited works orders statistics 2018–19

Table 8: Paid works orders audited: 1 July 2018 – 30 June 2019

	Works Orders	Percentage <sup>(1)</sup>
Number of paid works orders	249,395	
Number of audited works orders over \$500	8,773	4%
Number of audited works orders under \$500	4,249	2%
Number of non-compliant audited works orders over \$500	2,997	34%
Number of non-compliant audited works orders under \$500	700	16%

**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 9.

**Table 9: Explanation of the head maintenance contract key performance indicators assessed throughout 2018–19 including overarching performance categories and target**

Key Performance Indicators	Category	Name	Explanation	Performance Benchmark Score
KPI 1	Safety	Health, Safety and Environmental Management Plan	Plan complied with including: <ul style="list-style-type: none"> <li>• Safety inspections carried out for each category of work accord with safety inspections</li> <li>• Contractor has an internal corporate occupational safety and health representative with relevant training and qualifications</li> <li>• Safety Work Method Statement completed for all high-risk construction work</li> <li>• Take five safety check (or equivalent) completed for all schedule of rates work</li> </ul>	100 per cent of Health, Safety and Environmental Management Plan provided
KPI 2	Safety	Statutory Notices	Provision of statutory notices to the principal	100 per cent of statutory notices provided to the principal immediately (and no later than five hours from receipt of the notice from a regulator)

Key Performance Indicators	Category	Name	Explanation	Performance Benchmark Score
KPI 3	Timeliness	Emergency	Attend and restore or repair life threatening safety issue within eight hours of issue of the works order to the contractor	100 per cent 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 per cent 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 per cent 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 per cent of paid routine works orders completed within 28 days of issue of the works orders to the contractor

Key Performance Indicators	Category	Name	Explanation	Performance Benchmark Score
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	90 per cent of payment claims submitted within 14 days of completion of all maintenance works and services the subject of a works order
KPI 8A	Timeliness	Quoted (Instruction)	Provide required number of quotes and recommended respondent within agreed timeframe	95 per cent
KPI 8B	Timeliness	Quoted (Works)	Attend and complete quoted work activity within agreed timeframe	95 per cent
KPI 9 <sup>1</sup>				
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 per cent
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 per cent
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 per cent
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 per cent
KPI 13	Participation	Industry Participation Plan	Plan complied with	100 per cent compliance

<sup>1</sup> Key Performance indicator 9 removed as a standalone KPI in Contract Year 4 and incorporated into new key performance indicator 12A.

Key Performance Indicators	Category	Name	Explanation	Performance Benchmark Score
KPI 14	Participation	Indigenous Employment and Enterprise Plan	Plan complied with	100 per cent 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 per cent to 20 per cent
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 per cent to 20 per cent
KPI 15	Participation	Apprenticeship Plan	Plan complied with	100 per cent 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 per cent compliance

# Head contractor performance 2018–19

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 2018–19 Annual Report, and future years, and is outlined by quarter in Tables 10 to 13.

**Table 10: Head maintenance contract key performance indicator performance: 1 July 2018 – 30 September 2018**

Year 5 Quarter 1 (July 2018 to September 2018)												
Head Maintenance Contract		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%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory Notices	100%	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%	95.2%	91.3%	93.8%	95.9%	97.5%	98.9%	99.0%	90.6%	95.0%	98.5%	99.0%
KPI 4 Urgent (24 Hours)	95%	77.6%	86.6%	75.5%	87.0%	83.7%	93.4%	87.2%	83.0%	87.1%	86.2%	87.0%
KPI 5 Priority (48 Hours)	95%	86.9%	76.1%	77.3%	91.7%	86.0%	94.8%	84.9%	85.0%	81.9%	96.3%	96.4%
KPI 6 Void (Average Days)	14	8.6	7.3	8.5	5.0	14.6	9.9	9.9	10.5	10.8	10.7	9.4
KPI 7 Routine (28 Days)	95%	96.9%	97.8%	93.9%	98.1%	80.5%	93.1%	86.4%	90.0%	89.6%	89.2%	88.1%
KPI 8 Timeliness of Invoices	90%	94.4%	97.1%	95.7%	96.3%	85.8%	91.7%	79.4%	96.8%	97.6%	94.4%	95.5%
KPI 8a Quoted (Instruction)	95%	100.0%	100.0%	100.0%	88.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 8b Quoted (Works)	95%	100.0%	100.0%	50.0%	100.0%	100.0%	100.0%	100.0%	100.0%	80.0%	100.0%	83.3%

Year 5 Quarter 1 (July 2018 to September 2018)

KPI Results	Contract Areas											
	Benchmark	East Kimberley	Goldfields	West Kimberley	Wheatbelt	Great Southern	South Metro	South West	Midwest Gascoyne	Pilbara	North Metro	South East Metro
KPI 10 Non-Defective Works	90%	98.5%	97.5%	96.4%	98.1%	99.2%	98.3%	97.5%	98.4%	98.9%	98.8%	97.9%
KPI 11 Improvement Notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance Notices	100%	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%	100.0%	99.8%	100.0%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 13 Industry Participation Plan	100%	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%	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%	27.8%	9.2%	47.0%	5.7%	6.0%	8.1%	6.7%	5.5%	11.2%	5.7%	6.0%
KPI 14b Indigenous Enterprise	5-20%	25.0%	5.9%	23.1%	5.0%	9.1%	16.1%	7.7%	14.3%	28.6%	6.8%	7.0%
KPI 15 Apprenticeship Plan	100%	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%	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 1 for East Kimberley and Goldfield was not achieved due to an administrative issue. The required assessments were completed, however, an error resulted during submission of documents for assessment resulting in compliance not being achieved. Ratification actions have now been implemented to ensure this doesn't occur again.

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

Table 11: Head maintenance contract key performance indicator performance: 1 October 2018 – 31 December 2018

Year 5 Quarter 2 (October 2018 – December 2018)												
Head Maintenance Contract												
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%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%
KPI 2 Statutory Notices	100%	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%	91.4%	91.9%	93.4%	93.9%	97.8%	98.8%	98.0%	92.1%	100.0%	98.8%	98.6%
KPI 4 Urgent (24 Hours)	95%	80.8%	89.0%	72.1%	83.8%	91.8%	95.6%	91.3%	83.9%	80.0%	94.6%	92.1%
KPI 5 Priority (48 Hours)	95%	83.8%	83.7%	72.4%	88.6%	90.5%	95.2%	92.2%	89.8%	81.4%	97.1%	96.0%
KPI 6 Void (Average Days)	14	7.7	7.7	8.0	5.7	10.5	11.3	9.6	9.8	11.2	10.8	10.7
KPI Routine (28 Days)	95%	94.8%	95.3%	91.3%	92.1%	88.4%	92.3%	88.2%	92.9%	88.4%	88.5%	83.9%
KPI 8 Timeliness of Invoices	90%	96.1%	93.6%	94.9%	95.4%	89.3%	90.1%	88.1%	96.1%	97.6%	93.9%	95.5%
KPI 8a Quoted (Instruction)	95%	92.3%	80.0%	100.0%	91.7%	100.0%	100.0%	100.0%	100.0%	85.7%	100.0%	100.0%
KPI 8b Quoted (Works)	95%	80.0%	100.0%	80.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 10 Non-Defective Works	90%	98.4%	98.3%	97.4%	98.6%	99.4%	97.7%	96.3%	98.0%	98.6%	98.7%	98.2%
KPI 11 Improvement Notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%
KPI 12 Compliance Notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Year 5 Quarter 2 (October 2018 – December 2018)

KPI Results	Contract Areas											
	Benchmark	East Kimberley	Goldfields	West Kimberley	Wheatbelt	Great Southern	South Metro	South West	Midwest Gascoyne	Pilbara	North Metro	South East Metro
KPI 12a Maintenance Works and Services Target Inspections	100%	95.8%	99.6%	98.1%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	99.5%	96.4%
KPI 13 Industry Participation Plan	100%	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%	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%	25.4%	10.5%	41.3%	5.6%	6.1%	8.3%	6.8%	6.5%	11.9%	6.5%	6.5%
KPI 14b† Indigenous Enterprise	5-20%	20.0%	7.4%	19.4%	4.8%	8.7%	16.7%	7.4%	14.3%	28.6%	6.8%	6.8%
KPI 15 Apprenticeship Plan	100%	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%	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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent

Table 12: Head maintenance contract key performance indicator performance: 1 January 2019 to 31 March 2019

KPI Results	Year 5 Quarter 3 (January 2019 – March 2019)											
	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%	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%	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%	94.0%	95.1%	94.3%	86.4%	94.6%	99.3%	96.1%	90.6%	96.3%	98.7%	98.9%
KPI 4 Urgent (24 Hours)	95%	74.6%	90.9%	78.4%	72.0%	87.0%	96.1%	89.6%	77.9%	75.2%	97.1%	96.7%
KPI 5 Priority (48 Hours)	95%	80.3%	84.9%	78.1%	81.6%	89.3%	97.5%	92.7%	85.3%	77.9%	97.3%	97.3%
KPI 6 Void (Average Days)	14	12.9	9.7	10.4	7.3	10.2	11.9	9.3	14.9	13.0	10.5	8.7
KPI 7 Routine (28 Days)	95%	89.0%	90.7%	84.6%	88.4%	89.5%	93.4%	91.4%	89.5%	90.2%	93.3%	92.2%
KPI 8 Timeliness of Invoices	90%	86.6%	93.1%	91.8%	91.3%	93.4%	95.5%	92.2%	94.9%	97.5%	94.9%	94.9%
KPI 8a Quoted (Instruction)	95%	50.0%	88.9%	100.0%	60.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	90.9%
KPI 8b Quoted (Works)	95%	71.4%	100.0%	75.0%	81.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 10 Non-Defective Works	90%	98.0%	98.1%	97.4%	98.9%	99.7%	98.9%	97.0%	97.9%	98.9%	99.2%	98.6%
KPI 11 Improvement Notices	95%	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%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Year 5 Quarter 3 (January 2019 – March 2019)

KPI Results	Contract Areas											
	Benchmark	East Kimberley	Goldfields	West Kimberley	Wheatbelt	Great Southern	South Metro	South West	Midwest Gascoyne	Pilbara	North Metro	South East Metro
KPI 12a Maintenance Works and Services Target Inspections	100%	98.0%	100.0%	99.4%	98.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 13 Industry Participation Plan	100%	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%	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	†	25.4%	13.2%	41.3%	5.6%	6.7%	8.8%	8.7%	7.4%	10.0%	7.3%	7.1%
KPI 14b Indigenous Enterprise	†	18.8%	11.1%	18.8%	4.8%	8.7%	23.3%	7.4%	13.0%	24.4%	9.5%	9.5%
KPI 15 Apprenticeship Plan	100%	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%	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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent per cent.

Table 13: Head maintenance contract key performance indicator performance: 1 April 2019 to 30 June 2019

KPI Results	Year 5 Quarter 4 (April 2019 – June 2019)											
	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%	0%	0%	0%	100%	100%	100%
KPI 2 Statutory Notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 3 Emergency (8 Hours)	100%	92%	88%	90%	88%	88%	95%	90%	91%	94%	99%	98%
KPI 4 Urgent (24 Hours)	95%	75%	81%	72%	79%	74%	88%	72%	77%	75%	96%	95%
KPI 5 Priority (48 Hours)	95%	85%	78%	74%	79%	78%	92%	77%	78%	76%	97%	96%
KPI 6 Void (Average Days)	14	11.2	13.3	14	7.6	13.8	18.4	12.5	19.2	14	10.9	10.5
KPI 7 Routine (28 Days)	95%	88%	84%	85%	91%	79%	85%	84%	84%	88%	96%	95%
KPI 8 Timeliness of Invoices	90%	81%	90%	82%	84%	86%	83%	84%	93%	96%	91%	91%
KPI 8a Quoted (Instruction)	95%	85%	91%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 8b Quoted (Works)	95%	100%	100%	92%	100%	73%	88%	86%	100%	100%	100%	100%
KPI 10 Non-Defective Works	90%	98%	98%	98%	99%	100%	99%	98%	98%	99%	99%	98%
KPI 11 Improvement Notices	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 12 Compliance Notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Year 5 Quarter 4 (April 2019 – June 2019)

KPI Results	Contract Areas											
	Benchmark	East Kimberley	Goldfields	West Kimberley	Wheatbelt	Great Southern	South Metro	South West	Midwest Gascoyne	Pilbara	North Metro	South East Metro
KPI 12a Maintenance Works and Services Target Inspections	100%	99%	100%	96%	99%	100%	100%	100%	100%	100%	100%	100%
KPI 13 Industry Participation Plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 14 Indigenous Employment and Enterprise Plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 14a Indigenous Employment	†	25%	13%	41%	6%	6%	7%	8%	11%	20%	8%	8%
KPI 14b Indigenous Enterprise	†	19%	11%	19%	5%	8%	25%	6%	11%	23%	10%	10%
KPI 15 Apprenticeship Plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 15a Apprenticeships	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

# Note: For KP1 for East Kimberley, West Kimberley, Great Southern, South Metro, South West and Midwest Gascoyne head maintenance contractors submitted invalid supporting safety documentation evidence, resulting in non-compliance with the Health, Safety and Environmental Management Plan.

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



## 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, plumbers/gas fitters and experienced general tradespeople) conduct physical inspections on works orders to identify compliance, check measurements,

quantity and review of 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 \$1,278,853.76 during 2018–19.

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 14 provides a breakdown of non-compliant audited works orders.

**Table 14: Non-compliant audited works orders: 1 July 2018 – 30 June 2019 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	3	1	0.0%
Labour added by head contractor without details	1	2	0.0%
Labour value incorrectly claimed	42	3	0.7%
Material added by head contractor exceeds authority limit	0	1	0.0%
Material added by head contractor without details provided	24	2	0.4%
Material value incorrectly claimed	80	3	1.2%
Schedule of rates incorrectly claimed	1864	3	29.1%
Schedule of rates added not related to original task	237	1	3.7%
Duplication of schedule of rates	196	3	0.0%

Non-compliance reason <sup>(2)</sup>	Works Orders	Category	Percentage
Detail not provided as required by schedule of rate	413	2	6.4%
Included in other schedule of rate claimed	1557	3	24.3%
Incorrect measurement or quantity claimed	708	3	11.1%
Workmanship non-compliant	339	4	5.3%
Task not done or incomplete	64	4	1.0%
Task not done and not required	84	4	1.3%
Head contractor claimed schedule of rate above self-variation threshold	16	1	0.2%
System issue	0	1	0.0%
Variable travel	1	3	0.0%
Emergency premium	534	3	8.3%
<b>Categories</b>			
Category 1 – Unauthorised works carried out		4%	
Category 2 – Administrative/documentation gaps		7%	
Category 3 – Incorrect financial charges applied		82%	
Category 4 – Quality/workmanship issues		8%	

**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) Table 15 provides definitions of Head Maintenance Contract non-compliant items listed in this table..

## Non-compliant items definitions

Table 15 provides definitions for each of the non-compliant items within the head maintenance contract.

Table 15: 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.

Item

Definition



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.



