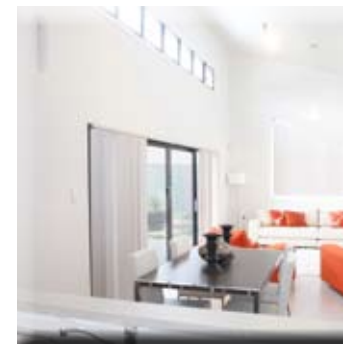
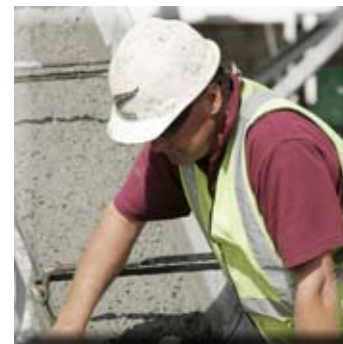


# Housing Authority 2007-08 Annual Report



## Our Vision

Responding to the hopes of all Western Australians for their housing and construction needs.

## Our Mission

Leading in the provision of housing services and development of a built environment which contributes to:

- Supportive, vibrant and sustainable communities;
  - A robust economy;
  - Strong regional development; and
  - The natural environment
- for the benefit of all Western Australians.

## Our Role

We are playing our part in building a better community by:

- Providing and supporting housing for Western Australians who cannot otherwise afford their own homes by arranging affordable housing finance, rental housing and land; and
- Providing government employees with quality housing in country areas.

Throughout this work, we are firmly focused on three strategic intentions:

- More people in housing;
- Improving and building sustainable Aboriginal communities; and
- Improving building and infrastructure.

We have more than 1,000 staff working across the State to help achieve these goals.

Note: The Housing Authority operates through the Department of Housing and Works under one administrative structure. This annual report deals only with the functions of the Housing Authority. The public works functions of the Department are detailed in a separate annual report



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## Statement of Compliance

FOR THE YEAR ENDED 30 JUNE 2008

**To the Hon Troy Buswell MLA Minister for Housing and Works**

In accordance with Section 61 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 ended 30 June 2008.

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 'J. Coles'.

John Coles  
Acting Director General



*Roey Estate Housing  
Kimberley*



## Director General's Report

## *A challenging time for housing ...*

The Authority's second full year of operations coincided with continuing strong growth in the West Australian economy.

The demand for accommodation to meet the growing population resulted in rapidly increasing real estate prices and very strong demand for rental properties.

It is a difficult environment in which to maximise the availability of social housing, and the emphasis is now on building partnerships with the non-government community housing sector to leverage and increase stock. Despite the pressures on the real estate market, many low-income earners have been given the chance to purchase their first home through home finance initiatives.

Joint ventures with some of the State's leading developers has ensured a supply of land and housing packages for people who would otherwise have difficulties buying a home.

Providing housing for government employees in regional areas of the State has been a particular challenge especially in the Pilbara and Kimberley regions where the mining and related industries experienced substantial growth.

These industries require a strong support base of government services and we continue to work on innovative ways to provide more housing for employees of our client agencies.

Providing appropriate housing for Aboriginal people in remote areas of the State has been a particular focus over the past year.

The Halls Creek Better Life project led by the Authority has made real progress in addressing housing and other issues in this East Kimberley town, and demonstrates what can be achieved when agencies work together on behalf of the community.

In addition we have commenced a comprehensive audit of remote housing in and will use this information to plan for the housing needs of these communities into the future.

I would like to pay tribute to our former Director General Bob Mitchell who retired this year after making a substantial contribution to this agency and the State of Western Australia.

In what has been a most challenging year I am grateful to the efforts of our staff and thank them for their professionalism and commitment.



Acting Director General

*Cerebal Palsy - Community Housing  
Mt Lawley*



## Overview of Agency

# Overview of Agency

## *Executive Summary*

### Highlights – Major Achievements for 2007-08

#### **Public Housing <sup>1</sup>**

In 2007-08, the Authority procured 762 new properties through construction and spot purchases adding to the 861 new properties from 2006-07. In addition, three units were completed that will be used as display homes in the short-term and eventual sale, an increase on the two completed in 2006-07.

The Authority also undertook refurbishment and bed-sitter conversions on 408 existing dwellings as it did for 536 dwellings during 2006-07.

The Alternative Home Construction Initiative promoting factory-built houses and innovative forms of construction was announced during 2007-08. This initiative aims to test the market to see if transportables can substantially reduce delivery times and cost. The homes will be used to meet the housing needs of government regional officers and people in remote indigenous communities.

The Housing Authority selected three builders to participate in its Innovation in Affordable Housing project, which aims to provide affordable housing using innovative forms of construction that save money and time. Through this project the Authority constructed three display homes in Banksia Grove using innovative construction materials and techniques, and commenced construction of a further 29 rental homes using these materials.

The development of new initiatives to assist more people into housing resulted in a 100 per cent increase in the Bond Assistance Loan Scheme budget in 2007-08, up from \$5.7 million to \$11.5 million.

#### **Community Housing <sup>2</sup>**

A three-tiered registration system has been developed, requiring community housing providers to meet strict business, governance, management and service delivery standards. Three 'first tier' growth providers have been registered.

A regulation and compliance unit was established within the Authority to assess and reduce risk and to ensure the ongoing compliance of funded organisations.

A new funding program the State Community Housing Investment Program (SCHIP) was introduced. The role of the SCHIP is to support sector capacity building and encourage greater integration of community housing within the social housing system.

<sup>1</sup> Public Housing: secure and affordable rental housing provided directly by the Authority for low-income families and individuals.

<sup>2</sup> Community Housing: rental housing managed by local government or non-government not-for-profit organisations offering security of tenure; affordable housing responsive to local needs; and tenant involvement in the management of their housing.

Tenancy allocations from the public rental housing waiting list into community housing managed options have commenced. By June 2008, 34 per cent of public housing applicants in the metropolitan area had indicated an interest in being housed by registered community housing providers.

### **Land and Housing Development**

During the year 1,958 lots were sold compared to 2,466 lots sold in 2006-07. This is primarily due to adverse market conditions related to affordability and buyer uncertainty. Despite this, the Land and Housing Development directorate has maintained its presence in the Western Australian land supply industry.

In particular, the Authority has responded to the changing pressures and demands in the Pilbara region with eight land subdivisions and urban renewal initiatives in South Hedland. The revitalisation of South Hedland will continue to be a focus for the Authority in the coming year.

This year, the Brookdale joint venture agreement was signed. Once completed, this project is expected to yield 2,600 lots. Approval was also given for a joint venture arrangement in Harrisdale.

### **Home Ownership**

The First Start shared equity scheme continued to assist those who have been forced out of the market as a result of the rapid increase in property prices over the past four years. The scheme provided 952 loans during the year, taking the total number of loans approved since its inception to 1,096.

Keystart increased its lending to West Australians in 2007-08 with 2,828 new loans and 860 increased loans provided totalling \$767 million. This represents a significant increase compared to the previous year's figure of \$381 million.

### **Government Regional Officers' Housing (GROH)**

In 2006-07, GROH received \$60 million to fund the construction of a 161-dwelling program. Due to cost escalations and demand pressures across the State, an additional \$95.2 million was allocated this financial year. This funding will flow over into the next three financial years.

### **Aboriginal Housing Services**

The Authority continued to progress the indigenous housing reform agenda to ensure that indigenous housing is managed to a high standard with more accountability. This includes engaging eight regional service providers to manage more than 2,200 indigenous houses, located in 120 communities, throughout the State. The regional service providers are located in Kununurra, Halls Creek, Fitzroy Crossing, Derby, Broome, Port Hedland, Geraldton, Kalgoorlie and the Ngaanyatjarra lands.

The Director General chaired the Essential Services Taskforce, which resulted in a report to the Government recommending that responsibility for essential services be transferred to the relevant authorities.

As part of the Halls Creek Better Life project, the Authority is committed to deliver additional and improved public housing, town-based communities and government officers' housing.



Key Statistics	2006-07	2007-08
Public rental housing waiting list (number of applications)	15,438	16,932
Average waiting time for public rental housing (weeks)	83	83
Keystart home loans approved (New and Increased Loans)	3,155	3,688
Value of Keystart home loans portfolio	\$1.61 billion	\$1.5 billion
Bond assistance (number of applicants assisted)	7,617	8,799
Vacant lots sold by Land and Housing Development	2,466	1,958
Construction and spot purchases (number and value) <sup>1</sup>	1,101 \$211 million	1,308 \$274 million
Refurbishment and bed-sitter conversions (number and value) <sup>2</sup>	652 \$40 million	521 \$46 million

#### Commentary on key statistics for 2007-08

1. The additional state funding for social housing, and the introduction of the State Community Housing Investment Program (SCHIP), enabled increased expenditure during 2007-08, in comparison to 2006-07. A significant portion of these funds were targeted towards spot purchase of existing dwellings, which resulted in more units being provided than in the previous year, and contributed to the Authority's commitment to stock growth.
2. Expenditure was greater than in 2006-07. However, due to increased construction costs fewer units could be refurbished with the available funds.

## Operational Structure

The Housing Authority is a statutory authority established under the *Housing Act 1980*.

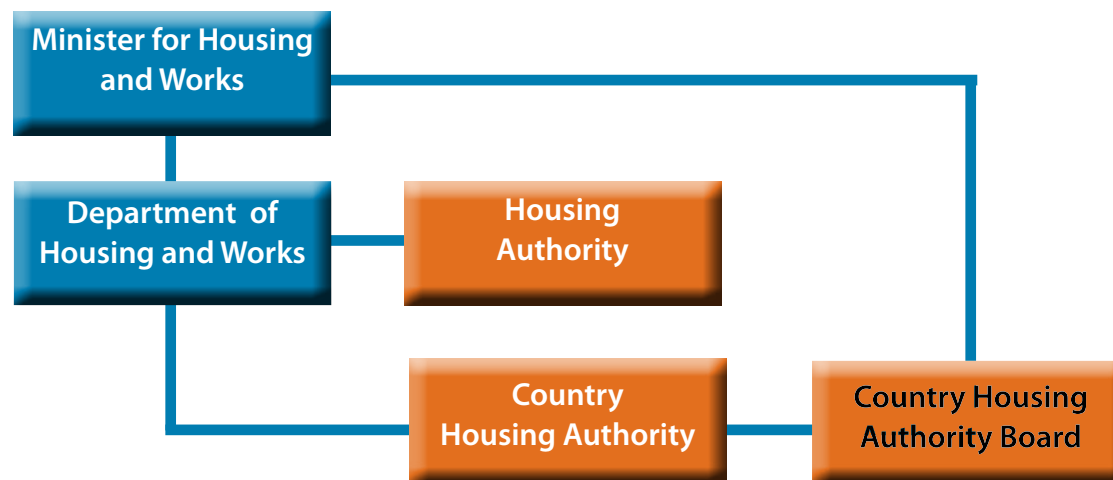
The Authority was created on 1 July 2006 with the proclamation of the *Machinery of Government (Miscellaneous Amendments) Act 2006*. The Authority is responsible for facilitating the provision of housing and accommodation of Western Australians experiencing housing need. It achieves this through the following core areas:

<i>Public Housing</i>	<i>Setting the direction for strategic asset management for the housing portfolio, policy and program development.</i>
<i>Community Housing</i>	<i>Regulate and partner with not-for-profit community organisations, housing associations and Local Government to provide people with affordable housing to grow the community housing sector.</i>
<i>Home Ownership</i>	<i>To assist low- to-moderate income earners to own a home through low deposit, affordable home ownership schemes.</i>
<i>Land and Housing Development</i>	<i>Supply affordable land for internal and external clients in quality, sustainable communities. Derive income from housing and land developments to fund the Housing Authority's social housing program.</i>
<i>Aboriginal Housing Services</i>	<i>Provides a range of housing programs and essential services to identified remote and town-based communities.</i>
<i>Government Regional Officers' Housing</i>	<i>Develop and promote a range of housing supply initiatives to support the achievement of the State Government's objectives by providing government employees with suitable and appropriate housing in country areas.</i>
<i>Housing Service Delivery</i>	<i>Co-ordinate regional service delivery across the housing portfolio; focus on best practice customer services; tenancy sustainability; performance and governance.</i>
<i>Office of the Deputy Director General</i>	<i>Oversee Federal and State housing relations, strategic policy development, strategic direction and strategic intelligence.</i>

The Housing Authority is accountable to the Minister for Housing and Works and, through the Minister, to Parliament.

The Housing Authority operates through the Department of Housing and Works (the Department) under one administrative structure.

## Housing Authority Portfolio Administrative Structure



### Changes from 1 July 2007

A new structure for the housing portfolio was implemented on 29 January 2008 in response to the updated strategic directions emerging from the Review and Rebuild program which reviewed all aspects of the Authority's operations. Two new directorates were established to replace Housing Management Services.

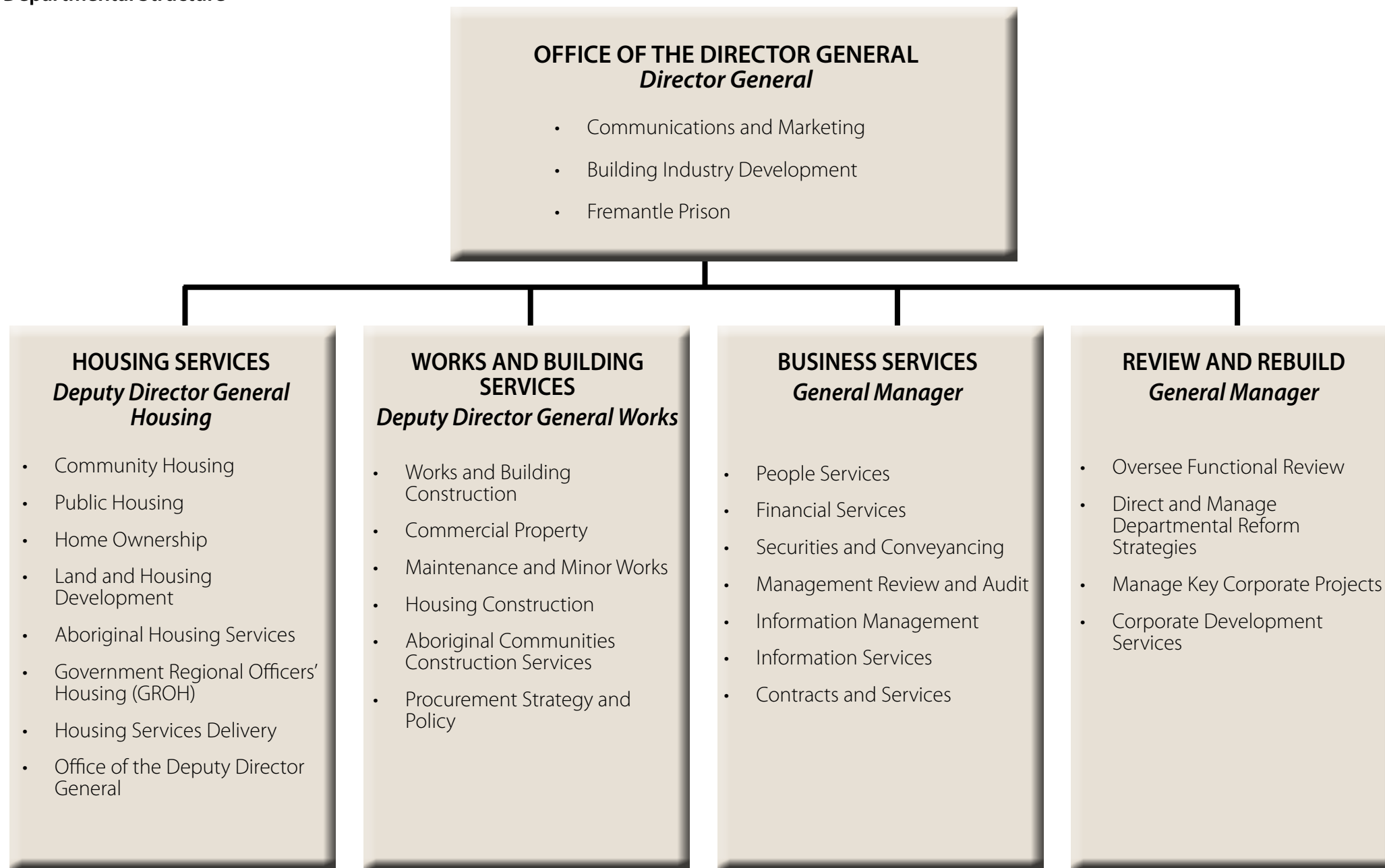
The new Public Housing directorate is responsible for the strategic management of the multi-billion dollar public housing portfolio. This includes programming housing constructions and disposals in response to client needs, together with improved maintenance of the housing stock. It will also develop and maintain operational policy including housing and tenancy support programs.

The Service Delivery directorate, which includes our regional network, was established solely to ensure our customers remain the centre of attention and we continue to improve the way we deal with them on a daily basis. Service Delivery will play a critical role in informing our business areas of customers' current and future needs.

The Office of the Deputy Director General was established to improve the integration of strategic policy and whole-of-portfolio issues. As part of the change, the Housing Policy directorate has been rolled into the Office of the Deputy Director General. Its role is to assist the Deputy Director General Housing with Federal-State relations and strategic policy development.

### The Executive

The Department operates under a governance structure in which authority and accountability are shared between the Director General and the various divisions of the Department (portfolios).



## Review and Rebuild

A departmental-wide review – the Review and Rebuild program – commenced in September 2006 and looked at all aspects of our operations. The aim of the review was to determine the most appropriate responsibilities, organisational structures and funding models to ensure effective delivery of the Department's services so they align with government priorities, policies and principles.

The review was carried out according to the *Guidelines for Public Sector Reviews and Evaluations (2005)*. A review steering committee, which featured an independent reviewer and senior executives from the Department of the Premier and Cabinet and the Department of Treasury and Finance, oversaw the review program, which was completed as planned by 30 June 2008.

The findings of the Review and Rebuild program are now being implemented. Together with promoting best practice procurement processes, the review is expected to deliver improved:

- Housing outcomes for the community;
- Service delivery through better alignment of products and services with customer's needs;
- Financial and people management; and
- Partnerships with our colleagues in government and business and the broader community.

The review steering committee will continue to meet through 2008-09 to monitor implementation of the review recommendations.



## Values and Leadership

### Our Core Values

#### Work together as a committed team

We support each other as we perform our individual roles in harmony with the strategic direction of the Department.

#### Act with respect

We remain conscious of the value of individuals in the way we behave towards each other and the Western Australian community.

#### Strive to be innovative

We develop new ideas and concepts and seek ways to convert them into practical forms that will increase our contribution to improving the welfare of the community.

#### Act with integrity

We earn and sustain public trust by performing our work conscientiously, reliably and transparently.

#### Embody professionalism

We strive to develop and apply our expertise and skills in all our endeavours.

#### Take pride in what we do

We respect and value the contributions of our staff and the Department's overall contribution to the well-being of the Western Australian community.

## Our Desired Leadership Attributes

- Set a clear, consistent and achievable direction
- Build and support our team to perform
- Challenge the way we do business
- Lead by example
- Communicate clearly

## Responsible Minister

For the implementation and administration of housing legislation, the Housing Authority and the Department of Housing and Works are responsible to the Hon Troy Buswell MLA, Minister for Housing and Works; Treasurer; Commerce; Science and Innovation.

## Legislation Administered

Subject to the control and direction of the Minister, the Housing Authority is responsible for the implementation of the provisions of the *Government Employees' Housing Act 1964*, *Housing Act 1980*, *Housing Loan Guarantee Act 1957\** and *Housing Societies Act 1976\**.

*\*The Housing Societies Repeal Act 2005* was given Royal Assent on 5 October 2005. When Part 3 of that Act is proclaimed, it will repeal the *Housing Loan Guarantee Act 1957* and the *Housing Societies Act 1976*. This will occur once all housing societies operating under the *Housing Societies Act 1976* have been wound up.

## Performance Management Framework

### Our contribution to government goals and outcomes

The State Government's plan for improving the quality of life of all Western Australians is described in *Better Planning: Better Futures – A Framework for the Strategic Management of the Western Australian Public Sector*, released in September 2006.

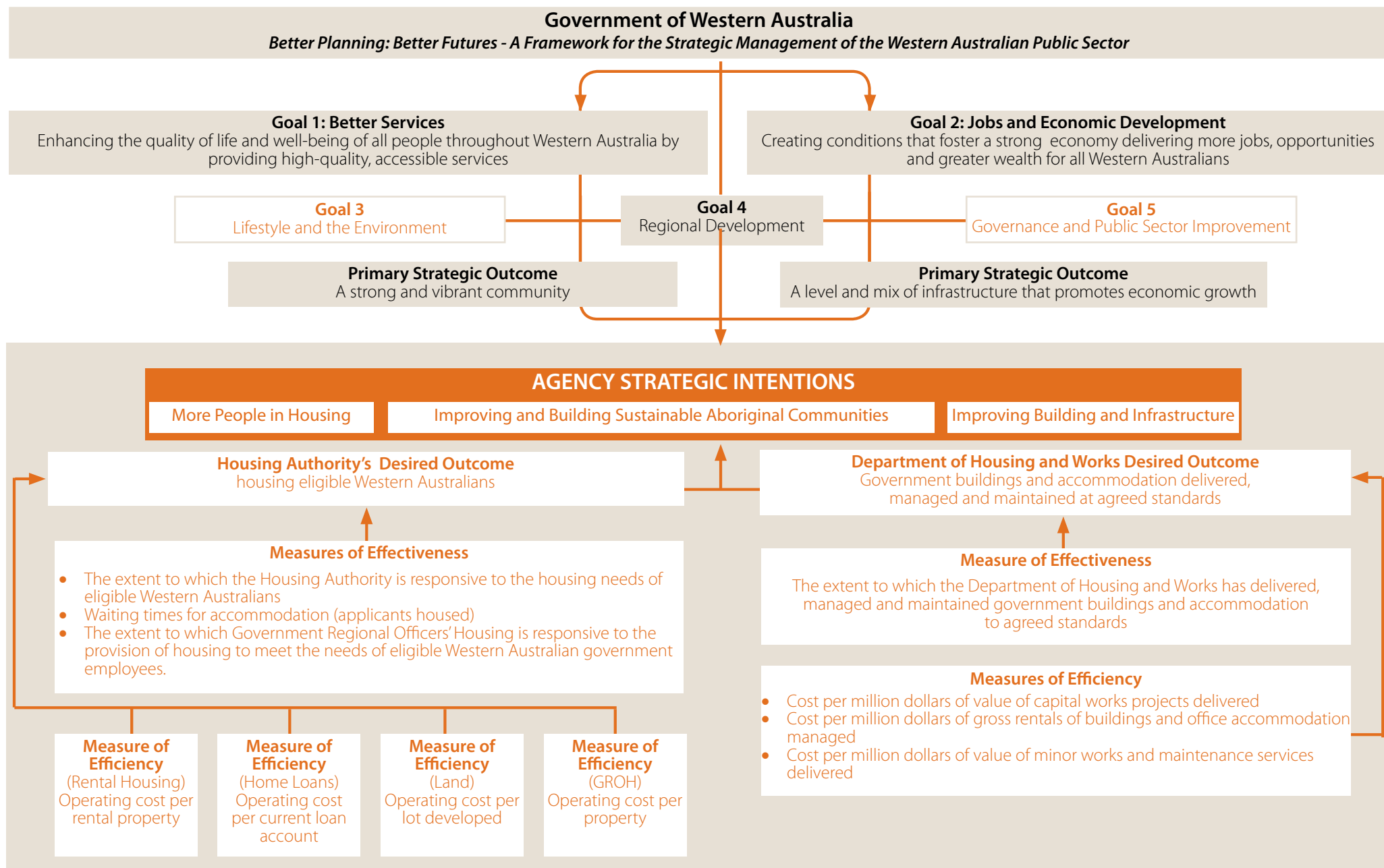
The framework is built on five goals for government relating to:

- Better services;
- Jobs and economic development;
- Lifestyle and the environment;
- Regional development; and
- Governance and public sector improvement.

Goals one, two and four and their related strategic outcomes – a strong and vibrant community, and a level and mix of infrastructure that promotes economic growth – are central to our core business. We service a wide variety of people across the community, including social housing clients, Aboriginal communities, government employees, all State Government departments, and many building, construction, industry groups and associations. In doing this, we contribute significantly to other agency outcomes such as those related to education, justice, health, regional development and indigenous affairs.

The following diagram illustrates our key outcomes, services and performance indicators, along with our strategic intentions and planning directions for Western Australia.

# Performance Management Framework



The Authority's contributions to the achievement of the five goals for government are summarised below:

**Goal 1: Better Services. Enhancing the quality of life and well-being of all people throughout Western Australia by providing high-quality, accessible services.**

The Authority contributes to this goal by providing and supporting housing for Western Australians who cannot otherwise afford their own homes by arranging affordable housing finance, rental housing and land.

**Goal 2: Jobs and Economic Development. Creating conditions that foster a strong economy delivering more jobs, opportunities and greater wealth for all Western Australians.**

The Authority contributes to this goal by ensuring that social infrastructure is built and maintained to a high standard. This helps create an environment that encourages learning, skills and the development of creativity for competitive advantage.

**Goal 3: Lifestyle and the Environment. Protecting and enhancing the unique Western Australian lifestyle and ensuring sustainable management of the environment.**

The Department is committed to reducing adverse impacts on the environment through waste avoidance and resource recovery. Included in this annual report are details of some of the Department's approaches to waste, energy, water, vehicles and travel.

The Authority is engaged in a number of sustainable housing projects in Ellenbrook, Harrisdale and Brighton which aim to develop socially and environmentally sustainable housing. In addition to these projects, all new public housing is constructed to minimum 5 Star energy standards under the Building Code of Australia.

**Goal 4: Regional Development. Ensuring that regional Western Australia is strong and vibrant.**

The Authority has a strong presence in regional Western Australia with offices in the Southern, South West, Central/Goldfields, Mid West/Gascoyne, Pilbara, Kimberley and Wheatbelt regions. This provides enhanced decision making based on a thorough understanding of regional issues and effective service delivery to regions that responds to the need of diverse communities.

The Authority provides services, such as maintenance, to clients in regional areas through these offices.

The Authority supports the delivery of all Government services in regional Western Australia through the provision of suitable and appropriate housing for State Government employees posted to regional areas.

**Goal 5: Governance and Public Sector Improvement. Developing and maintaining a skilled, diverse and ethical public sector serving the Government with consideration of the public interest.**

The Authority develops and maintains a skilled, diverse and ethical workforce through a comprehensive learning and development program, graduate program, indigenous training program and misconduct awareness training.

The Authority has a strong authorisations framework in which authority and accountability are shared across the organisation. The Authority is a strong values-based organisation that promotes open and honest communication and integrity in the workplace.

*GROH Office  
Shenton Park*



## Agency Performance



# Agency Performance

## Audited Performance Indicators

### Outcome: Housing eligible Western Australians.

Goal 1 of the Strategic Planning Framework for the Western Australian Public Sector is to enhance the quality of life and well-being of all people throughout Western Australia. Housing satisfies a basic need for shelter. In the wider context, affordable, safe and secure housing contributes to positive social outcomes in health, education and employment. The Housing Authority contributes to this goal by providing housing through its rental housing, home finance and land activities for eligible Western Australians who may not otherwise be able to obtain housing.

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

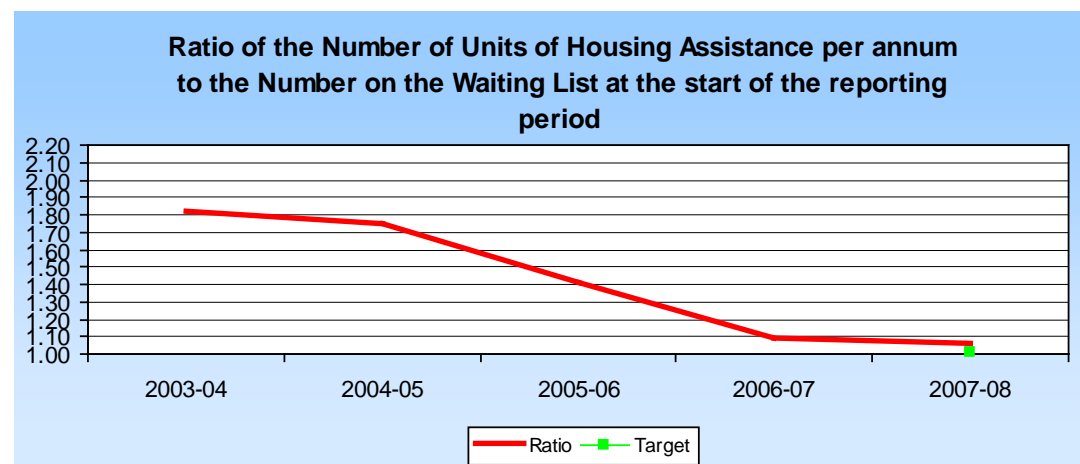
It is a key strategy of the Authority to ease the pressure on the waiting list for public housing by offering low-to-moderate income earners the opportunity to purchase their own home, either through the purchase of a low-to-medium priced housing lot or through a home loan, or a bond loan to enter the private rental market.

Through the GROH service, the Housing Authority contributes to this goal, and supports Goal 4 to ensure that regional Western Australia is strong and vibrant, by providing government employees with suitable and appropriate housing in country areas. This supports the Government's commitment to deliver public services such as education, health and policing.

### Effectiveness Indicator 1

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

This indicator measures the Authority's capacity to respond to demand as expressed by the waiting list for public rental housing. 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, is an indicator of the Authority's capacity to respond to expressed demand for housing assistance from eligible Western Australians. The higher the ratio, the greater the capacity to offer assistance.



	Actual					Target
	2003-04	2004-05	2005-06	2006-07	2007-08	2007-08
Total housing assistances *	23,659	22,348	18,537	14,991	16,382	15,662
Public rental waiting list at June previous financial year	12,981	12,788	13,125	13,780	15,438	15,438
Ratio	1.82	1.75	1.41	1.09	1.06	1.01

\*For 2007-08, the total units of housing assistance comprised:

- Number of bond assistance loans approved	8,799
- Number of home loans approved (new and increased)	3,688
- Number of public rental occupations	3,304
- Number of Housing Authority (including Joint Venture partner) land sales below \$195,000 <sup>#1</sup>	591

#1 The benchmark cut-off for the lower end of the market (\$195,000 lower quartile) is derived from the Real Estate Institute of Western Australia's Market Update Report March Quarter 2008, which contains the final December Quarter 2007 lower quartile. The report provides the lower quartile for Western Australia (State) residential land sales.

The ratio has been trending downwards over the past four years due to market conditions. However in 2007-08 the ratio remained comparable to the previous year and improved on the target. The significant increase in the number of housing assistances in 2007-08 is offset by the large increase in the waiting list.

Despite the very competitive private housing market, increasing rents and historically low vacancy rates, bond assistance loans increased during the year as a result of a number of initiatives introduced in July 2007 to provide a significant boost to affordability in the private rental market. The initiatives included substantially increased loan amounts, payment of rent in advance extended to all bond applicants (previously only to those with special needs: domestic violence, homeless) and increased income limits.

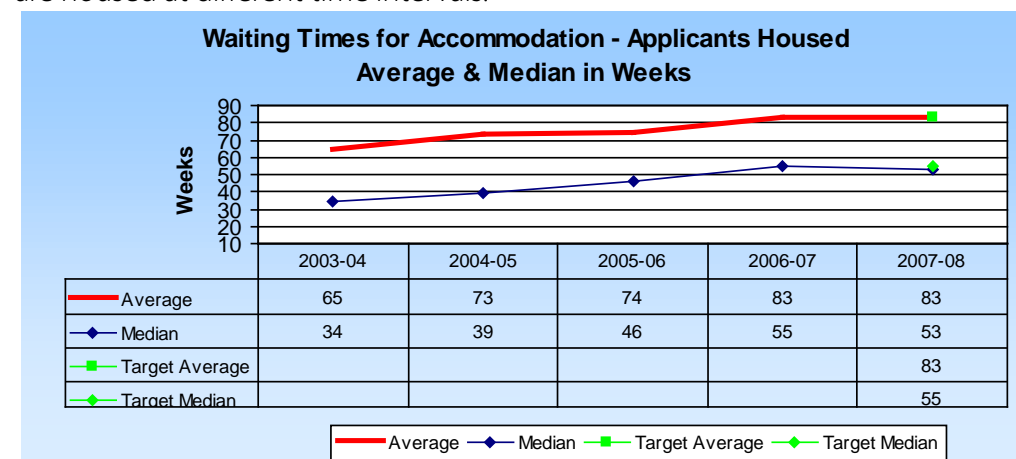
Home loans approved by Keystart increased in comparison to the previous year and the original budget target. The increase in lending particularly in the latter part of the financial year was due to price falls in some suburbs thus improving affordability. Keystart's competitive interest rate and the tightening of the lending criteria by other lenders has also resulted in borrowers turning to Keystart.

## Effectiveness Indicator 2

### Waiting times for accommodation – applicants housed.

The waiting time for accommodation measures the extent to which public rental housing provision is responding to the needs of eligible rental applicants. It demonstrates the Authority's capacity to respond to demand on the waiting list. The greater the capacity to meet demand, the shorter the waiting time. Waiting time is defined as the difference between the time when the customer was listed on the waiting list and when they were housed.

The graph below shows the waiting times of all applicants housed during the year in terms of average and median. The target is to maintain or improve the previous year's result. The table Distribution of Waiting Times provides context to the average and median waiting times by illustrating how effectively people are housed at different time intervals.



	Distribution of Waiting Times				
	2003-04	2004-05	2005-06	2006-07	2007-08
< 1 month	20.37%	18.47%	19.30%	14.06%	12.65%
1-12 months	38.82%	38.52%	33.59%	34.85%	36.53%
1-3 years	26.41%	25.67%	29.67%	30.58%	31.20%
3-5 years	12.02%	14.03%	15.44%	17.34%	15.68%
5+ years	2.37%	3.32%	2.00%	3.17%	3.93%

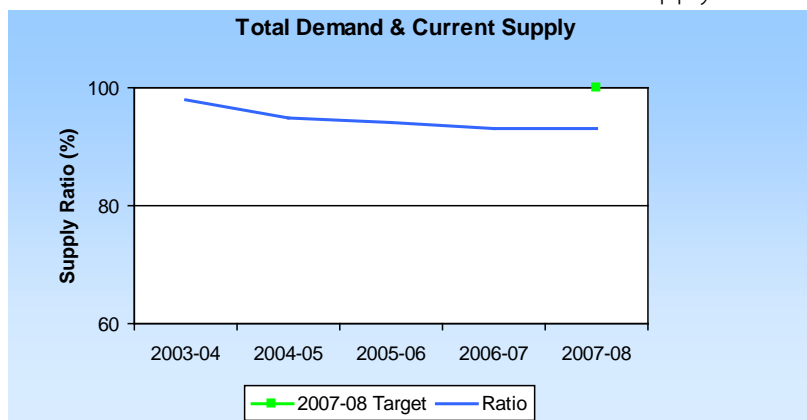
Average wait times remained at 83 weeks compared with the target. The median wait times decreased slightly to 53 weeks compared with the target. The decrease in the median was due to a slight increase in the percentage of people housed within one year and a slight decrease in the percentage housed after a year.

The waiting list increased by 9.68% in 2007-08 compared to the previous year. It increased by 12.03% in 2006-07 compared to the 2005-06. This may have contributed to the stabilisation in the waiting times. There has also been an increase in the number of priority applicants on the waiting list during the year who would have shorter waiting times.

### Effectiveness Indicator 3

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

This indicator measures the capacity to respond to demand as expressed by departments' requests for accommodation. This is calculated by dividing the supply, or allocation of stock at the end of the year, by the demand for accommodation in the form of requests from departments and allocation of stock at the start of the year. This is an indicator of the response to demand for housing assistance for Western Australian Government employees. The supply ratio indicates GROH's level of success in providing accommodation in response to the demand from government departments. The desired target is 100 per cent – where the demand for accommodation matches the supply of units available.



	Demand and Supply					
	Actual					Target
	2003-04	2004-05	2005-06	2006-07	2007-08	2007-08
<b>Demand</b>	4,262	4,399	4,550	4,709	5,042	
<b>Supply</b>	4,156	4,197	4,261	4,392	4,696	
<b>Ratio</b>	98%	95%	94%	93%	93%	100%

Although the number of properties supplied increased significantly, the ratio of supply to demand is below the target to supply 100% of properties requested and remained at the same rate in 2008 as that of the previous year. This is the result of a continued strong increase in demand, particularly in the Pilbara, created by the resources boom. Increased demand was from the Department of Education and Training, the Western Australian Police, Department of Corrective Services, and Department for Child Protection.

### Efficiency Indicators:

The Authority provides four major services: rental housing, home loans, residential land and GROH.

#### Service 1: Rental Housing

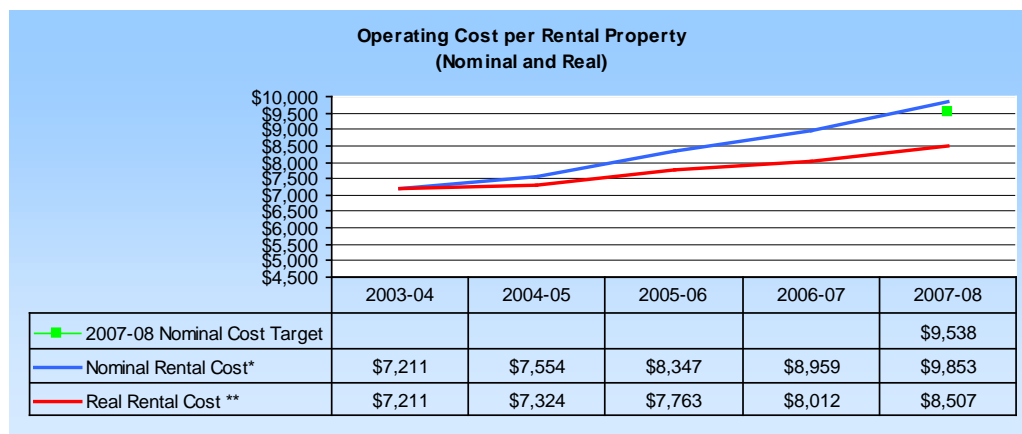
This service contributes to the Authority's outcome by providing eligible Western Australians with public rental housing and State-owned indigenous public housing. The Authority also provides rental properties managed by non-profit community organisations, housing associations and Local Governments through our joint venture and community housing and crisis accommodation programs and properties built for indigenous communities.

### Efficiency Indicator 1

#### Operating Cost per Rental Property

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

The total operating cost of the rental service consists of community support, depreciation and amortisation, finance costs, administration costs (employee benefits, supplies and services and accommodation), rental, New Living program (refurbishment of public housing in high density areas) and other expenses. Community support expenses include the repair and maintenance of infrastructure, as well as power, water and wastewater in indigenous communities and town reserves, which cannot be directly attributed to a property.



\*Nominal refers to the face value of the money.

\*\*Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per rental property has been adjusted to 2003-04 prices.

\*\*\*An adjustment has been made to the 2006-07 Nominal Rental Cost figure because of a change in the accounting treatment of fixed assets. Previously fixed assets with a value over \$1,000 were capitalised. This threshold has been increased to \$5,000. Therefore any assets purchased between \$1,000 and \$5,000 are now expensed. The expenses have been adjusted.

The operating cost per rental property increased from \$8,959 to \$9,853 in the 2007-08 financial year. The increase was \$315 above the target. This was due to an increase in rental expenses primarily as a result of increased expenditure on improvements to preserve the assets of the Authority, insurance expense (including Cyclone George) and maintenance. Increased costs for labour and supplies on rental expenses also contributed. There were also increases in local authority and Water Corporation rates and an increase in depreciation and amortisation expenses due to the impact of increased property values determined by the Valuer General's Office.

## Service 2: Home Loans

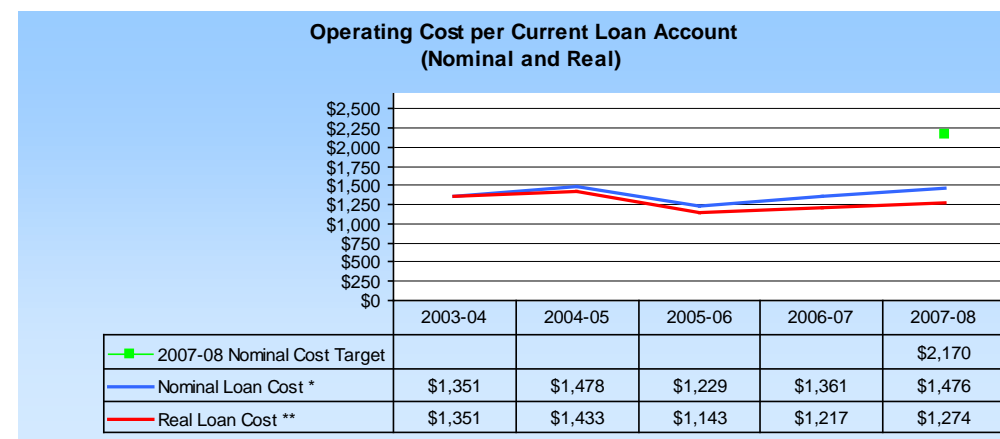
This service contributes to the Authority's outcome by providing home ownership schemes for eligible applicants.

### Efficiency Indicator 2

#### Operating Cost per Current Loan Account

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

The total operating cost of the home loans service consists of community support, depreciation and amortisation, administration costs (employee benefits, supplies and services and accommodation), rental and other expenses. Keystart finance costs for loan advances to clients are excluded, as borrowing costs are incurred and borne by clients and therefore do not relate to the resources in approving and processing loan applications and managing loan accounts.



\*Nominal refers to the face value of the money.

\*\*Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per loan has been adjusted to 2003-04 prices.

\*\*\*An adjustment has been made to the 2006-07 Nominal Loan Cost figure because of a change in the accounting treatment of fixed assets. Previously fixed assets with a value over \$1,000 were capitalised. This threshold has been increased to \$5,000. Therefore any assets purchased between \$1,000 and \$5,000 are now expensed. The loan expenses have been adjusted.

Operating costs have remained fairly stable over the past five years. The operating cost per current loan account for the 2007-08 financial year increased to \$1,476 from \$1,361 in 2006-07. However it was \$694 below the original budget target.

The increase on the previous year was mainly due to the introduction of more shared equity loans which are more complex and require added resources and an increase in computer expenses for the development and implementation of new systems.

The 2007-08 actual was below the target due to cost savings through bringing the Scheme Management function in-house, it had previously been outsourced, and a savings in administration cost with lower corporate overhead costs than anticipated. The number of current active loans were higher than projected as the number of discharges reduced in 2007-08 mainly due to the credit squeeze which resulted in many lenders contracting on their lending and increasing their interest rates beyond that of the Reserve Bank.

### Service 3 : Land

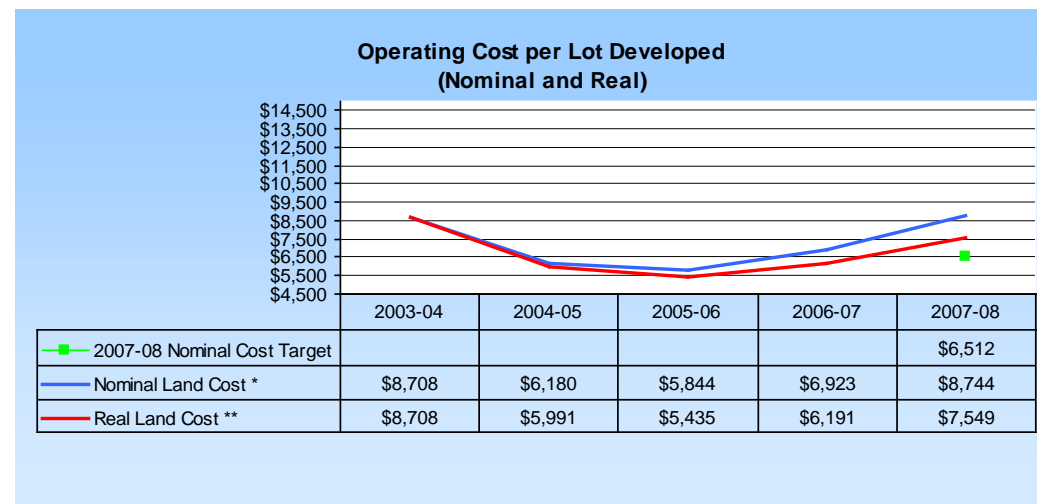
This service contributes to the Authority's outcomes by providing housing lots.

### Efficiency Indicator 3

#### Operating Cost per Lot Developed

This indicator measures the efficiency of the land service. It is calculated by dividing the total cost of the service (total expenses) by the number of lots developed for sale.

The total operating cost of the land service consists of depreciation and amortisation, finance costs, administration costs (employee benefits, supplies and services and accommodation), rental and other expenses.



\*Nominal refers to the face value of the money.

\*\*Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per lot developed has been adjusted to 2003-04 prices.

\*\*\*An adjustment has been made to the 2006-07 Nominal Land Cost figure because of a change in the accounting treatment of fixed assets. Previously fixed assets with a value over \$1,000 were capitalised. This threshold has been increased to \$5,000. Therefore any assets purchased between \$1,000 and \$5,000 are now expensed. The land expenses have been adjusted.

The operating cost per lot developed for the 2007-08 financial year increased to \$8,744 from \$6,923 in 2006-07. The increase was \$2,232 above the original budget target.

This was primarily due to increased finance costs resulting from the interest on the additional borrowings for the strategic acquisition of land at Caversham to maintain the Authority's ongoing supply of residential land. This did not form part of the original budget. Also the number of lots developed were lower than the previous year and against the target. This was as a result of the decreased demand due to adverse market conditions.

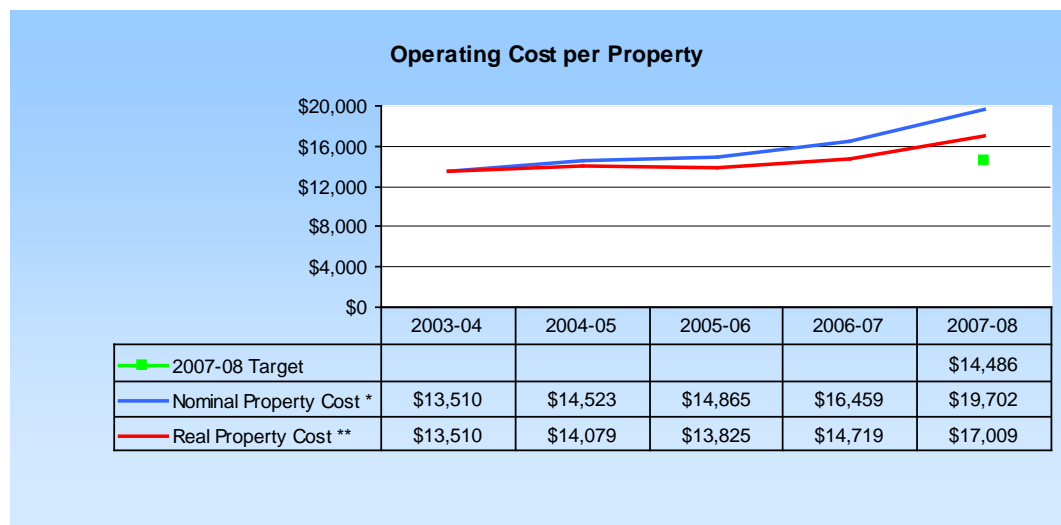


## Service 4: Government Regional Officers' Housing

### Efficiency Indicator 4

#### Operating cost per property

This indicator measures the cost efficiency of providing GROH housing. It is calculated by dividing the total costs by the total number of properties at the end of the year.



\*Nominal refers to the face value of the money.

\*\*Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per property has been adjusted to 2003-04 prices.

Operating costs whilst initially stable have increased in recent years. The operating cost per property for the 2007-08 financial year increased in comparison to the previous year and was above the original budget target. GROH received a market driven increase in rental income from government departments in 2007-08. This increase in income was returned to departments via an increase in expenditure on maintenance and refurbishment of properties and was reflected in budget changes during the course of the year.

# Report on Operations

## Social Housing<sup>3</sup>

The key aim of the Housing Authority is to ensure that Western Australians have access to housing that is affordable, appropriate, safe, sustainable and secure.

We have a total of 39,100 housing properties throughout the State, including:

- 35,473 rental properties for individuals and families on low-to-moderate incomes. Subsidies ensure that tenants do not pay more than 25 per cent of their income in rent;
- 1,953 units in joint venture projects with supporting organisations;
- 888 properties for community housing groups;
- 520 properties for crisis accommodation; and
- 266 properties for the SCHIP.

In addition there are:

- 32 properties for indigenous urban community housing; and
- 1,526 properties built in remote areas for Aboriginal people.

Formal housing management arrangements have been established with 2,200 houses in 120 remote Aboriginal communities. Funding is provided for operational management, repairs, maintenance and tenancy support.

In May 2007, additional funding was allocated for social housing, which will allow 3,688 units to be completed over four years.

Further funding was also allocated for affordable housing and land initiatives over three years. This included \$80 million for social housing, comprising of \$50 million to increase social housing stock, \$1.5 million to buy lodging house accommodation in Fremantle, \$4.8 million for crisis accommodation and \$24 million for the Mental Health Strategy. The additional funding for social housing will allow a further 124 units to be completed over the next two years.

In 2007-08, the Authority procured 1,215 new properties through construction and spot purchases for social housing. This is an increase on the 987 procured during 2006-07.

## Public Housing

### Overview

As at 30 June 2008, the Authority provided more than 68,475 people with accommodation in its public rental housing program. A further 16,932 applicants were waiting for accommodation.

The Authority is responsible for planning housing constructions and disposals in response to client needs, together with improved maintenance of the dwellings. It is also responsible for developing and maintaining operational policy including housing and tenancy support programs.

### Major Highlights for 2007-08

- The development of new initiatives to assist more people into housing resulted in a 100

per cent increase in the Bond Assistance Loan Scheme budget in 2007-08, from \$5.7 million to \$11.5 million. In 2007-08, the Authority procured 762 new properties through construction and spot purchases, as well as undertaking refurbishment and bed-sitter conversions on 408 existing dwellings. In addition, three units were completed that will be used as display homes in the short-term and eventually be released for sale.

- The joint venture project with St Vincent De Paul in Woodbridge to house homeless men was completed in March 2008. This development will house 28 men in self-contained units with an additional unit for a caretaker.
- Twelve new units for family accommodation over nine sites were completed in Wiluna, providing an improved standard of accommodation in the town.
- The project at Lester Avenue, Geraldton, was completed in July 2008. This involved building nine new units for seniors and single persons, as well as the refurbishment of six heritage units, which were the old Police Barracks.
- In 2004-05, the then State Housing Commission commenced a regional upgrade strategy to replace 800 properties and refurbish a further 200 properties in regional Western Australia. Under the regional upgrade strategy, 78 units were commenced and 139 units completed in 2007-08. These included units in Katanning, Moora and Roebourne. In addition, the refurbishment of 56 units commenced and 65 were completed throughout the State.

<sup>3</sup> **Social Housing:** a collective noun describing both Public Housing and Community Housing.

## Bond Assistance

The Authority's Bond Assistance Loan Scheme was established to help people on low incomes access the private rental market by providing interest-free bond loans.

In spite of the very competitive private housing market, increasing rents and historically low vacancy rates, the number of bond loans issued this financial year increased from the previous financial year.

Preparations were finalised for a range of major improvements to the scheme. Substantially increased loan amounts, payment of rent in advance to all bond applicants, and increased income limits were introduced in July 2007, and will provide a significant boost to affordability in the private rental market. The scheme remains popular with customers and the private real estate industry and included loans totalling \$8.97million in 2007-08 comprising of:

- Approval of 8,799 Bond loans valued at \$6.26 million;
- Approval of 6,784 Rent In Advance loans totalling \$2.65 million;
- Approval of 66 Private Rental Aboriginal Assistance loans valued at \$57,652;
- Loan repayments by customers of more than \$3.85 million;
- Some 66 per cent of loan repayments (\$2.54 million) made through direct deductions from Centrelink payments; and
- The number of clients assisted in 2007-08 increased 16 per cent from 2006-07.

At 30 June 2008, there were 20,164 bond applicants paying off bond loans valued at \$8.05 million.

As part of the Authority's commitment to reducing homelessness, Rent In Advance loans were provided during the year to 6,784 applicants, totalling \$2.65 million.

The Authority entered a service agreement with Foundation Housing in January 2007 to assist Aboriginal people access private rental housing through the Private Rental Access Scheme (PRAS). The scheme aims to improve indigenous people's access to the private rental market in the metropolitan area through education, mentoring and awareness of tenants' rights and responsibilities. Over the 12 months, the scheme helped 21 families obtain private rental accommodation.

The Authority also continued to deliver the Private Rental Aboriginal Assistance Loan scheme (PRAAL). The objective of PRAAL is to assist Aboriginal people in private rental who are at risk of losing their tenancy and likely to become homeless, by providing a loan for up to six weeks to cover rental arrears. During the year, 66 families were assisted at a cost of \$57,652.

The primary purpose of the Homeless Advisory Service is to act as a central contact point for homeless people without shelter to find accommodation.

Short-term support was provided by a community-based organisation (RUAH) to help individuals, couples and families who are homeless to successfully make the transition into private rental.

The RUAH Tenancy Support Program supported a total of 71 households. In some instances, this service is provided to tenants in public housing.

## Maintenance

Maintenance is carried out regularly on all our rental properties, either on a day-to-day basis, when the property is vacated, or through refurbishment programs.

A total of \$77.24 million was spent on maintenance and improvements to rental properties during the year.

This included:

- \$29.77 million on day-to-day maintenance;
- \$14.57 million on vacated properties;
- \$17.68 million on refurbishments and improvements such as heating, ceiling fans, disability fittings and fencing;
- \$10.23 million on planned maintenance including internal and external painting; and
- \$4.99 million on estates maintenance, that is, maintaining the grounds and gardens at housing complexes.

In addition, the Authority spent \$8.28 million to renew or replace damaged items through insurance funding, compared to \$4.61 million in 2006-07.

Approximately \$1.5 million was spent to replace the high number of roofs damaged by Cyclone George in March 2007.

There was also considerable loss due to house fires, and the Authority has taken action in conjunction with the Fire and Emergency Services Authority (FESA) to further educate tenants by publishing a brochure on testing smoke alarms, focusing on personal safety and maintenance.

## Appeals

Our appeals procedure is a three-tier process that allows customers to appeal against virtually any decision made by the Authority. Examples of appeals might include decisions involving applications for priority accommodation, bond assistance, a housing loan, rental arrears, or a tenant's liability for repairs.

All decisions that adversely affect customers are automatically reviewed by another departmental officer not involved in the original decision-making process. The customer can then appeal against an adverse decision to the Regional Appeals Committee. If that appeal is rejected, then the customer can appeal to the Housing Review Panel, an independent panel of community members appointed by the Minister for Housing and Works.

An external consultant reviewed the appeals process in 2007-08. The consultant's recommendations are now being assessed so that changes can be made in the first half of 2008-09 to ensure that the public housing appeals process is more user-friendly and accountable to its customers.

A total of 1,893 appeals were lodged with the Regional Appeals Committee, a decrease of 17 per cent compared to the 2,288 lodged in 2006-07. Of these, 78 were either carried over or withdrawn and 91 were deemed ineligible. Additionally, 383 were resolved prior to hearing. During the year, the Regional Appeals Committee determined 1,341 appeals, a decrease of 16 per cent on the previous year.

The appeals were determined as follows:

Decision	2006-07		2007-08	
	Total No. of Appeals	% of Appeals	Total No. of Appeals	% of Appeals
In favour of appellant	542	34	549	41
Dismissed	908	57	647	48
Partially upheld	145	9	145	11
<b>Total Appeals</b>	<b>1,595</b>	<b>100</b>	<b>1,341</b>	<b>100</b>

A total of 155 appeals were considered by the Housing Review Panel, which represented a decrease of 22 per cent compared to the 200 determined in 2006-07. These appeals were determined as follows:

Decision	2006-07		2007-08	
	Total No. of Appeals	% of Appeals	Total No. of Appeals	% of Appeals
In favour of appellant	94	47	85	55
Dismissed	106	53	70	45
Partially upheld	0	0	0	0
<b>Total Appeals</b>	<b>200</b>	<b>100</b>	<b>155</b>	<b>100</b>

# Community Housing

## Overview

The Authority works with non-profit community organisations, housing associations and Local Government to provide tenants with an alternative to renting in public or private rental markets.

During the year, 358 accommodation units were completed across WA under our community housing programs, with a further 145 units provided from public rental housing stock. Of the 503 units completed, more than 70 per cent will be managed by registered growth and preferred providers. A total of 117 units were provided for persons with disabilities. The Authority has accommodation managed by community housing organisations under its various community housing programs as detailed below.

Community Housing Program	Units
Crisis Accommodation Program: Provides capital funds to build and buy crisis service residential premises such as women's refuges, night shelters, and emergency accommodation for youth.	520
State Community Housing Investment Program: Provides long-term community housing, using equity contributions from community housing organisations and tenancy allocations directly from the Authority's public rental housing waiting list.	266
Joint Venture Housing Program: Targets organisations that have resources to contribute to the development of rental accommodation options for people on low incomes.	1,953
Lease for Life Joint Ventures: In a resident-funded joint venture, organisations and the Authority pool their resources and skills to provide low-income housing to seniors in WA. When applicants are allocated housing from the waiting list, they purchase a lease for life in the unit. No rent is paid, instead an agreed management and maintenance fee is charged.	149
Community Housing Program: This involves the purchase or construction of community-managed rental housing for people on low-to-moderate incomes.	888
Community Disability Housing: This involves the purchase or construction of community-managed accommodation options for people with disabilities who require support to live independently in the community.	43
Community Housing Managed Public Rental Assets	Units
Lodging House Accommodation: A lodging house can be defined as premises where a room (or part of the premises) is available for occupation for rent, with the permission of the owner. A boarding house is a lodging house where meals (or some other services) are provided. In reality, the terms are used interchangeably.	132
Public Housing Leasing Program: Public housing stock that has had its management transferred to growth community housing providers.	28
Community Disability Housing Program: Provides community-managed accommodation options for people with disabilities who require support to live independently in the community.	1,204
Mental Health Strategy: The Authority has entered into an agreement with the Department of Health to construct units of accommodation for mental health clients.	35



## Major Highlights for 2007-08

- A three-tiered registration system was introduced requiring community housing providers to meet high-level business, governance, and management and service delivery standards. Three first-tier growth providers have been registered. The three tiers consist of:
  - Growth providers. Not-for-profit companies that manage more than 500 rental properties, comply with the Western Australian Regulatory Code for Growth Community Housing Providers, and participate in the common social housing waitlist;
  - Preferred providers. Not-for-profit, church or local government bodies that manage more than 100 rental properties, comply with the National Community Housing Standards and have a business plan that supports growth and financial sustainability; and
  - Registered Providers. Not-for-profit, church or local government bodies that manage rental properties for specific groups or within a geographic area and comply with the National Community Housing Standards.
- An additional \$44 million was spent growing the sector by mostly utilising not-for-profit housing providers under the 'growth' provider strategy through the SCHIP. This included the acquisition of Ocean View Lodge to provide lodging house beds in the Fremantle area
- A regulation and compliance unit was established within the Authority to assess and reduce risk and ensure the compliance of funded organisations.
- People on the public rental housing waiting list have started being allocated community housing options. By June 2008, 34 per cent of public housing applicants in the metropolitan area had indicated an interest in being housed by registered community housing providers.
- Regional forums in Broome and Port Hedland have resulted in commitments to establish not-for-profit housing companies in those localities.

## Land and Housing Development

### Overview

The Authority is responsible for developing and selling State land holdings to:

- Supply lots for the construction of public housing;
- Encourage home ownership by providing a continual supply of affordable land in attractive and sustainable communities; and
- Raise revenue to fund the Authority's social housing programs.

Since July 2003, the Authority, through its joint venture and in-house development programs, has sold more than 12,479 lots to homebuyers. Approximately 3,326 of these lots were sold in the lowest quartile catering for the first home buyers.

The table below shows the Authority's 2006-07 and 2007-08 sales and yield performance. In 2007-08, the Authority's land development projects realised sales of 1,958 lots and raised \$206.8 million. This compares with a total of 2,466 lots sold for \$244.6 million in 2006-07.

#### **Performance Indicators Comparison for 2006-07 and 2007-08**

	2006-07		2007-08	
	Sales	Yield	Sales	Yield
Urban Redevelopment – Urban Development	314	589	193	480
Joint Ventures	2,083	2,306	1,481	1,722
New Living/Urban Renewal	69	80	284	352
Total	2,466	2,975	1,958	2,554

It appears that development activity and performance have fallen in line with market conditions. According to the Urban Development Institute of Western Australia's market summary for the period June 2007-June 2008, the performance of previous years has softened in all key indicators.

Affordability issues continue to affect land sales. There are two main factors that contributed to buyer uncertainty for both investors and public buyers. These are a 9.5 per cent increase in the price of the average lot sold; and a series of interest rate rises during the latter part of the year.

In 2008, the index of lots sold in the Perth metropolitan region fell by 43.8 per cent compared to June 2007 estimates. The softening of demand has also resulted in a greater surplus of lots for sale compared to the same time last year.

Performance in all key business activities of the Land and Housing Development directorate has weakened as a result of the current Western Australian market.

#### **Major Highlights for 2007-08**

Major land acquisitions included:

- A 6.52-hectare retirement village site costing \$5.22 million in Dalyellup;
- Two broad-hectare parcels in Bayonet Head, Albany, with the joint venture partner Heath Development Company, comprising 36.76 hectares (50 per cent of \$2.54 million) and 16.77 hectares (50 per cent of \$1 million);

- An 18-unit site of 4,047 square metres located in Merrifield Avenue, Kelmscott for \$1.4 million;
- An eight-unit site of 4,046 square metres located on Davilak Avenue, Hamilton Hill, for \$2.08 million. This site will be used for units under the Authority's community housing program; and
- Eight lots in Stage 1B of LandCorp's 'Nickol West' development for \$1.55 million.

Major projects which advanced through the planning phase included:

- Keralup (formerly Amarillo), which is the Authority's most significant land holding. Progress included the commencement of environmental, transportation and economic development studies on the 4,000-hectare site located 10 kilometres north-east of Mandurah. Once completed, these studies will form the basis of a master plan for the site;
- Finalisation of a draft district structure plan and lodgement for approval for Albion Town;
- Finalisation of the structure plan and approval for the first stage of subdivision for McKail, Albany;
- Preparation of the structure plan for Tuart Brook, Bunbury; and
- Preparing a master plan for the Joondalup site including medium- to high-density housing with possible ground floor commercial use.

#### **Urban Development – Urban Redevelopment**

The Authority's urban development program involves selling land from the internal development of its broad-hectare land holdings.

This year, broad-hectare land development continued in Armadale, Bertram, Glen Iris in Bunbury, and McKail in Albany.

The urban redevelopment program involves the rationalisation of ageing public housing stock in areas close to existing services and where zoning allows for subdivision.

This program continued to provide land to construct dwellings for new public housing, or for purchase by the community in areas such as Bentley, Cloverdale, St James, Doubleview and Willagee.

In 2007-08, the sale of 129 lots in the Perth metropolitan region and 64 lots in regional WA raised \$38 million.

### **Urban Renewal Program**

Formerly referred to as New Living, the Authority's urban renewal program is the largest estate improvement program in Western Australia. This award-winning initiative aims to:

- Reduce the presence of public housing in areas with high public housing density;
- Refurbish houses for sale to both the public and existing public housing tenants; and
- Achieve better land utilisation through the re-subdivision or refurbishment of public housing and upgrading of streetscapes and open spaces.

Since July 2003, the program has sold 681 vacant lots of land and more than 1,284 refurbished residential dwellings.

In addition, over the same period 2,067 properties were refurbished for the social housing program. In this financial period, there has been continued focus on the refurbishment of stock through the urban renewal program to provide quality housing for clients and increased home ownership opportunities for the wider community.

During 2007-08, 426 residential dwellings were refurbished at a cost of \$37.3 million for sale across the State. Of these, 90 have been sold to provide \$25.7 million. A further 291 properties were refurbished and retained as rental housing. Furthermore, 262 vacant lots of land were sold throughout the State, earning \$37.1 million. Another \$27 million was spent during the year on land development to produce 352 lots, with infrastructure enhancements including the upgrading of parks and streetscapes.

Urban renewal has continued to improve infrastructure amenities in Bentley, Coolbellup, Hamilton Hill, New North, South Hedland and Queens Park. Particular focus has been on the South Hedland and Queens Park projects. Key activities include:

#### ***Brownlie Towers***

The external upgrade on Brownlie Towers in Bentley is progressing well, with A Block completed in June 2008. Work on B Block is also underway. Significant works to date include the installation of four new lifts, new roofing, the removal of asbestos and the installation of a covered car park for tenants.

#### ***Queens Park***

The demolition of 300 properties has been completed and subdivision works have commenced on the Maniana precinct in Queens Park. Some 285 lots will be progressively developed with the first release anticipated to occur during 2008-09.

#### ***New North***

Work on the award-winning New North project is continuing. By project completion, 3,062 dwellings will be refurbished, and 1,552 of these are expected to be sold, subject to tenant relocation. This project has received two awards for Best Urban Renewal Project in Western Australia from the Urban Development Institute of Australia in 2001 and 2006. The project was also a finalist in the 2007 national award.

#### ***South Hedland New Living***

The buoyant Western Australian economy has resulted in increased demand for housing in the Pilbara, which has accelerated development of the South Hedland New Living project. As a result, eight land subdivisions in South Hedland have created nearly 297 residential lots reflecting a near 450 per cent increase from the original estimate of 50 lots.

## Rental Sales Program

The program is open to eligible tenants who are interested in purchasing their rental properties. Under this scheme, purchasers are eligible for a grant of up to \$3,000 for fees such as stamp duty and settlement costs. Purchasers are also eligible for a discount for any capital improvements to the property that they carried out as a tenant.

During 2007-08, 32 rental dwellings worth more than \$9.4 million were sold to tenants, with 14 of these financed using GoodStart. In addition, 22 vacant ex-rental properties that were not viable to be refurbished, and therefore surplus to requirements, were sold to the public for slightly more than \$2.9 million.

Although rental sales started off well in the first quarter of this financial year, they slowed toward the end. This was the result of a range of external factors, including interest rates and fuel costs. Sales of ex-rental properties have, however, received a boost with properties in higher profile suburbs such as Mt Claremont, North Beach and Wembley being made available for sale.

## Joint Ventures

Joint ventures remain a key tool to help achieve the Authority's aims and objectives. Since July 2003, the Authority's joint ventures have been responsible for the sale of more than 10,274 lots.

There are currently 11 joint venture projects with the private sector located at Albany, Banksia Grove, Beeliar, Butler, Clarkson, Dalyellup, Ellenbrook, Geraldton, Quinns and Wellard. In 2007-08, joint venture projects yielded 1,722 lots with sales of \$131million.

As illustrated below, the comparison suggests that most joint ventures experienced a significant reduction in demand. This was largely due to a sudden downturn in the market during 2007-08, especially for lots in the median and upper quartile.

## Snapshot: Joint venture sales/yield comparison for 2006-07 and 2007-08

Joint Venture Projects	2006-07		2007-08	
	Sales	Yields	Sales	Yields
Albany – Oyster Harbour	1	0	42	89
Albany – Woodrise	0	0	1	NA
Banksia Grove	0	0	131	177
Beeliar – Mere	50	95	61	104
Butler – Brighton	526	477	365	505
Clarkson – Somerly	591	559	104	0
Dalyellup	153	273	130	137
Ellenbrook	455	502	376	423
Geraldton – Seacrest	100	100	121	204
Quinns – Brighton Beachside	0	0	1	NA
Wellard	207	300	149	83
<b>Total</b>	<b>2,083</b>	<b>2,306</b>	<b>1,481</b>	<b>1,722</b>

Key projects include:

- In April 2008, State Cabinet approved the Harrisdale joint venture which represents the Authority's first Eco Village project. The project incorporates sustainability principles and is expected to yield about 250 lots with the potential for 640 dwelling units over the life of the project. Stage One of the development is due for release in 2009-10;
- The Brookdale joint venture project, in partnership with Stockland Pty Ltd, is expected to yield approximately 2,600 lots over the life of the project. The agreement was signed in June 2008 and lot production will commence in 2009-10; and
- The Authority is looking to enter into a joint venture arrangement in Hammond Park with an adjoining landowner for the development of combined land holdings. The project will yield approximately 434 lots. It will include provision for public housing to be built on the Authority's land in the ratio of one in nine dwellings.

## Planning and Land Acquisitions

The Authority acquired land worth \$38.9 million in 2007-08. This primarily included sites for immediate social housing requirements and a range of strategic sites for future needs. Some of the key acquisitions included:

- A 6.52-hectare retirement village site for \$5.22 million in Norton Parade, Dalyellup, to provide a new public/private partnership initiative in aged housing;
- Two broad-hectare parcels in Bayonet Head with the joint venture partner Heath Development Company, comprising of 36.76 hectares (50 per cent of \$2.54 million) and 16.77 hectares (50 per cent of \$1 million);
- A total of 67 single residential lots and 27 grouped dwelling sites to provide short-term social housing. Approximately 85 per cent of the single residential lots were in regional towns, while 75 per cent of grouped dwelling sites were in the Perth region. For both single and grouped sites, 37 per cent were acquired through the Department's joint venture projects;
- There were 34 sites acquired from LandCorp in the towns of Denham, Exmouth, Fitzroy Crossing, Halls Creek, Hopetoun, Karratha and Kununurra; and
- Significant grouped dwellings sites acquired in the metropolitan area included an 18-unit site in Kelmscott for \$1.4 million, and an eight-unit site in Hamilton Hill for \$2.08 million.

## Affordable Housing

The affordable house and land program produces house and land packages for first-time buyers. These are made available exclusively to customers with approved First Start loans, ensuring that these affordable products are offered to families in most need.

The housing packages are priced at less than \$375,000 and have been made available through a number of joint ventures in a range of estates including Beeliar, Seacrest, Dalyellup, Oyster Harbour, Banksia Grove, Wellard, Somerly and Ellenbrook. In addition, affordable housing initiatives were also created through the Department's in-house developments including Brookdale (Chiltern), Bertram, Armadale (Westfield), McKail (Albany) and Glen Iris (Bunbury).

The homes will be developed in groups on contiguous and multi-dwelling lots to allow economies of scale and provide co-ordinated and attractive streetscapes. The design for all homes will continue to be subject to architectural review to ensure they incorporate energy efficient designs.

## Home Ownership

### Overview

Keystart assists Western Australians achieve their dream of home ownership through low deposit, affordable home ownership schemes. Keystart provides full home ownership and shared equity schemes to assist low- to-moderate income earners. It provides finance to buy established properties and construct new homes. It lends in the metropolitan area and regional Western Australia.

The schemes include the:

- Keystart Low Deposit Loan to assist West Australians purchase 100 per cent of a property;
- First Start shared equity scheme launched in February 2007 assists low-to-moderate income earners to own their own homes. With families, the Housing Authority will purchase up to 40 per cent equity in the home with the client purchasing a minimum 60 per cent. With single applicants and couples, the Authority will purchase up to 30 per cent equity with the client buying a minimum 70 per cent. Clients can increase their share when circumstances permit;
- GoodStart shared equity scheme assists public housing rental tenants and non-first home buyers who meet income eligibility criteria make the transition to owning their own home;
- Access shared equity scheme assists people with disabilities purchase a home;
- Aboriginal shared equity scheme for Aboriginal and Torres Strait Islanders;
- Sole Parent shared equity scheme assists a sole parent who has incurred a drop in family income as a result of bereavement or separation; and the
- Restart scheme to assist private sector borrowers who risk losing their home as a result of a short-term drop in income.

## Highlights 2007-08

- First Start Shared Equity Scheme

Since its launch in February 2007, this scheme has continued to support first home buyers. Its current maximum property price limit has challenged the housing industry to produce affordable and well-designed house and land packages for less than \$375,000. By the end of the year, 952 loans (1,096 loans since the inception of the scheme) had been approved and a further 579 issued with pre-approval letters to purchase a property.

- Keystart Home Loan Scheme

Rapid property price rises over the past two years have had an adverse affect on affordability and the level of demand for Keystart's full home ownership product. But despite this, the Keystart scheme approved 3,688 new and increased loans amounting to \$767 million.

Details include:

- A total of 2,385 new loans for first home owners amounting to \$619 million;
- \$477 million approved to purchase 2,015 established homes during the year;
- \$239 million approved for new constructions, involving 813 new building starts that provided more jobs for West Australians; and
- \$210 million approved for regional WA, assisting 1,224 families.
- Other Loan Schemes
  - During the year, GoodStart assisted 80 rental tenants and applicants on our rental waiting list into home ownership;
  - Our Access loan scheme for people with disabilities assisted 49 families;
  - The Aboriginal home ownership scheme helped 53 families move from renting to home ownership; and
  - The Sole Parent and Restart schemes assisted 25 families.



## Government Regional Officers' Housing

### *Overview*

The Authority aims to provide suitable and appropriate housing for State Government employees posted to regional WA. In line with the recommendations of the Review and Rebuild project, many new initiatives were implemented in 2007-08 that will enhance service delivery and strengthen the Authority's ability to fulfil this key role.

The Authority, has continued to move operational work out to the regions, including the regionalisation of leasing operations in the Goldfields, Mid West, Kimberley and Pilbara; as well as devolving responsibility for tenancy management and debt recovery functions to the regions.

In January 2008, Tenancy Agreements for tenants and Head Lease Agreements between Government Regional Officers' Housing (GROH) and client agencies were introduced. These are regarded as important milestones in formalising the relationship between the employing agency and the employee, as well as clarifying GROH's service role.

Improved service delivery to tenants underpinned initiatives for 2007-08 and will continue to be a strong focus in 2008-09. Two major issues the Authority will continue to address are the delivery of maintenance services and the quality of housing stock.

### *Construction*

Western Australia is currently experiencing unprecedented growth in the resources sector, particularly in the Pilbara, Kimberley, Mid West and Esperance areas. In response, the Authority has sought to maximise its construction program through increasing operational and sales revenue and debt funding.

In 2006-07, \$60 million was received to fund a construction program for 161 dwellings. Due to cost escalations to this program and demand pressures in other growth hot spots in the State, an additional \$95.2 million funding was granted this financial year. This funding will flow over into the next three financial years.

### *2007-08 Capital Works and Acquisitions*

In 2007-08, construction commenced on 106 new homes. A total of 59 properties were completed and a further 14 acquired by spot purchase.

Expenditure for capital works and acquisitions during the 2007-08 financial year totalled \$42 million.

Summary of Construction and Purchase of Housing for 2007-08

Town	Construction Commenced during 2007-08	Housing Purchased during 2007-08	Construction Completed during 2007-08	Housing under Construction at 30 June 2008
Bencubbin		1		
Blackstone (Gordon Inquiry)	3			3
Broome	2			2
Burringurrah (Gordon Inquiry)	3			3
Camballin			4*	
Coolgardie		1		
Derby		1		
Exmouth		2		
Fitzroy Crossing			6*	
Halls Creek	23		6*	23
Harvey		1		
Jigalong			6*	
Karratha	18		11*	18
Katanning		1		
Kununurra	5			5
Lancelin		1		
Leeman		1		
Looma (Gordon Inquiry)	3			3
Moora		1	2*	
Morawa			3*	
Narrogin		2	6*	
Newman	12			12
Ngalapita	2			2
Ngurrawaana (location to be revised)	1			
Nullagine			2*	
Pia Wadjari	1			1
Pingelly	1			1
Ravensthorpe			3*	

Continued on page 37

Town	Construction Commenced during 2007-08	Housing Purchased during 2007-08	Construction Completed during 2007-08	Housing under Construction at 30 June 2008
Sandstone	1			1
South Hedland	6		6*	6
Tambellup		1		
Tammin			1*	9
Tom Price	9			
Toodyay		1		
Wickham			1*	
Woolah	1			1
Wyndham			2*	
<b>Total Units</b>	<b>91</b>	<b>14</b>	<b>59</b>	<b>90</b>

\* These projects commenced in previous financial years.

#### Summary of Land Acquisition Program 2007-08

Crown Reserve Acquisitions	Lots Acquired
Dowerin	2
Merredin	1
Newman	1
Sub-total	4
Vacant Land Acquisitions	
Dalwallinu	2
Fitzroy Crossing	3
Halls Creek	12
Hedland (Port)	7
Karratha	10
Kununurra	1
Morawa	1
Pingelly	1
Tom Price	5
Sub-total	42
<b>Grand Total</b>	<b>46</b>

#### Response to the Gordon Inquiry

The Government's response to the Gordon Inquiry involves the provision of government facilities and housing for staff to work in Aboriginal communities to deliver targeted programs. To date, a total of 29 dwellings have been constructed in response to the Gordon Inquiry.

Three dwellings were completed in Jigalong during 2007-08, and a further nine dwellings are under construction in the communities of Blackstone, Burringurrah and Looma which will be completed in 2008-09.

### *Property Management*

The Authority provides rental accommodation to more than 4,800 government employees throughout the State. At 30 June 2008, GROH managed a total of 4,859 units, an increase of 299 units from the previous year's total. Of these, 2,861 units were owned by the Authority and 1,998 units were leased from the private sector.

### *Refurbishment Program*

Refurbishments extend the life of assets at a time of significant increases in property values. In 2007-08, a total of \$4.3 million was spent on refurbishments State-wide, with 39 refurbishments completed and 107 refurbishments due for completion in 2008-09.

### *Sales*

The sales program consists of properties that fit into one or more of the following criteria:

- Located in areas where there is no current or foreseeable future demand for employee housing;
- Have reached the end of their useful lives;
- Are not cost effective to maintain or refurbish; or
- Have no redevelopment potential.

Funds generated from the sales program are used to construct new housing in areas of demand.

Total sales for 2007-08 were \$4.9 million, from 18 surplus dwellings. A total of two tenant sales were finalised in 2007-08 valued at \$0.7 million. A further four lots of vacant land were sold at a sale price of \$0.2 million.

### *Leasing*

In the current high demand real estate market, leasing provides a flexible, economically sustainable alternative to construction. In 2007-08, there was a net increase of 250 leased properties, resulting in a total of 1,998 leased properties State-wide, representing approximately 41 per cent of GROH's rental portfolio.

### *Regionalisation of Leasing*

Following the completion of the regional leasing trial period, GROH leasing functions now operate in the Goldfields, Mid West, Kimberley and Pilbara. This emphasis on regionalisation ensures that assessments, negotiations and decisions take place locally, encouraging regional management and staff to assume responsibility for leasing activities.

### *Investors' Program*

By developing partnerships with the private sector, private housing investment is stimulated to enhance the quality of housing available.

In 2007-08, through the private investor program, dwellings were secured in Merredin (13), Gnowangerup (one), Hopetoun (three) and Karratha (four). Through arrangements with local shires, accommodation was secured in Wyalkatchem (two), Kulin (one) and Koorda (one)

## Aboriginal Housing Services

This year has seen changes to both the organisational structure and service delivery within Aboriginal Housing Services. This includes changing our housing management services from a grants arrangement with service providers, to a contract management framework that enables the Authority to identify agreed standards to better provide and improve service delivery to our tenants.

### ***Major Achievements for 2007-08***

This year was to be the final year of the current Federal-State Bilateral Agreement for the Provision of Housing, Infrastructure and Essential Services for Indigenous People in Western Australia 2005-2008. The agreement has been extended until 31 December 2008 to enable the Council of Australian Governments reform to be implemented as from 1 January 2009.

Activities this year focused on remote indigenous community housing and infrastructure and include:

- 18 houses commenced and 90 completed through the Community Construction program;
- Major upgrades completed on 110 houses and 55 commenced with a total expenditure of \$8.86 million. The Authority continued to progress the indigenous housing reform agenda to ensure that indigenous housing is managed to a high standard with more accountability. This includes engaging eight regional service providers to manage more than 2,200 indigenous houses, located in 120 communities, throughout the State. The regional service providers are located in Kununurra, Halls Creek, Fitzroy Crossing, Derby, Broome, Port Hedland, Geraldton, Kalgoorlie and the Ngaanyatjarra lands;
- Rolling out the Indigenous Housing Management System to ensure that all relevant housing data relating to indigenous communities is included on the system;

- Continuing to provide infrastructure and essential services to 91 remote indigenous communities through the Remote Area Essential Services Program (RAESP). In 2007-08, RAESP expenditure was \$16,819,460; and
- Supporting the Director General in chairing the Essential Services Taskforce, resulting in a report to government recommending that responsibility for essential services be transferred to the relevant authorities.

As part of the Halls Creek Better Life project, the Authority is investing \$24.3 million to deliver additional and improved public housing, including housing for town-based communities and government officers. The program includes refurbishment of existing dwellings, land infrastructure, the construction of additional public rental and GROH dwellings, as well as housing in three indigenous town-based communities.

#### ***Remote Indigenous Housing and Infrastructure***

During 2007-08, \$98.5 million was spent to provide housing, infrastructure and essential services and improved housing management.

The State Government, through the Department of Indigenous Affairs, signed a Strategic Interventions package with the Federal Government worth \$56 million over three years, with \$45 million for housing and associated infrastructure. Implementation of the housing initiatives has commenced.

## Housing Service Delivery

The Authority provides housing services across the State, focusing on best practice customer services, tenancy sustainability, performance, good governance and effective cross-agency service delivery.

The aim is to achieve improved service delivery through an integrated approach to housing management. This involves delivering a wide range of housing products and services, together with the works services currently provided.

The objective is to make our customers the centre of attention and improve the way we deal with them on a daily basis. This includes sustaining tenancies and improving the management of issues affecting them. As part of this, the Authority has focused on integrating service delivery across the organisation through the introduction of service level agreements and by developing consistent processes across the State.

The Authority co-ordinates and directs the tenancy and property management activities of 10 regional and 26 branch offices across Western Australia. Metropolitan offices are located in Mirrabooka, Fremantle and Cannington. Regional offices can be found in Bunbury, Albany, Geraldton, Northam, Kalgoorlie, South Hedland and Broome.

### *Major Achievements for 2007-08:*

- Improved communication with indigenous communities. We have completed the first of our indigenous forums across the State which involved listening to the concerns of indigenous people and feeding the results back into our processes;
- We are in the process of building a comprehensive web portal for service delivery that will deliver consistency in terms of giving staff a FAQ database to guide decision making. The project will deliver a new way of communicating with staff;
- Implementation of the new housing service officer/property service officer and team leader structure, along with the development of training packages to improve service delivery and maintain consistency across regions. The new structure has a more strategic approach directed at the team leader level; and
- We have taken a strategic, open approach to creating a new positive way to do business that allows for greater flexibility. Regional managers have been working on new ways of addressing issues such as staff attrition, better managing resources, and working with other agencies and the community. This improvement in leadership is proving to be effective, with regional managers now driving issues, forming groups to resolve local problems, and taking the initiative to run their regions in ways that are responsive to local conditions.



*Oyster Harbour*

A photograph of the Oyster Harbour entrance. In the foreground, a stone wall features the words "OYSTER HARBOUR" in large, grey, serif capital letters. Behind the wall, several tall, white poles support large, blue, stylized flags that resemble waves or sails. To the right, a modern building with a blue facade and large windows is visible. The sky is clear and blue.

OYSTER HARBOUR

## Significant Issues and Trends

## Significant Issues and Trends

Housing affordability continues to be an issue, with a series of interest rate rises deterring buyers from purchasing homes and investors from returning to the market. However, the Authority offers home ownership options to assist low-to-moderate income earners to own their own homes in this challenging market.

As well as this, the population of Western Australia is continuing to grow while new housing construction falls. With fewer properties available for rent and more people seeking rental properties, market rents have increased which is placing more pressure on public housing waiting lists. The Authority is addressing this issue in a number of ways. In May 2007, an extra \$417 million was allocated for social housing over four years beginning in 2007-08. This will result in 3,688 units being built at an average of 922 units a year.

To assist people enter the private rental market in an environment of rising rents, the Authority's Bond Assistance Loan Scheme provides interest-free bond loans to people on low incomes.

The Authority has recognised the community housing sector's potential to bring new finance and stock into the social housing system, and is committed to delivering more affordable housing through the community housing model.

Land sales continue to be affected by a variety of factors, including buyer uncertainty, and this is expected to continue in most areas of the State. To address this trend and help build confidence, the Authority's affordable house and land program will be targeted at first time buyers.

The credit squeeze experienced during 2007-08 has seen many lenders tighten their lending criteria, resulting in borrowers turning to Keystart for finance. Keystart has been able to assist many of these families, couples and singles unable to obtain a loan from private sector lenders. Keystart anticipates providing an estimated \$745 million across all its home loan schemes to assist more than 3,000 families into home ownership or retain home ownership during 2008-09.

An aerial photograph of Mandurah, Australia, showing the city, coastline, and surrounding water. The image is framed by a white, wavy border that separates it from a dark grey background.

*Mandurah Aerial*

## Disclosure and Legal Compliance

# Disclosures and Legal Compliance

## Auditor General's Opinion



Auditor General

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### HOUSING AUTHORITY

#### FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

I have audited the accounts, financial statements, controls and key performance indicators of the Housing Authority.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### Director General's Responsibility for the Financial Statements and Key Performance Indicators

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

### Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators

### Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Housing Authority at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority 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; and
- (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2008.

A handwritten signature in black ink, appearing to read 'C Murphy'.

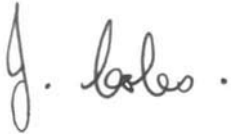
COLIN MURPHY  
AUDITOR GENERAL

4 September 2008

## Certification Statement: Performance Indicators

### Certification of Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Housing Authority, and fairly represent the performance of the Housing Authority for the financial year ended 30 June 2008.

A handwritten signature in black ink, appearing to read 'J. Coles'.

JOHN COLES  
ACTING DIRECTOR GENERAL  
ACCOUNTABLE AUTHORITY

1 September 2008

## Certification Statement: Financial Statements

### Certification of Financial Statements


The accompanying financial statements of the Housing Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

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



LORNE O'MARA  
CHIEF FINANCE OFFICER

1 September 2008



JOHN COLES  
ACTING DIRECTOR GENERAL  
ACCOUNTABLE AUTHORITY

1 September 2008



**THE HOUSING AUTHORITY  
AND CONTROLLED ENTITIES  
INCOME STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
<b>INCOME</b>					
<b>Revenue</b>					
Sales	6	243,067	245,932	243,067	245,932
Rental revenue	7	257,646	223,274	257,646	223,274
Commonwealth grants and contributions	8	153,517	136,939	153,517	136,939
Interest revenue	9	118,144	122,248	92,709	93,890
Developers' contributions		2,790	2,603	2,790	2,603
Other revenues	10	36,769	8,321	52,922	30,116
<b>Total revenue</b>		<b>811,933</b>	<b>739,317</b>	<b>802,651</b>	<b>732,754</b>
<b>Gains</b>					
Gains on disposal of non-current assets	11	-	6,740	-	6,750
<b>Total income</b>		<b>811,933</b>	<b>746,057</b>	<b>802,651</b>	<b>739,504</b>
<b>EXPENSES</b>					
<b>Expenses</b>					
Cost of sales	6	115,628	111,561	115,628	111,561
Rental expenses	12	215,073	177,773	215,073	177,773
New Living expenses	12	39,475	38,210	39,475	38,210
Community support expense	13	95,580	94,877	95,580	94,877
Employee benefits expense	14	48,730	51,623	48,529	51,484
Supplies and services	15	25,234	19,426	22,427	17,031
Depreciation & amortisation expense	16	84,373	69,577	83,726	68,927
Finance costs	17	146,480	128,951	148,249	132,357
Accommodation expenses	18	6,094	4,996	5,477	4,590
Loss on disposal of non-current assets	11	2,140	-	2,140	-
Other expenses	19	27,570	25,903	20,739	19,468
<b>Total expenses</b>		<b>806,377</b>	<b>722,897</b>	<b>797,043</b>	<b>716,278</b>
Profit/(loss) before grants and subsidies from State Government		5,556	23,160	5,608	23,226
Grants and subsidies from State Government	8	83,344	32,578	83,344	32,578
<b>Profit for the period</b>	<b>5(i)</b>	<b>88,900</b>	<b>55,738</b>	<b>88,952</b>	<b>55,804</b>

The Income Statements should be read in conjunction with the accompanying notes.

**THE HOUSING AUTHORITY  
AND CONTROLLED ENTITIES  
BALANCE SHEETS  
AS AT 30 JUNE 2008**

	Note	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	20	67,545	110,978	55,589	102,067
Inventories	21	108,776	76,779	108,776	76,779
Loans and receivables	22	461,251	454,772	50,305	43,997
Other current assets	23	8,734	7,842	21,396	19,001
Derivatives	24	1,718	300	-	-
Non-current assets classified as held for sale	25	4,445	8,384	4,445	8,384
Other financial assets	26	76,518	149,802	-	-
<b>Total Current Assets</b>		<b>728,987</b>	<b>808,857</b>	<b>240,511</b>	<b>250,228</b>
<b>Non-Current Assets</b>					
Inventories	21	490,596	432,231	490,596	432,231
Loans and receivables	22	1,114,863	844,764	1,437,845	1,242,121
Derivatives	24	2,554	2,000	-	-
Other financial assets	26	24	24	24	24
Rental properties	27	10,605,713	8,198,307	10,605,713	8,198,307
Community housing properties	28	564,272	437,159	564,272	437,159
Shared equity properties	29	334,256	206,702	334,256	206,702
Other properties	30	73,741	53,082	73,741	53,082
Plant & equipment	31	6,109	4,309	5,243	3,858
Buildings under construction	32	193,497	144,998	193,497	144,998
Intangible assets	33	2,778	2,708	2,503	2,247
Other non-current assets	34	4,862	3,323	-	-
<b>Total Non-Current Assets</b>		<b>13,393,265</b>	<b>10,329,607</b>	<b>13,707,690</b>	<b>10,720,729</b>
<b>TOTAL ASSETS</b>		<b>14,122,252</b>	<b>11,138,464</b>	<b>13,948,201</b>	<b>10,970,957</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	35	54,118	49,221	54,119	50,104
Borrowings	36	52,670	46,923	52,670	46,923
Provisions	37	21,669	24,871	21,669	24,871
Other current liabilities	38	16,548	13,136	11,493	11,715
<b>Total Current Liabilities</b>		<b>145,005</b>	<b>134,151</b>	<b>139,951</b>	<b>133,613</b>
<b>Non-Current Liabilities</b>					
Payables	35	731	731	731	731
Borrowings	36	2,403,078	2,083,389	2,403,078	2,083,389
Provisions	37	34,096	39,031	34,096	39,031
<b>Total Non-Current Liabilities</b>		<b>2,437,905</b>	<b>2,123,151</b>	<b>2,437,905</b>	<b>2,123,151</b>
<b>Total Liabilities</b>		<b>2,582,910</b>	<b>2,257,302</b>	<b>2,577,856</b>	<b>2,256,764</b>
<b>NET ASSETS</b>		<b>11,539,342</b>	<b>8,881,162</b>	<b>11,370,345</b>	<b>8,714,193</b>
<b>EQUITY</b>					
Contributed equity	39	451,501	339,901	451,501	339,901
Reserves	40	8,463,562	6,091,732	8,458,332	6,088,530
Retained earnings	41	2,624,279	2,449,529	2,460,512	2,285,762
<b>TOTAL EQUITY</b>		<b>11,539,342</b>	<b>8,881,162</b>	<b>11,370,345</b>	<b>8,714,193</b>

The Balance Sheets should be read in conjunction with the accompanying notes.

**THE HOUSING AUTHORITY  
AND CONTROLLED ENTITIES  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
<b>Balance of equity at start of period</b>		8,881,162	4,519,126	8,714,193	5,192,032
<b>CONTRIBUTED EQUITY</b>	39				
Balance at start of period		339,901	85,765	339,901	85,765
Capital contribution		108,825	15,000	108,825	15,000
Other contributions by owner		2,775	239,136	2,775	239,136
Balance at end of period		451,501	339,901	451,501	339,901
<b>RESERVES</b>	40				
Balance at start of period		6,091,732	2,971,218	6,088,530	2,969,759
Gains from asset revaluation		2,455,600	3,213,788	2,455,600	3,213,788
Transfer from income statement		2,080	1,809	-	-
Transfer to retained earnings		(85,850)	(95,083)	(85,798)	(95,017)
Balance at end of period		8,463,562	6,091,732	8,458,332	6,088,530
<b>RETAINED EARNINGS</b>	41				
Balance at start of period		2,449,529	2,300,275	2,285,762	2,136,508
Change in accounting policy		-	1,567	-	1,567
		2,449,529	2,298,708	2,285,762	2,134,941
Transfer from reserves		85,850	95,083	85,798	95,017
Profit for the period		88,900	55,738	88,952	55,804
Balance at end of period		2,624,279	2,449,529	2,460,512	2,285,762
<b>Balance of equity at end of period</b>		11,539,342	8,881,162	11,370,345	8,714,193
Total income and expense for the period (a)		2,544,500	3,269,526	2,544,552	3,269,592
(a) The aggregate net amount attributable to each category of equity is:					
Surplus		88,900	55,738	88,952	55,804
Asset Revaluation gain		2,455,600	3,213,788	2,455,600	3,213,788
		2,544,500	3,269,526	2,544,552	3,269,592

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

**THE HOUSING AUTHORITY  
AND CONTROLLED ENTITIES  
CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Commonwealth grants and contributions		153,517	136,939	153,517	136,939
Rental receipts		258,891	225,710	258,891	225,710
Interest received		119,425	125,041	92,487	96,585
Inventory receipts on sales		211,042	239,748	211,042	239,748
Other receipts		28,317	26,757	44,474	50,785
GST receipts on sales		15,619	16,582	15,619	16,582
GST receipts from taxation authority		18,261	5,311	18,261	5,311
Developers contributions		2,790	2,603	2,790	2,603
<b>Payments</b>					
Employee benefits		(71,478)	(67,954)	(50,324)	(48,905)
Accommodation		(5,477)	(4,568)	(5,477)	(4,568)
Supplies & services		(24,596)	(19,030)	(24,596)	(19,030)
Finance costs paid to					
Commonwealth government		(23,180)	(23,722)	(23,180)	(23,722)
WA Treasury Corporation		(110,419)	(108,128)	(110,419)	(108,128)
Other		(773)	(1,802)	(773)	(1,802)
Purchase and Development of Land		(173,081)	(174,509)	(173,081)	(174,509)
GST payments on purchases		(48,994)	(44,256)	(48,994)	(44,256)
GST payments to taxation authority		(2,262)	(1,599)	(2,262)	(1,599)
New Living payments		(39,475)	(38,210)	(39,475)	(38,210)
Rental property payments		(219,923)	(183,736)	(219,923)	(183,736)
Other Payments		(117,555)	(101,705)	(117,555)	(101,705)
<b>Net cash (used in)/provided by operating activities</b>	42	(29,351)	9,472	(18,978)	24,093
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from the sale of non-current physical assets		57,341	94,235	57,341	94,225
Purchase of non-current physical assets	43	(415,811)	(250,890)	(414,936)	(250,716)
Home purchase receipts		449,916	803,935	2	51,279
Home purchase advances		(687,355)	(388,916)	(5)	(740)
Other investing receipts		-	1,347	5,000	371,347
Other investing payments		-	-	(185,000)	(11,344)
<b>Net cash (used in)/ provided by investing activities</b>		(595,909)	259,711	(537,598)	254,051
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings					
WA Treasury Corporation		345,000	48,974	345,000	48,974
Repayment of borrowings from					
WA Treasury Corporation		(14,160)	(384,636)	(14,160)	(384,636)
Commonwealth government		(12,903)	(12,644)	(12,903)	(12,644)
Other non-government sources		(1,555)	429	-	-
<b>Net cash provided by/(used in) financing activities</b>		316,382	(347,877)	317,937	(348,306)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>					
Capital Contribution		108,825	26,181	108,825	26,181
Proceeds from grants		83,344	32,578	83,344	32,578
<b>Net cash provided by State Government</b>		192,169	58,759	192,169	58,759
<b>Net decrease in cash and cash equivalents</b>		(116,709)	(19,935)	(46,470)	(11,403)
Cash and cash equivalents at the beginning of the period		260,760	280,695	102,047	113,450
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	44	144,051	260,760	55,577	102,047

The Cash Flow Statements should be read in conjunction with the accompanying notes.

**1. Australian equivalents to International Financial Reporting Standards****General**

The Housing Authority (the "parent entity") and controlled entities financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Consolidated Entity has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

**Early adoption of standards**

The Consolidated Entity cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Housing Authority for the annual reporting period ended 30 June 2008.

**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 financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has 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 report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) or, in certain cases, to the nearest dollar.

**2. Summary of significant accounting policies (continued)****(c) Basis of Consolidation**

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" or "Authority") and its controlled entities, as defined in accordance with AASB 127 "Consolidated and Separate Financial Statements" and modified by Treasurer's instruction 1105. A list of controlled entities appears in note 2(d). Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Authority obtains control and until such time as the Authority ceases to control such entities. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

**(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 Authority at competitive rates and on lent to Keystart borrowers for the purchasing of owner occupied homes.

The structure comprises of:

-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 Authority is the sole beneficiary of this trust.

- Keystart Bonds Ltd - A special purpose nominal capital company being the Issuer with Oakvale Capital 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 P/L in its obligations.

Keystart Scheme Management Pty Ltd - A special purpose nominal capital company created to provide management services to the Keystart Trustee and group of companies.

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

The financial transactions for these entities have no effect on the net profit of the Authority. The 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 dated 19 September 1995 to operate as an agent for the Authority's home loan schemes. In its capacity as agent, the Trust receives advances for the purpose of providing mortgages to Western Australians. The Authority is the sole beneficiary of the Trust, and Keystart Loans Ltd is the trustee of the Trust.

**(e) Ownership Interest**

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

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

Keystart Bonds Ltd : 100% of the total shareholding

Keystart Loans Ltd : 100% of the total shareholding

Keystart Support Pty Ltd : 100% of the total shareholding

Keystart Support (Subsidiary) Pty Ltd: 100% of the total shareholding

Keystart Scheme Management Pty Ltd: 100% owned by Keystart Loans Ltd

**2. Summary of significant accounting policies (continued)****(e) Ownership Interest (continued)**

Controlled entities and contribution to retained earnings.						
Name	Percentage Owned		Contribution to Consolidated Entity result (\$'000)		Investment Shares at cost (\$)	
	2008	2007	2008	2007	2008	2007
Keystart Bonds Ltd	100	100	Nil	Nil	6	6
Keystart Loans Ltd	100	100	Nil	Nil	6	6
Keystart Support Pty Ltd	100	100	Nil	Nil	2	2
Keystart Support (Subsidiary) Pty Ltd	100	100	Nil	Nil	2	2
Keystart Housing Scheme Trust						
Profits			-	-		
Transfer from Reserve			52	66		
Keystart Support Trust			Nil	Nil		
Homeswest Loan Scheme Trust			Nil	Nil		

The 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 Authority with no borrowings outstanding through Keystart Bonds Ltd. The Authority's obligations to the various participants are contained in a Support Agreement of the Scheme. No subsidies were required for the 2007/2008 financial year.

**(f) Property, Plant and Equipment***Initial recognition and measurement*

All items of 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 their fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5,000 are expensed direct to the Income Statement in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

*Subsequent measurement*

After recognition as an asset, the Authority uses the revaluation model for the measurement of land and buildings and the cost model for plant and equipment. Land and buildings are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

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

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. The revaluation of land and buildings is based on an independent valuation provided on an annual basis by the Western Australian Land Information Authority.

When buildings are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Rental Properties represent the properties acquired or constructed for public housing, under the Commonwealth and State Housing Agreements. They also include State owned properties leased to State Government departments for Government employees housing.

**2. Summary of significant accounting policies (continued)****(f) Property, Plant and Equipment (continued)**

Community Housing Properties include properties acquired under the Commonwealth 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 Loan Scheme. Under the scheme the Authority and the purchaser are co-owners of the properties constructed or purchased as Tenants in Common with the purchaser having total occupation of the dwelling.

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

*Depreciation and Amortisation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits. Depreciation for the Consolidated Entity's assets is calculated on a straight line basis, using rates which are reviewed annually.

Major depreciation rates are:

	2008	2007
Rental Properties	2%	2%
Community Housing Properties	2%	2%
Shared Equity Properties	3%	3%
Other Properties		
- Commercial Properties	2%	2%
- Office Properties	5%	5%
Plant & Equipment	10% - 50%	10% - 50%
Intangible assets	20% - 50%	20% - 50%
Other Non-current assets	20% - 50%	20% - 50%

**(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 and net realisable value. Cost includes the cost of acquisition/development and other capitalised costs. After development is completed, other holding charges are expensed as incurred.

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

*Joint Venture Land*

Joint Venture Land represents the Authority's equity in Joint Venture land development projects. Development costs represent the agreed proportion of development costs incurred plus capitalised costs. Land owned by the Authority is shown at cost plus capitalised costs.

Interests in joint venture operations have been incorporated in the financial statements by including the Authority's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories. Details of the Authority's interests are set out in note 21.

**2. Summary of significant accounting policies (continued)****(i) Loans and Receivables**

Receivables are recognised and carried at original invoice amount less any allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts is raised when there is objective evidence that the Consolidated Entity will not be able to collect its debts. The carrying amount is equivalent to fair value. These debts are due and payable 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 are 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 Authority. Each advance is repayable in minimum fortnightly payments of \$15 with any remaining balance being collectible on vacation.

**Loans**

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The collateral held for these loans is by a registered mortgage held over the property.

*Recognition and Derecognition*

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Consolidated Entity commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value. Transaction costs, including broker upfront fees, are included in the measurement of all loans and advances. The broker upfront fees are being amortised in equal instalments over the average life of the loans.

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

*Subsequent Measurement*

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

*Fair Value*

The fair value of the financial assets traded in active markets is based on quoted market prices at the balance sheet 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.

**2. Summary of significant accounting policies (continued)****(i) Loans and receivables (continued)***Impairment of Loans*

The Consolidated Entity assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of loans and receivables, a provision for impairment is made when there is objective evidence that the loan will not be collectable. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cashflow, discounted at the effective interest rate.

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

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either:

**(a) hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).**

The Consolidated Entity documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or variability of cash flows of hedged transactions. Hedged effectiveness is always calculated when the terms of the derivative and hedged item are matched.

The fair values of various financial instruments used for hedging purposes are disclosed in note 24. Movements in the hedging reserve are shown in Note 40. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Keystart uses interest rate caps and swaps to hedge its risks associated with interest rate fluctuations.

*Cash Flow Hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve and reclassified into profit and loss when the hedge interest expense is recognised. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.



**2. Summary of significant accounting policies (continued)****(k) Intangible Assets***Computing Software and Development*

Acquired software items 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.

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

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

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

	2008	2007
Computing software	20% - 50%	20% - 50%
Computing development	20%	20%

**(l) Other Financial Assets***Deposits at Call*

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.

**(m) Non-Current Assets Held For Sale**

Non-current assets are classified as assets held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, the asset is available for immediate sale and the sale is highly probable. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately in the Balance Sheet. These assets are not depreciated or amortised while they are classified as held for sale.

**(n) Impairment of Assets**

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. 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. As the Consolidated Entity is a not-for-profit entity, unless an 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 assets' 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 each balance sheet date irrespective of whether there is any indication of impairment.

**2. Summary of significant accounting policies (continued)****(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 Authority retains the deposit as part of the sale process.

Payables Construction Retention monies - are repaid upon 100% completion of the contract with 2.5% withheld to satisfactory completion of maintenance agreement.

Payables Rental Bonds - tenant bonds are payable on the tenant vacating the premises. The ultimate amount to be paid is dependent upon the condition of the property upon the tenant vacating, but is not more than the carrying amount of the liability.

Payables Water Consumption - liabilities are recognised for amounts to be paid in the future for water usage. Liabilities are settled on 90 day terms.

**(p) Borrowings**

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

*Terms*

Borrowings - State Nominated Funds. Are fixed rates and repayable on an annual basis with final instalments being due between June 2036 and June 2042.

Borrowings - WATC. Are variable rate borrowings and repayable on a quarterly basis with the final instalment being due July 2026. Fixed rate borrowings are subject to interest payments only with the full loan being due on maturity.

Borrowings - Commonwealth Advances. Are fixed rates and repayable on an annual basis with final instalments being due between June 2008 and June 2041.

**(q) Income***Revenue Recognition*

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

*Gains*

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.



**2. Summary of significant accounting policies (continued)****(r) Insurance**

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

A comprehensive review of the Authority's insurances was undertaken during 2005/2006. Effective from 1 July 2004 the Authority has adopted a self insurance policy for its residential property assets. The Authority's other insurance programs continue to be a combination of insurance policies provided by commercial insurance providers and the Western Australian Government's RiskCover fund.

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

**(s) Provisions**

Provisions are liabilities of uncertain timing and amount. The 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 economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**(i) Employee Benefits***Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

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

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

*Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

**2. Summary of significant accounting policies (continued)****(s) Provisions (continued)**

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

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

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

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

**(ii)****Other***Employment on-costs*

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

*Development Levies*

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

**(t) Accrued Salaries**

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Authority considers the carrying amount of accrued salaries to be equivalent to the net fair value.

**(u) Borrowing costs**

Borrowing costs are expensed when incurred and represents the total finance costs in the Income Statements.

**(v) Superannuation expense**

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the Income Statement.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due and forms part of the 'Employee Benefits expense'.

See also note 2(s)(i) 'Provisions – Employee Benefits' under the heading "Superannuation".

**2. Summary of significant accounting policies (continued)****(w) Leases**

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

**(y) New Living Expenses**

Expenses incurred relating to the Authority's owned rental properties involved in the New Living Program are accounted for in the New Living Expenses line of the Income Statement. These expenses include renovations and minor improvements.

**(z) Comparative Figures**

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

**(aa) Segment Information**

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

These are:

Rental Public Housing - providing access to affordable rental accommodation for low to moderate income Western Australians;

Rental Government Employees - providing access to rental accommodation for government employees in regional areas.

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 operations - provision of low to medium priced subdivided land for sale.

**(ab) Financial Instruments (Refer to note 51 for quantitative disclosure including interest rate risk and liquidity risk analysis.)**

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

Loans and receivables

Financial liabilities

Financial assets at fair value through profit and loss

These have been disaggregated into the following classes:

**Financial Assets**

Cash and cash equivalents

Loans and receivables

Short term deposits

**Financial Liabilities**

Payables

WATC borrowings

Commonwealth borrowings

Initial recognition of financial assets and liabilities are at fair value. Subsequent measurement is at amortised cost using the effective interest rate method except for financial assets at fair value through profit and loss. The Consolidated Entity does not enter into financial instruments for speculative purposes.

**2. Summary of significant accounting policies (continued)****(ab) Financial Instruments (continued)****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 derivative financial instruments such as interest rate caps and interest rate swaps to hedge interest rate risk exposure. The Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis (specifically VaR) 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 Treasury Committee under policies approved by the Keystart Board of Directors. The Treasury 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 excess liquidity.

**Market Risk****Keystart****(i) Interest Rate Risk**

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

HEDGE RATIO LIMITS		
	Min	Max
0-1 Year	30%	70%
1-2 Years	15%	30%
2-3 Years	0%	20%
3+ Years	0%	15%

During 2008 and 2007, the Entity's borrowings at variable rates were denominated in Australian Dollars.

Based on various scenarios, the Entity manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps and interest rate caps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under interest rate caps, the Entity receives funds from its cap counterparty should the floating interest rate exceed the value of the capped interest rate. Under interest rate swaps, the Entity agrees with other parties to exchange, at specified intervals (monthly and quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

**(ii) Summarised Sensitivity Analysis**

Keystart uses VaR Analysis to measure its sensitivity to movements in interest rates.

The VaR risk measure estimates the potential loss in profit over a given holding period for a specified 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. In the case of Keystart the main risk is if Keystart cannot pass changes in its borrowing interest rates to the borrowers. The VaR for Keystart is low because Keystart passes on changes in its borrowing interest rates.

Based on a 99% confidence level and a 250 day observation period, the VaR for Keystart was favourable at 0.13% of its capital at 30 June 2008 (2007: 0.06%) which is well below the industry average of 1.11% (2007: 1.01%).

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.

**2. Summary of significant accounting policies (continued)**

## (ab) Financial Instruments (continued)

<b>2008</b>				
Historical VaR (99%, one day) By risk type	Average	Minimum	Maximum	Year End
	\$'000	\$'000	\$'000	\$'000
% of Capital	0.147%	0.040%	0.283%	0.130%
Total VaR Exposure	262	68	524	217
<b>2007</b>				
Historical VaR (99%, one day) By risk type	Average	Minimum	Maximum	Year End
	\$'000	\$'000	\$'000	\$'000
% of Capital	0.101%	0.043%	0.180%	0.063%
Total VaR Exposure	180	73	324	104

**Credit Risk Exposure**

The Consolidated Entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. 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. In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The consolidated entities maximum credit risk exposure in relation to these is as follows:

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

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

**Keystart**

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

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

**Housing Authority**

In relation to other receivables (including rental and bond debtors), the 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 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 Officer. These practices ensure cash resources are adequate to meet future commitments.

**Keystart**

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 Treasury 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.

**2. Summary of significant accounting policies (continued)**

## (ac) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents 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.

## (ad) Capitalisation policy

The cost of non-current assets constructed by the 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.

## (ae) Income tax

The Consolidated Entity is an income tax exempt body.

## (af) Contributed equity

UIG 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.

**3. Disclosure of changes in accounting policy and estimates.****Initial application of an Australian Accounting Standard**

The Consolidated Entity has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007:

- (a) AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038]). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Consolidated Entity's exposure to risks, including enhanced disclosure regarding components of the Consolidated Entity's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

**Voluntary changes in Accounting Policy****Asset Capitalisation Threshold**

The Authority has increased the asset capitalisation threshold policy from \$1,000 to \$5,000 for items of property, plant and equipment with an effective date of 1 July 2007. All assets purchased in 2007/2008 with a value of less than \$5,000 have been expensed direct to the Income Statement. The change in accounting policy has been applied retrospectively by the following adjustments and adjusting the relevant comparative figures for 2006/2007. For assets purchased prior to 2007/2008 the decrease to retained earnings was \$2,692,092

	\$'000		\$'000
Changes to Income Statement 2007	2007 Audited	Adj	2007 Adj Bal
Supplies & services	15,896	1,135	17,031
Depreciation expense	68,959	(32)	68,927
Accommodation expenses	4,568	22	4,590
Total adjustment		1,125	
Changes to Balance Sheet 2007	2007 Audited	Adj	2007 Adj Bal
Retained earnings	2,136,508	1,567	2,134,941
Plant & equipment at cost	16,115	(4,864)	11,251
Accumulated depreciation plant & equipment	9,629	2,236	7,393
Computing software at cost	4,567	(163)	4,404
Accumulated depreciation computing software at cost	3,101	99	3,002
Total adjustment		(2,692)	

**3. Disclosure of changes in accounting policy and estimates (continued)****Voluntary changes in Accounting Policy (continued)***Derivative Financial Instruments*

The fair value of derivatives that are traded in active markets is based on quoted market price at balance date. The fair value of derivatives that are not traded in an active market is determined using valuation techniques.

In prior periods, premiums paid on interest rate caps were amortised over the life of the cap. However, in accordance with AASB 139, premiums paid should be recognised as the initial fair value of the interest rate caps and, thereafter, revalued at the end of each reporting period. The effect of this change is to eliminate the overstatement of the assets by the amount of the unamortised premiums.

**Correction of Error in Prior Year**

Correction of error in recording premiums paid on interest rate caps during the previous financial year During the prior year ended 30 June 2007, interest rate cap premiums totalling \$1,087,075 were paid and were incorrectly recognised, net of amortisation, as a prepaid asset to be amortised over the balance of the life of the caps. This error had the effect of overstating the assets of the Consolidated Entity by \$881,159, the liabilities by \$881,159 and the profit and loss by \$881,159.

In accordance with AASB 139, premiums paid should be recognised as the initial fair value of the interest rate caps and re-valued at the end of each reporting period.

The error has been corrected by restating each of the affected financial statement line items for the prior period.

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

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. Where applicable, the Authority plans to apply these Standards and Interpretations from their application date:

- (a) AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owners changes in equity. The Authority does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2009.
- (b) AASB 127 'Consolidated and Separate Financial Statements' (March 2008). The Authority currently complies with this Standard.

**3. Disclosure of changes in accounting policy and estimates (continued)****Future impact of Australian Accounting Standards not yet operative (continued)**

The following Australian Accounting Standards and Interpretations are not applicable to the Authority as they will have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretation	
AASB 3	'Business Combinations'
AASB 8	'Operating Segments'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
AASB 2007-6	'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 107, AASB 111, AASB 116, AASB 138, Interpretation 1 and Interpretation 12]'
AASB 2008-1	'Amendments to Australian Accounting Standards - Shared-based Payments: Vesting Conditions and Cancellations'
AASB 2008-2	'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation' [AASB 7, AASB 101, AASB 132, AASB 139 and Interpretation 2]
Interpretation 13	Customer Loyalty Programmes
Interpretation 129	'Service Concession Arrangements: Disclosures'
	Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS31:
	AASB 1004 'Contributions' (December 2007)
	AASB 1050 'Administered Items' (December 2007)
	AASB 1051 'Land Under Roads' (December 2007)
	AASB 1052 'Disaggregated Disclosures' (December 2007).

**4. Key sources of estimation uncertainty****Defined benefit superannuation plans**

In determining the 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 37 'Provisions'.

**Long service leave liability**

In determining the Authority's ultimate cost of its long service leave liability, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in note 37 '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 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 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 (i). Schedule of Income and Expenses by Service

2008						CONSOLIDATED		2007					
Rental Public Housing \$000	Rental Government Employees \$000	Loans \$000	Land \$000	Elimination \$000	Total \$000		Note	Rental Public Housing \$000	Rental Government Employees \$000	Loans \$000	Land \$000	Elimination \$000	Total \$000
3,354	614	-	274,575	-	278,543	INCOME		903	375	-	244,654	-	245,932
-	-	-	-	(35,476)	(35,476)	Revenue		-	-	-	14,660	(14,660)	-
158,238	99,200	15	193	-	257,646	Sales	6	143,778	78,940	22	534	-	223,274
153,517	-	-	-	-	153,517	Intersegment sales		136,939	-	-	-	-	136,939
1,555	146	116,440	3	-	118,144	Rental revenue	7	2,140	271	119,832	5	-	122,248
2,790	-	-	-	-	2,790	Commonwealth grants and contributions	8	2,603	-	-	-	-	2,603
17,499	71	5,910	13,289	-	36,769	Interest revenue	9	2,178	164	3,661	2,318	-	8,321
336,953	100,031	122,365	288,060	(35,476)	811,933	Developers contributions		288,541	79,750	123,515	262,171	(14,660)	739,317
						Other revenues	10						
						Total revenue							
						Gains							
-	1,626	2,317	-	-	3,943	Gain on the disposal of non-current assets	11	65	89	6,587	(1)	-	6,740
-	1,626	2,317	-	-	3,943	Total gains		65	89	6,587	(1)	-	6,740
336,953	101,657	124,682	288,060	(35,476)	815,876	Total income		288,606	79,839	130,102	262,170	(14,660)	746,057
						EXPENSES							
1,507	413	-	113,708	-	115,628	Cost of sales	6	563	374	-	110,624	-	111,561
142,316	72,614	18	125	-	215,073	Rental expenses	12	121,482	56,124	4	163	-	177,773
39,475	-	-	-	-	39,475	New Living expenses	12	38,210	-	-	-	-	38,210
95,500	-	80	-	-	95,580	Community support expense	13	94,815	-	62	-	-	94,877
36,889	5,142	2,314	4,385	-	48,730	Employee benefits expense	14	39,231	4,891	2,514	4,987	-	51,623
19,041	864	3,532	1,797	-	25,234	Supplies and services	15	14,199	686	3,020	1,521	-	19,426
73,517	7,166	3,468	222	-	84,373	Depreciation & amortisation expense	16	60,863	5,696	2,728	290	-	69,577
26,101	8,903	94,672	16,804	-	146,480	Finance costs	17	26,355	6,886	86,927	8,783	-	128,951
4,829	298	718	249	-	6,094	Accommodation expenses	18	4,100	196	489	211	-	4,996
6,065	-	-	18	-	6,083	Loss on the disposal of non-current assets	11	-	-	-	-	-	-
12,880	295	9,269	5,126	-	27,570	Other expenses	19	12,117	173	8,973	4,640	-	25,903
458,120	95,695	114,071	142,434	-	810,320	Total expenses		411,935	75,026	104,717	131,219	-	722,897
						Profit/(loss) before grants and subsidies							
(121,167)	5,962	10,611	145,626	(35,476)	5,556	grants and subsidies from government		(123,329)	4,813	25,385	130,951	(14,660)	23,160
83,344	-	-	-	-	83,344	Grants and subsidies from government	8	32,578	-	-	-	-	32,578
						Profit/(loss) after grants and subsidies							
(37,823)	5,962	10,611	145,626	(35,476)	88,900	grants and subsidies from government		(90,751)	4,813	25,385	130,951	(14,660)	55,738
-	-	-	-	-	-	- Intersegment transfers		79,727	-	(78,288)	(1,439)	-	-
(37,823)	5,962	10,611	145,626	(35,476)	88,900	Profit/(loss) for the period		(11,024)	4,813	(52,903)	129,512	(14,660)	55,738

## 5 (i). Schedule of Income and Expenses by Service ( continued )

2008						THE HOUSING AUTHORITY					
Rental Public Housing \$000	Rental Government Employees \$000	Loans \$000	Land \$000	Elimination \$000	Total \$000						
3,354	614	-	274,575	-	278,543	<b>INCOME</b>					
-	-	-	-	(35,476)	(35,476)	<b>Revenue</b>					
158,238	99,200	15	193	-	257,646	Sales					
153,517	-	-	-	-	153,517	Intersegment sales					
1,555	146	91,005	3	-	92,709	Rental revenue					
2,790	-	-	-	-	2,790	Commonwealth grants and contributions					
17,499	71	22,063	13,289	-	52,922	Interest revenue					
336,953	100,031	113,083	288,060	(35,476)	802,651	Developers contributions					
-	1,626	2,317	-	-	3,943	Other revenues					
-	1,626	2,317	-	-	3,943	Total revenue					
336,953	101,657	115,400	288,060	(35,476)	806,594	<b>Gains</b>					
						Gain on the disposal of non-current assets					
						Total gains					
						Total income					
						<b>EXPENSES</b>					
1,507	413	-	113,708	-	115,628	Cost of sales					
142,316	72,614	18	125	-	215,073	Rental expenses					
39,475	-	-	-	-	39,475	New Living expenses					
95,500	-	80	-	-	95,580	Community support expense					
36,889	5,142	2,113	4,385	-	48,529	Employee benefits expense					
19,041	864	725	1,797	-	22,427	Supplies and services					
73,517	7,166	2,821	222	-	83,726	Depreciation & amortisation expense					
26,101	8,903	96,441	16,804	-	148,249	Finance costs					
4,829	298	101	249	-	5,477	Accommodation expenses					
6,065	-	-	18	-	6,083	Loss on the disposal of non-current assets					
12,880	295	2,438	5,126	-	20,739	Other expenses					
458,120	95,695	104,737	142,434	-	800,986	Total expenses					
(121,167)	5,962	10,663	145,626	(35,476)	5,608	Profit/(loss) before grants and subsidies					
83,344	-	-	-	-	83,344	from government					
(37,823)	5,962	10,663	145,626	(35,476)	88,952	Grants and subsidies from government					
-	-	-	-	-	-	Profit/(loss) after grants and subsidies					
(37,823)	5,962	10,663	145,626	(35,476)	88,952	from government					
						Intersegment transfers					
						<b>Profit/(loss) for the period</b>					

2007											
Note	Rental Public Housing \$000	Rental Government Employees \$000	Loans \$000	Land \$000	Elimination \$000	Total \$000					
6	903	375	-	244,654	-	245,932	Sales				
	-	-	-	14,660	(14,660)	-	Intersegment sales				
7	143,778	78,940	22	534	-	223,274	Rental revenue				
8	136,939	-	-	-	-	136,939	Commonwealth grants and contributions				
9	2,140	271	91,474	5	-	93,890	Interest revenue				
	2,603	-	-	-	-	2,603	Developers contributions				
10	2,178	164	25,456	2,318	-	30,116	Other revenues				
	288,541	79,750	116,952	262,171	(14,660)	732,754	Total revenue				
11	65	89	6,597	(1)	-	6,750	Gain on the disposal of non-current assets				
	65	89	6,597	(1)	-	6,750	Total gains				
	288,606	79,839	123,549	262,170	(14,660)	739,504	Total income				
6	563	374	-	110,624	-	111,561	Cost of sales				
12	121,482	56,124	4	163	-	177,773	Rental expenses				
12	38,210	-	-	-	-	38,210	New Living expenses				
13	94,815	-	62	-	-	94,877	Community support expense				
14	39,231	4,891	2,375	4,987	-	51,484	Employee benefits expense				
15	14,199	686	625	1,521	-	17,031	Supplies and services				
16	60,863	5,696	2,078	290	-	68,927	Depreciation & amortisation expense				
17	26,355	6,886	88,989	10,127	-	132,357	Finance costs				
18	4,100	196	83	211	-	4,590	Accommodation expenses				
11	-	-	-	-	-	-	Loss on the disposal of non-current assets				
19	12,117	173	2,538	4,640	-	19,468	Other expenses				
	411,935	75,026	96,754	132,563	-	716,278	Total expenses				
	(123,329)	4,813	26,795	129,607	(14,660)	23,226	Profit/(loss) before grants and subsidies				
8	32,578	-	-	-	-	32,578	from government				
	(90,751)	4,813	26,795	129,607	(14,660)	55,804	Grants and subsidies from government				
	79,727	-	(78,288)	(1,439)	-	-	Profit/(loss) after grants and subsidies				
	(11,024)	4,813	(51,493)	128,168	(14,660)	55,804	from government				
							Intersegment transfers				
							<b>Profit/(loss) for the period</b>				



6. Trading profit	Consolidated		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Sales				
Joint venture land	131,573	168,043	131,573	168,043
Land	101,160	77,889	101,160	77,889
House and land packages	10,334	-	10,334	-
	<u>243,067</u>	<u>245,932</u>	<u>243,067</u>	<u>245,932</u>
Less cost of land sold				
Joint venture land	59,692	76,652	59,692	76,652
Land	44,815	34,909	44,815	34,909
House and land packages	11,121	-	11,121	-
	<u>115,628</u>	<u>111,561</u>	<u>115,628</u>	<u>111,561</u>
<b>Trading Profit</b>	<u>127,439</u>	<u>134,371</u>	<u>127,439</u>	<u>134,371</u>
7. Rental revenue				
Rental properties	251,520	217,452	251,520	217,452
Amenities heating	4,018	3,874	4,018	3,874
Commercial properties	2,102	1,945	2,102	1,945
Community housing properties	6	3	6	3
<b>Total rental revenue</b>	<u>257,646</u>	<u>223,274</u>	<u>257,646</u>	<u>223,274</u>
8. Commonwealth and State grants				
<b>Commonwealth grants and contributions</b>				
Aboriginal housing	65,446	53,131	65,446	53,131
Commonwealth rental grants	77,156	73,137	77,156	73,137
Crisis accommodation & community housing	10,915	10,671	10,915	10,671
<b>Total Commonwealth grants</b>	<u>153,517</u>	<u>136,939</u>	<u>153,517</u>	<u>136,939</u>
<b>State grants and subsidies</b>				
Department of Treasury and Finance	81,184	31,710	81,184	31,710
Department of Indigenous Affairs	136	868	136	868
Department for Planning and Infrastructure	200	-	200	-
Main Roads Western Australia	1,124	-	1,124	-
Department of Industry and Resources	700	-	700	-
<b>Total State grants</b>	<u>83,344</u>	<u>32,578</u>	<u>83,344</u>	<u>32,578</u>
9. Interest revenue				
<b>Loan interest</b>				
Keystart secured mortgage advances	104,902	102,789	-	-
	<u>104,902</u>	<u>102,789</u>	<u>-</u>	<u>-</u>
The Housing Authority loan schemes	1	852	1	852
Less mortgage subsidies	-	3	-	3
	<u>1</u>	<u>849</u>	<u>1</u>	<u>849</u>
<b>Total Loan Interest</b>	<u>104,903</u>	<u>103,638</u>	<u>1</u>	<u>849</u>
<b>Other interest</b>				
Interest on cash at bank	3,007	7,109	3,007	7,109
Interest on investments	10,206	11,444	89,673	85,875
Interest other	28	57	28	57
Total other interest	<u>13,241</u>	<u>18,610</u>	<u>92,708</u>	<u>93,041</u>
<b>Total interest revenue</b>	<u>118,144</u>	<u>122,248</u>	<u>92,709</u>	<u>93,890</u>
10. Other revenue				
Bad debts recovered	349	550	349	550
Conveyancing fees	2,977	2,687	2,977	2,687
Dividends	-	-	20,085	23,664
Assets received free of charge	10,550	10	10,550	10
Other revenue	<u>22,893</u>	<u>5,074</u>	<u>18,961</u>	<u>3,205</u>
<b>Total other revenues</b>	<u>36,769</u>	<u>8,321</u>	<u>52,922</u>	<u>30,116</u>

11. Net (loss)/gain on disposal of non-current assets	Consolidated		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Costs on disposal of non-current assets</b>				
Rental properties	50,486	76,356	50,486	76,356
Community housing properties	1,159	-	1,159	-
Shared equity properties	12,590	12,228	12,590	12,228
Properties plant & equipment	196	58	196	48
	<u>64,431</u>	<u>88,642</u>	<u>64,431</u>	<u>88,632</u>
<b>Proceeds from the disposal of assets</b>				
Rental properties	46,158	76,544	46,158	76,544
Community housing properties	1,213	-	1,213	-
Shared equity properties	14,911	18,829	14,911	18,829
Properties plant & equipment	9	9	9	9
	<u>62,291</u>	<u>95,382</u>	<u>62,291</u>	<u>95,382</u>
<b>Net (loss)/gain</b>	<u>(2,140)</u>	<u>6,740</u>	<u>(2,140)</u>	<u>6,750</u>
12. Rental expenses				
Maintenance expenses	64,558	54,117	64,558	54,117
Debt collection expenses	1,161	1,156	1,161	1,156
Estate management expenses	5,245	4,493	5,245	4,493
General expenses	9,315	7,213	9,315	7,213
Insurance expenses	10,769	5,629	10,769	5,629
Rates expenses	52,705	49,843	52,705	49,843
Renovations & improvements	27,272	23,261	27,272	23,261
Non cancellable operating leases:				
- Rental properties	44,048	32,061	44,048	32,061
<b>Total rental expenses</b>	<u>215,073</u>	<u>177,773</u>	<u>215,073</u>	<u>177,773</u>
<b>New living expenses</b>				
Renovations & improvements	37,370	35,909	37,370	35,909
Infrastructure expenses	1,283	1,628	1,283	1,628
Demolition costs	822	673	822	673
<b>Total new living expenses</b>	<u>39,475</u>	<u>38,210</u>	<u>39,475</u>	<u>38,210</u>
13. Community support expense				
Aboriginal Housing (i)	90,446	91,589	90,446	91,589
Community Housing (ii)	5,054	3,226	5,054	3,226
Mortgage and rental assistance program - cash assistance	80	62	80	62
<b>Total community support expense</b>	<u>95,580</u>	<u>94,877</u>	<u>95,580</u>	<u>94,877</u>

- (i) Aboriginal housing community support consists of expenses incurred in the provision of remote indigenous community housing and support programmes.
- (ii) Community housing support consists of expenses incurred in the provision of housing undertaken by community groups.



THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
<b>14. Employee benefits expense</b>				
Salaries & wages	56,555	53,066	56,388	52,953
Superannuation - defined contribution plans	4,237	4,767	4,237	4,767
Superannuation - defined benefit plans	59	3,563	59	3,563
	<u>60,851</u>	<u>61,396</u>	<u>60,684</u>	<u>61,283</u>
Less Credits:				
Administration capitalised	4,622	3,523	4,622	3,523
Recoups	7,499	6,250	7,533	6,276
Total credits	<u>12,121</u>	<u>9,773</u>	<u>12,155</u>	<u>9,799</u>
<b>Total employee benefits expenses</b>	<b>48,730</b>	<b>51,623</b>	<b>48,529</b>	<b>51,484</b>
<b>15. Supplies and services</b>				
Other personnel costs	4,802	2,777	4,802	2,777
Travel	1,725	1,262	1,725	1,262
Stationery & supplies	1,207	1,032	1,039	871
Communication	3,072	2,435	2,907	2,273
Other costs & expenses	11,348	9,238	9,086	7,317
External and Internal Audit fees	632	650	420	499
Motor vehicles	<u>1,257</u>	<u>961</u>	<u>1,257</u>	<u>961</u>
	<u>24,043</u>	<u>18,355</u>	<u>21,236</u>	<u>15,960</u>
Lease expenses				
Non cancellable operating leases:				
- Motor vehicles	<u>1,191</u>	<u>1,071</u>	<u>1,191</u>	<u>1,071</u>
	<u>1,191</u>	<u>1,071</u>	<u>1,191</u>	<u>1,071</u>
<b>Total supplies and services</b>	<b>25,234</b>	<b>19,426</b>	<b>22,427</b>	<b>17,031</b>
<b>16. Depreciation and Amortisation expense</b>				
<b>Depreciation</b>				
Rental properties	73,437	60,290	73,437	60,290
Community housing properties	5,248	4,070	5,248	4,070
Shared equity properties	2,762	1,989	2,762	1,989
Other properties	521	583	521	583
Plant & equipment	1,463	2,026	1,056	1,376
<b>Amortisation</b>				
Intangible assets	702	619	702	619
Other assets	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total depreciation and amortisation expense</b>	<b>84,373</b>	<b>69,577</b>	<b>83,726</b>	<b>68,927</b>
<b>17. Finance costs</b>				
Interest on interest-bearing liabilities	138,441	128,951	141,873	132,357
Finance charges	6,376	-	6,376	-
Change in time value of cash flow hedge	<u>1,663</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total finance costs</b>	<b>146,480</b>	<b>128,951</b>	<b>148,249</b>	<b>132,357</b>

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
<b>18. Accommodation expenses</b>				
Office rental & accommodation	4,721	3,903	4,683	3,897
Lease expenses				
Non cancellable operating leases:				
- Office properties	<u>1,373</u>	<u>1,093</u>	<u>794</u>	<u>693</u>
<b>Total accommodation expenses</b>	<b>6,094</b>	<b>4,996</b>	<b>5,477</b>	<b>4,590</b>
<b>19. Other expenses</b>				
Doubtful debts expense	4,385	3,488	4,203	3,679
Fees - Keystart	6,111	6,098	-	-
Grants & subsidies	17	177	17	177
Land expenses	3,835	3,240	3,835	3,240
Loan scheme expenses	752	789	752	789
Write down of assets classified as held for sale	583	1,241	583	1,241
Employee on costs	3,633	3,503	3,633	3,503
Other expenses	<u>8,254</u>	<u>7,367</u>	<u>7,716</u>	<u>6,839</u>
<b>Total other expenses</b>	<b>27,570</b>	<b>25,903</b>	<b>20,739</b>	<b>19,468</b>
<b>20. Cash and cash equivalents</b>				
Cash at bank - operational	20,088	55,878	8,132	46,967
Cash at bank - superannuation	<u>20,700</u>	<u>20,700</u>	<u>20,700</u>	<u>20,700</u>
	<u>12</u>	<u>20</u>	<u>12</u>	<u>20</u>
Cash advances	<b>40,800</b>	<b>76,598</b>	<b>28,844</b>	<b>67,687</b>
Restricted cash				
Rental tenants bonds	12,088	11,214	12,088	11,214
Joint venture cash	<u>14,657</u>	<u>23,166</u>	<u>14,657</u>	<u>23,166</u>
	<u>26,745</u>	<u>34,380</u>	<u>26,745</u>	<u>34,380</u>
<b>Total cash and cash equivalents</b>	<b>67,545</b>	<b>110,978</b>	<b>55,589</b>	<b>102,067</b>
Rental Tenants Bonds represents bond monies received by the Authority from rental clients. These funds are held in trust in accordance with the Residential Tenancies Act. Joint Venture Cash is restricted for the use of joint venture operations and is controlled by the respective management groups.				
<b>21. Inventories</b>				
<b>Current</b>				
Land held for sale at cost (Note 2(h)) current	36,691	19,933	36,691	19,933
Cost of acquisition and development	2,850	3,006	2,850	3,006
Capitalised rates, taxes, administration and interest	<u>39,541</u>	<u>22,939</u>	<u>39,541</u>	<u>22,939</u>
	<u>62,473</u>	<u>52,566</u>	<u>62,473</u>	<u>52,566</u>
Joint venture land at cost (Note 2 (h))	<u>6,762</u>	<u>1,274</u>	<u>6,762</u>	<u>1,274</u>
House and land packages at cost	<u>108,776</u>	<u>76,779</u>	<u>108,776</u>	<u>76,779</u>
<b>Total current inventories</b>	<b>108,776</b>	<b>76,779</b>	<b>108,776</b>	<b>76,779</b>
<b>Non-current</b>				
Land held for sale at cost (Note 2(h)) non - current	395,347	348,828	395,347	348,828
Cost of acquisition and development	10,808	11,358	10,808	11,358
Capitalised rates, taxes, administration and interest	<u>405,955</u>	<u>360,186</u>	<u>405,955</u>	<u>360,186</u>
	<u>84,641</u>	<u>72,045</u>	<u>84,641</u>	<u>72,045</u>
Joint venture land at cost (a)	<u>490,596</u>	<u>432,231</u>	<u>490,596</u>	<u>432,231</u>
<b>Total non-current inventories</b>	<b>490,596</b>	<b>432,231</b>	<b>490,596</b>	<b>432,231</b>

## 21. Inventories (Continued)

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

### Butler

The Authority holds a 46.78% interest in a joint venture operation named Ocean Springs for the development of land at Brighton estate. The Authority contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

### Brighton Beachside Estate

The Authority holds a 50% interest in a joint venture operation named Brighton Beachside Estate for the development of land at Quinns. The Authority contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

### Dalyellup Beach

The Authority holds a 50% interest in a joint venture operation named Dalyellup Beach for the development of land at Dalyellup Beach, Bunbury. The Authority contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

### Ellenbrook

The Authority holds a 47.138% interest in a joint venture operation named Ellenbrook for the development of land at Ellenbrook. The Authority contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

### Seacrest

The Authority holds a 50% interest in a joint venture operation named Seacrest for the development of land at Wandina, Geraldton. The Authority contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

### Oyster Harbour

The Authority holds a 50% interest in the Oyster Harbour joint venture for the development of land at the Oyster Harbour Estate, Bayonet Head, Albany. The Authority contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

### Beeliar

The Authority holds an interest in a joint venture operation named Beeliar for the development of Authority land in Beeliar. The Authority does not contribute to the development of the land. The revenue received is 33% of the sale price of each lot and 50% share in the net proceeds after development costs, management fees and the Authority's 33% has been deducted.

### Clarkson

The Authority holds an interest in a joint venture operation named Clarkson for the development of Authority land in Clarkson. The Authority does not contribute to the development of the land. The revenue received is 17.5% of the sale price of each lot and 30% share in the net proceeds after development costs, management fees and the Authority's 17.5% has been deducted.

### Woodrise Estate

The Authority holds an interest in a joint venture operation named Woodrise Estate for the development of Authority land in Albany. The Authority does not contribute to the development of the land. The revenue received is 30% of gross sales.

### Wellard

The Authority holds an interest in a joint venture operation named Wellard for the development of Authority land in Wellard. The Authority does not contribute to the development of the land. The revenue received is 10% of the sale price of each lot and 80% share in the net proceeds after development costs, management fees and the Authority's 10% has been deducted.

### Banksia Grove

The Authority holds an interest in the Banksia Grove joint venture for the development of its landholdings at Banksia Grove. The Authority does not contribute to the development of the land. The revenue received is 35% of the sale price of each lot and 40% share in the net proceeds after development costs, management fees and the Authority's 35% has been deducted.

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

**21. Inventories (Continued)**  
**JOINT VENTURE OPERATIONS**

	2008											
	Butler	Brighton Beachside Estate	Dalyellup Beach	Ellenbrook	Seacrest	Oyster Harbour	Beeliar	Clarkson	Woodrise Estate	Wellard	Banksia Grove	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>CURRENT ASSETS</b>												
Cash and cash equivalents	10,591	11	2,393	440	799	423	-	-	-	-	-	14,657
Receivables	5,142	117	2,533	6,909	786	209	-	-	-	-	-	15,696
Inventories	9,338	206	20,875	28,174	-	3,880	-	-	-	-	-	62,473
Other current assets	-	-	-	3,292	554	-	-	-	-	-	-	3,846
	25,071	334	25,801	38,815	2,139	4,512	-	-	-	-	-	96,672
<b>NON-CURRENT ASSETS</b>												
Receivables	-	-	-	-	2	-	-	-	-	-	-	2
Office Equipment	-	-	-	72	-	-	-	-	-	-	-	72
Buildings	362	-	1,034	336	-	-	-	-	-	-	-	1,732
Development costs (1)	27,694	-	-	8,298	4,577	-	-	-	-	-	-	40,569
	28,056	-	1,034	8,706	4,579	-	-	-	-	-	-	42,375
<b>Total assets</b>	53,127	334	26,835	47,521	6,718	4,512	-	-	-	-	-	139,047
<b>CURRENT LIABILITIES</b>												
Payables	5,396	3	1,646	1,807	334	114	-	-	-	-	-	9,300
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	3,935	-	2,022	5,498	101	-	-	-	-	-	-	11,556
	9,331	3	3,668	7,305	435	114	-	-	-	-	-	20,856
<b>NON-CURRENT LIABILITIES</b>												
Payables and Interest-bearing liabilities	-	-	-	731	-	-	-	-	-	-	-	731
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	731	-	-	-	-	-	-	-	731
<b>Total liabilities</b>	9,331	3	3,668	8,036	435	114	-	-	-	-	-	21,587
<b>NET ASSETS</b>	43,796	331	23,167	39,485	6,283	4,398	-	-	-	-	-	117,460
Land (1)	6,919	-	152	5,047	524	7,394	1,325	-	30	8,517	14,164	44,072

1. The total of development costs (\$40.569 million) and Authority land (\$44.072 million) represents the total (\$84.641 million) joint venture land.

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

**21. Inventories (Continued)**  
**JOINT VENTURE OPERATIONS**

	2007											
	Butler	Brighton Beachside Estate	Dalyellup Beach	Ellenbrook	Seacrest	Oyster Harbour	Beeliar	Clarkson Beach	Woodrise Estate	Wellard	Banksia Grove	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		\$000
<b>CURRENT ASSETS</b>												
Cash and cash equivalents	14,350	18	4,454	3,240	818	286	-	-	-	-	-	23,166
Receivables	3,634	-	2,229	5,265	90	47	-	-	-	-	-	11,265
Inventories	14,329	-	11,948	23,826	-	2,463	-	-	-	-	-	52,566
Other current assets	-	-	1	3,174	-	-	-	-	-	-	-	3,175
	32,313	18	18,632	35,505	908	2,796	-	-	-	-	-	90,172
<b>NON-CURRENT ASSETS</b>												
Receivables	-	-	-	1,886	4	-	-	-	-	-	-	1,890
Office Equipment	-	-	-	81	-	-	-	-	-	-	-	81
Buildings	681	-	1,055	373	-	-	-	-	-	-	-	2,109
Development costs (1)	12,568	-	-	7,462	4,150	-	-	-	-	-	-	24,180
	13,249	-	1,055	9,802	4,154	-	-	-	-	-	-	28,260
<b>Total assets</b>	45,562	18	19,687	45,307	5,062	2,796	-	-	-	-	-	118,432
<b>CURRENT LIABILITIES</b>												
Payables	2,788	71	1,414	939	316	251	-	-	-	-	-	5,779
Other Liabilities	119	-	-	1,515	-	-	-	-	-	-	-	1,634
Provisions	3,094	-	2,747	8,235	7	-	-	-	-	-	-	14,083
	6,001	71	4,161	10,689	323	251	-	-	-	-	-	21,496
<b>NON-CURRENT LIABILITIES</b>												
Payables and Interest-bearing liabilities	-	-	-	731	-	-	-	-	-	-	-	731
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	731	-	-	-	-	-	-	-	731
<b>Total liabilities</b>	6,001	71	4,161	11,420	323	251	-	-	-	-	-	22,227
<b>NET ASSETS</b>	39,561	(53)	15,526	33,887	4,739	2,545	-	-	-	-	-	96,205
Land (1)	8,315	-	218	5,489	609	7,061	1,663	584	30	9,103	14,793	47,865

1. The total of development costs (\$24.180 million) and Authority land (\$47.865 million) represents the total (\$72.045 million) joint venture land.

	Consolidated		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>22. Loans and receivables</b>				
<b>Current</b>				
General	12,058	16,128	11,566	16,050
Loans to homebuyers	410,454	410,697	-	-
Joint venture receivables	15,696	11,265	15,696	11,265
Rental and Lease bonds	11,262	6,240	11,262	6,240
Rents from tenants and other rents	14,999	13,110	14,999	13,110
	464,469	457,440	53,523	46,665
Less provision for impairment	3,218	2,668	3,218	2,668
<b>Total receivables current</b>	<b>461,251</b>	<b>454,772</b>	<b>50,305</b>	<b>43,997</b>

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. An impairment loss of \$4,203,000 (2007 \$3,679,000) has been recognised by the Authority.

#### Movement in Provisions for Impairment

Carrying amount at start of year	2,668	2,141	2,668	2,141
Charge for the year	4,203	3,710	4,203	3,710
Amounts written off	(3,653)	(3,183)	(3,653)	(3,183)
Carrying amount at end of year	3,218	2,668	3,218	2,668

#### Current receivables individually determined as impaired at the balance sheet date:

Carrying amount before deducting any impairment loss	223	342	223	342
Impairment loss	(223)	(342)	(223)	(342)
	-	-	-	-

#### Non current

Non-current loans and advances				
Keystart preferential shares (a )	-	-	1,420,000	1,240,000
Loans to homebuyers (b)	1,097,893	842,967	39	35
Loans other				
Commercial organisations (c)	160	177	160	177
Local & statutory Authority's	19	19	19	19
Less provision for impairment	858	828	-	-
	1,097,214	842,335	1,420,218	1,240,231
Capitalised management rights	2,162	2,162	-	-
Less accumulated amortisation	2,140	1,623	-	-
	22	539	-	-
Joint venture receivables	2	1,890	2	1,890
General receivables	17,625	-	17,625	-
<b>Total receivables non current</b>	<b>1,114,863</b>	<b>844,764</b>	<b>1,437,845</b>	<b>1,242,121</b>

#### Provision for impairment loss

As at 30 June 2008, loans to homebuyers with a nominal value of \$208,000 (2007: \$490,000) were impaired, and written off against provision for impairment. The amount of the provision was \$858,000 (2007: \$828,000). The individually impaired receivables are mainly due to property abandonment and voluntary property surrender.

The creation and release of the provision for impaired receivables has been included in 'bad and doubtful debts (expenses)/written back' in the income statements. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

	Consolidated		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>22. Loans and receivables (Continued)</b>				
<b>Movement in Provisions for Impairment</b>				
Carrying amount at start of year	828	1,447	-	-
Charge for the year	184	(191)	-	-
Amounts written off	(154)	(428)	-	-
Carrying amount at end of year	858	828	-	-
<b>Aging analysis of receivables past due but not impaired at the balance sheet date</b>				
Not more than 3 months	15,340	14,003	4,771	3,589
More than 3 months but less than 6 months	4,046	3,675	2,087	1,586
More than 6 months but less than 1 year	3,348	2,835	3,348	2,835
More than 1 year	6,108	5,562	6,108	5,562
	28,842	26,075	16,314	13,572

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

Non-accrual loans				
With provisions	2,160	2,153	-	-
Provisions for impairment	(578)	(596)	-	-
	1,582	1,557	-	-

#### Assets acquired through the enforcement of security

Balance	4,066	1,891	-	-
Provision for impairment	(279)	(232)	-	-
	3,787	1,659	-	-

Interest foregone on non-accrual and restructured loans	230	254	-	-
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#### Restructured Loans

Balance without provisions	2,226	1,435	-	-
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A Safety Net Scheme is offered to clients who require assistance because of changes in their financial situation. In most cases, Phase 1 assistance is sufficient and is granted for short terms of up to six (6) months. Those who require longer periods are assigned to Phase 2. These 2 stages provide assistance in the form of an interest rate reduction to lower repayments. The table shows the position as at the end of the financial period.

	Number	2008	Number	2007
Phase 1	26	3,543	21	2,328
Phase 2	1	68	4	407
	27	3,611	25	2,735

Past due loans				
Balance without provision	1,808	1,992	-	-

**22. Loans and receivables (continued)**

"Non-accrual loans" are loans and advances where the recovery of all interest and principal is considered to be reasonably doubtful, and hence provisions for impairment are recognised.

"Assets acquired through the enforcement of security" are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.

"Restructured loans" arise when the borrower is granted a concession due to continuing difficulties in meeting the original terms, and the revised terms are not comparable to new facilities. Loans with revised terms are included in non-accrual loans when impairment provisions are required.

"Past-due loans" are loans where payments of principal and/or interest are at least 90 days in arrears. Full recovery of both principal and interest is expected. If an impairment provision is required, the loan is included in non-accrual loans.

**(a) Keystart Preferential Shares**

The Western Australian Treasury Corporation has provided the Authority with a \$2,000 million loan facility to fund Keystart Loans Ltd. The 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 \$1,420 million (June 2007 \$1,240 million) of this facility has been drawn down.

**(b) Loans to Homebuyers****(a) Interest Rate Risk**

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

**(b) Fair Value and credit risk**

Current loan and other receivable

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. (Refer to note 2 (ab) for more information on the risk management policy of the Consolidated Entity.)

Non-current loan and other receivables

Fair Value	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
The fair values and carrying values of non-current receivables of the Consolidated Entity are as follows:				
Loan and receivables - fair value	1,098,072	845,138	218	2,121

**22. Loans and receivables (Continued)****Credit Risk**

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables mentioned above. (Refer to note 2 (ab) for more information on the risk management policy of the Consolidated Entity).

**(c) Collateral held**

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

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(i) Identified entitlement to collateral held	1,507,745	1,253,714	-	-
(ii) Identified entitlement to collateral sold	5,928	9,478	-	-

**(iii) Terms and conditions associated with the use of collateral**

Should a borrower breach the terms and conditions of their mortgage, Keystart has the facility to recover all or part of the outstanding exposure by;

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

(iv) collateral obtained during the period in terms of exercising of rights under the mortgages	4,066	1,891	-	-
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Mortgagee sales are considered as the last resort in relation to continually defaulting borrowers. The execution of the mortgagee sales must comply with the Uniform Consumer Credit Code (UCCC), 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 provisions.

- (c) The Authority has one interest free loan with a face value of \$136,000 (original principal was \$200,000 in 2001) which is carried at amortised cost with an effective interest rate of 5.34%. The carrying amount as at June 30 2008 is \$88,557 (June 2007 \$91,721).

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
<b>23. Other current assets</b>				
Accrued revenue				
Interest on cash at bank	509	1,659	509	1,659
Interest Keystart shares	-	-	12,662	11,159
	<u>509</u>	<u>1,659</u>	<u>13,171</u>	<u>12,818</u>
Prepayments				
Insurance premiums	8	43	8	43
Lease rentals	4,371	2,965	4,371	2,965
Joint venture	<u>3,846</u>	<u>3,175</u>	<u>3,846</u>	<u>3,175</u>
	<u>8,225</u>	<u>6,183</u>	<u>8,225</u>	<u>6,183</u>
<b>Total other current assets</b>	<u>8,734</u>	<u>7,842</u>	<u>21,396</u>	<u>19,001</u>

**24. Derivatives****Current assets**

Interest rate caps	1,629	300	-	-
Interest rate swaps	<u>89</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current derivative financial instrument assets	<u>1,718</u>	<u>300</u>	<u>-</u>	<u>-</u>

**Non-Current assets**

Interest rate caps	2,554	2,000	-	-
Total current derivative financial instrument assets	<u>2,554</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
<b>Total Derivatives</b>	<u>4,272</u>	<u>2,300</u>	<u>-</u>	<u>-</u>

**25. Non-current assets classified as held for sale**

Opening Balance				
Rental properties	8,384	7,396	8,384	7,396
Assets reclassified as held for sale				
Rental properties	24,010	47,362	24,010	47,362
Less impairment	<u>583</u>	<u>1,241</u>	<u>583</u>	<u>1,241</u>
	<u>23,427</u>	<u>46,121</u>	<u>23,427</u>	<u>46,121</u>
Total assets classified as held for sale				
Rental properties	31,811	53,517	31,811	53,517
Less assets sold				
Rental properties	<u>27,366</u>	<u>45,133</u>	<u>27,366</u>	<u>45,133</u>
<b>Closing balance</b>				
<b>Rental properties</b>	<u>4,445</u>	<u>8,384</u>	<u>4,445</u>	<u>8,384</u>

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

**26. Other financial assets****Current**

Deposits at call (a)	76,518	149,802	-	-
<b>Total current other financial assets</b>	<u>76,518</u>	<u>149,802</u>	<u>-</u>	<u>-</u>

**Non - current investments**

Ellenbrook Management Pty Ltd Shares (b)	24	24	24	24
<b>Total non - current other financial assets</b>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>

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

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

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

Disclosed in the financial statements as:  
Current other financial assets

76,518	149,802	-	-
<u>76,518</u>	<u>149,802</u>	<u>-</u>	<u>-</u>

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**26. Other financial assets (continued)**

(b) Interest is held in the following company.

(b) Interest is held in the following company:

Name	Principal Activities	Type of shares	Percentage of each share class held	Dividends received (\$000)	Value of Shares at cost (\$000)
			2008 %	2007 %	
Ellenbrook Management Pty Ltd	Real estate development	Ord.	47.14	47.14	Nil  24

**27. Rental properties**

Rental properties at fair value

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
Improvements	4,415,826	3,595,457	4,415,826	3,595,457
Land	<u>6,192,583</u>	<u>4,605,252</u>	<u>6,192,583</u>	<u>4,605,252</u>
	<u>10,608,409</u>	<u>8,200,709</u>	<u>10,608,409</u>	<u>8,200,709</u>
Less accumulated depreciation	<u>2,777</u>	<u>2,487</u>	<u>2,777</u>	<u>2,487</u>
	<u>10,605,632</u>	<u>8,198,222</u>	<u>10,605,632</u>	<u>8,198,222</u>
Leasehold improvements at cost	225	225	225	225
Less accumulated depreciation	<u>144</u>	<u>140</u>	<u>144</u>	<u>140</u>
	<u>81</u>	<u>85</u>	<u>81</u>	<u>85</u>
<b>Total rental properties</b>	<u>10,605,713</u>	<u>8,198,307</u>	<u>10,605,713</u>	<u>8,198,307</u>

**28. Community housing properties**

Crisis accommodation properties at fair value

Improvements	56,678	49,847	56,678	49,847
Land	<u>103,131</u>	<u>77,481</u>	<u>103,131</u>	<u>77,481</u>
	<u>159,809</u>	<u>127,328</u>	<u>159,809</u>	<u>127,328</u>

Community housing properties at fair value

Improvements	139,177	86,609	139,177	86,609
Land	<u>124,542</u>	<u>99,335</u>	<u>124,542</u>	<u>99,335</u>
	<u>263,719</u>	<u>185,944</u>	<u>263,719</u>	<u>185,944</u>

Joint charity projects at fair value

Improvements	84,108	79,737	84,108	79,737
Land	<u>48,912</u>	<u>37,056</u>	<u>48,912</u>	<u>37,056</u>
	<u>133,020</u>	<u>116,793</u>	<u>133,020</u>	<u>116,793</u>

Indigenous urban housing at fair value

Improvements	4,319	5,094	4,319	5,094
Land	<u>6,393</u>	<u>4,453</u>	<u>6,393</u>	<u>4,453</u>
	<u>10,712</u>	<u>9,547</u>	<u>10,712</u>	<u>9,547</u>
	<u>567,260</u>	<u>439,612</u>	<u>567,260</u>	<u>439,612</u>

Less accumulated depreciation:

Crisis accommodation	14	58	14	58
Community housing	553	110	553	110
Joint charity projects	2,421	2,240	2,421	2,240
Indigenous urban housing	<u>-</u>	<u>45</u>	<u>-</u>	<u>45</u>
	<u>2,988</u>	<u>2,453</u>	<u>2,988</u>	<u>2,453</u>
<b>Total community housing properties</b>	<u>564,272</u>	<u>437,159</u>	<u>564,272</u>	<u>437,159</u>

**29. Shared equity properties**

Shared Equity Properties at fair value

Improvements	110,284	77,409	110,284	77,409
Land	<u>224,546</u>	<u>129,444</u>	<u>224,546</u>	<u>129,444</u>
	<u>334,830</u>	<u>206,853</u>	<u>334,830</u>	<u>206,853</u>

Less Accumulated Depreciation:

	574	151	574	151
<b>Total shared equity properties</b>	<u>334,256</u>	<u>206,702</u>	<u>334,256</u>	<u>206,702</u>



THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

30. Other properties

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
Other properties at fair value				
Offices				
Improvements	8,953	8,781	8,953	8,781
Land	31,133	21,101	31,133	21,101
	40,086	29,882	40,086	29,882
Commercial				
Improvements	1,926	1,463	1,926	1,463
Land	4,240	3,418	4,240	3,418
	6,166	4,881	6,166	4,881
Joint venture buildings	2,107	2,447	2,107	2,447
	48,359	37,210	48,359	37,210
Less accumulated depreciation:				
Offices	-	-	-	-
Commercial	6	-	6	-
Joint venture buildings	375	338	375	338
	381	338	381	338
	47,978	36,872	47,978	36,872
Leasehold improvements at cost	321	408	321	408
Less accumulated depreciation:	134	259	134	259
	187	149	187	149
GROH vacant land at fair value	25,576	16,061	25,576	16,061
<b>Total other properties</b>	<b>73,741</b>	<b>53,082</b>	<b>73,741</b>	<b>53,082</b>

31. Plant and equipment

Plant & equipment at cost				
Air conditioning	1,178	1,160	1,178	1,160
Commercial vehicles	236	368	236	368
Computing facilities & equipment	9,970	8,411	8,102	7,345
Furniture & fittings	493	500	349	356
Office machines & equipment	2,225	1,983	2,014	1,791
Joint venture office equipment	125	125	125	125
Plant & equipment	106	106	106	106
	14,333	12,653	12,110	11,251
Less accumulated depreciation:				
Air conditioning	623	539	623	539
Commercial vehicles	179	299	179	299
Computing facilities & equipment	5,854	6,091	4,719	5,332
Furniture & fittings	372	354	300	292
Office machines & equipment	1,079	965	929	835
Joint venture office equipment	53	44	53	44
Plant & equipment	64	52	64	52
	8,224	8,344	6,867	7,393
<b>Total plant and equipment</b>	<b>6,109</b>	<b>4,309</b>	<b>5,243</b>	<b>3,858</b>

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

32. Property, plant and equipment reconciliation

CONSOLIDATED

Carrying amount at start of year	8,198,307
Additions	144,633
Transfers	144,561
Disposals	(57,276)
Classified as held for sale	(23,975)
Revaluation increments (a)	2,272,315
Depreciation	(72,852)
Carrying amount at end of year	10,605,713

2008						
Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000
8,198,307	437,159	206,702	53,082	4,309	144,998	9,044,557
144,633	46,381	92,748	7,015	3,366	200,443	494,586
144,561	4,233	3,040	110	-	(151,944)	-
(57,276)	(1,551)	(12,652)	(3,489)	(1,686)	-	(76,654)
(23,975)	-	-	-	-	-	(23,975)
2,272,315	83,280	47,118	17,410	-	-	2,420,123
(72,852)	(5,230)	(2,700)	(387)	120	-	(81,049)
10,605,713	564,272	334,256	73,741	6,109	193,497	11,777,588

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

THE HOUSING AUTHORITY

Carrying amount at start of year	8,198,307
Additions	144,633
Transfers	144,561
Disposals	(57,276)
Classified as held for sale	(23,975)
Revaluation increments (a)	2,272,315
Depreciation	(72,852)
Carrying amount at end of year	10,605,713

2008						
Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000
8,198,307	437,159	206,702	53,082	3,858	144,998	9,044,106
144,633	46,381	92,748	7,015	2,545	200,443	493,765
144,561	4,233	3,040	110	-	(151,944)	-
(57,276)	(1,551)	(12,652)	(3,489)	(1,686)	-	(76,654)
(23,975)	-	-	-	-	-	(23,975)
2,272,315	83,280	47,118	17,410	-	-	2,420,123
(72,852)	(5,230)	(2,700)	(387)	526	-	(80,643)
10,605,713	564,272	334,256	73,741	5,243	193,497	11,776,722

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

For Plant & Equipment - refer to Note 3: Policy change to assets under \$5,000

- (a) Freehold land and buildings were revalued as at 1 July 2007 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2008 and recognised at 30 June 2008. The fair value of all land and buildings has been determined by reference to recent market transactions.

Valuation Services, the Office of the Auditor General and the Department of Treasury and Finance assessed the valuations globally to ensure that the valuations provided (as at 1 July 2007) were compliant with fair value at 30 June 2008.

**32. Property, plant and equipment reconciliation**

	2007						
CONSOLIDATED	Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	4,817,132	290,253	124,038	31,597	4,148	129,975	5,397,143
Additions	425,752	17,377	18,640	12,306	2,272	163,021	639,368
Transfers	143,668	1,853	190	2,287	-	(147,998)	-
Disposals	(54,719)	-	(12,314)	(8,303)	(1,736)	-	(77,072)
Classified as held for sale	(47,248)	-	-	-	-	-	(47,248)
Revaluation increments	2,973,820	131,745	78,051	15,369	-	-	3,198,985
Depreciation	(60,098)	(4,069)	(1,903)	(174)	(375)	-	(66,619)
Carrying amount at end of year	8,198,307	437,159	206,702	53,082	4,309	144,998	9,044,557

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

	2007						
THE HOUSING AUTHORITY	Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	4,817,132	290,253	124,038	31,597	3,518	129,975	5,396,513
Additions	425,752	17,377	18,640	12,306	2,270	163,021	639,366
Transfers	143,668	1,853	190	2,287	-	(147,998)	-
Disposals	(54,719)	-	(12,314)	(8,303)	(1,736)	-	(77,072)
Classified as held for sale	(47,248)	-	-	-	-	-	(47,248)
Revaluation increments	2,973,820	131,745	78,051	15,369	-	-	3,198,985
Depreciation	(60,098)	(4,069)	(1,903)	(174)	(194)	-	(66,438)
Carrying amount at end of year	8,198,307	437,159	206,702	53,082	3,858	144,998	9,044,106

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

**33. Intangible assets**

Computing software at cost  
Less accumulated amortisation

Computing development at cost  
Less accumulated amortisation

**Total intangible assets****Intangible assets reconciliation**

Carrying amount at start of year

Additions

Disposals

Amortisation expense

Carrying amount at end of year

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
Computing software at cost	8,968	8,375	4,944	4,404
Less accumulated amortisation	7,261	6,512	3,512	3,002
	1,707	1,863	1,432	1,402
Computing development at cost	10,793	10,388	10,793	10,388
Less accumulated amortisation	9,722	9,543	9,722	9,543
	1,071	845	1,071	845
<b>Total intangible assets</b>	<b>2,778</b>	<b>2,708</b>	<b>2,503</b>	<b>2,247</b>
<b>Intangible assets reconciliation</b>				
Carrying amount at start of year	2,708	2,723	2,247	2,030
Additions	1,146	965	1,093	834
Disposals	147	89	147	89
Amortisation expense	(929)	(891)	(690)	(528)
Carrying amount at end of year	2,778	2,708	2,503	2,247

**34. Other non-current assets**

Other assets at cost

Loan broker fees

Less accumulated amortisation

**Total other non-current assets**

	17,779	14,027	-	-
	12,917	10,704	-	-
<b>Total other non-current assets</b>	<b>4,862</b>	<b>3,323</b>	<b>-</b>	<b>-</b>

**35. Payables****Current**

Contractors retention monies

Joint venture creditors

Rental properties water consumption

Rental tenants bonds

Social housing trust

Trade creditors

**Total current payables**

	7,605	5,552	7,605	5,552
	9,300	5,779	9,300	5,779
	1,704	1,387	1,704	1,387
	12,088	11,214	12,088	11,214
	-	5,614	-	5,614
	23,421	19,675	23,422	20,558
<b>Total current payables</b>	<b>54,118</b>	<b>49,221</b>	<b>54,119</b>	<b>50,104</b>

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

	2008 \$	2007 \$
Amounts carried forward from previous financial year.	798,802	1,218,714
Payments made by the Commonwealth for IOT services.	477,500	294,347
Cost of services.	791,962	114,571
Construction paid	90,215	599,688
Amounts carried forward to following financial year.	394,125	798,802

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

**Non - current**

Joint venture creditors

**Total non-current payables**

	731	731	731	731
<b>Total non-current payables</b>	<b>731</b>	<b>731</b>	<b>731</b>	<b>731</b>

**36. Borrowings****Current**

Borrowings

State nominated funds

WA Treasury Corporation

Commonwealth advances

**Total current borrowings**

	4,203	4,022	4,203	4,022
	39,471	34,020	39,471	34,020
	8,996	8,881	8,996	8,881
<b>Total current borrowings</b>	<b>52,670</b>	<b>46,923</b>	<b>52,670</b>	<b>46,923</b>

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

	Consolidated		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>36. Borrowings (continued)</b>				
<b>Non - current</b>				
Borrowings				
State nominated funds	271,060	275,263	271,060	275,263
WA Treasury Corporation	1,910,070	1,577,182	1,910,070	1,577,182
Commonwealth advances	221,948	230,944	221,948	230,944
<b>Total non-current borrowings</b>	<b>2,403,078</b>	<b>2,083,389</b>	<b>2,403,078</b>	<b>2,083,389</b>
<b>Total borrowings</b>	<b>2,455,748</b>	<b>2,130,312</b>	<b>2,455,748</b>	<b>2,130,312</b>

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 6.44% which is the Commonwealth bond rate. (June 2007, 6.29%)

**Consolidated**

	Total carrying amount		Aggregate Net Fair Value	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Borrowings - State nominated	275,263	279,285	220,799	226,703
Borrowings - WATC	1,949,541	1,594,136	1,944,714	1,605,422
Borrowings - Commonwealth advances	230,944	239,825	195,150	204,185
	<b>2,455,748</b>	<b>2,113,246</b>	<b>2,360,663</b>	<b>2,036,310</b>

**Parent**

	Total carrying amount		Aggregate Net Fair Value	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Borrowings - State nominated	275,263	279,285	220,799	226,703
Borrowings - WATC	1,949,541	1,594,136	1,944,714	1,605,422
Borrowings - Commonwealth advances	230,944	239,825	195,150	204,185
	<b>2,455,748</b>	<b>2,113,246</b>	<b>2,360,663</b>	<b>2,036,310</b>

**37. Provisions**

**Current**

Employee benefits				
Long service leave	4,830	5,398	4,830	5,398
Annual leave	4,756	4,806	4,756	4,806
	<b>9,586</b>	<b>10,204</b>	<b>9,586</b>	<b>10,204</b>
Other				
Employee benefits on-costs	527	584	527	584
Joint venture provisions	11,556	14,083	11,556	14,083
<b>Total current provisions</b>	<b>21,669</b>	<b>24,871</b>	<b>21,669</b>	<b>24,871</b>

**Non - Current**

Employee benefits				
Long service leave	3,422	3,345	3,422	3,345
Superannuation	29,287	32,510	29,287	32,510
	<b>32,709</b>	<b>35,855</b>	<b>32,709</b>	<b>35,855</b>
Other				
Employment on-costs	188	168	188	168
Development levies (note 2s(ii))	1,199	3,008	1,199	3,008
Joint venture provisions	-	-	-	-
<b>Total non-current provisions</b>	<b>34,096</b>	<b>39,031</b>	<b>34,096</b>	<b>39,031</b>

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	Consolidated		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000

**37. Provisions (continued)**

Long service leave liabilities have been established by actuarial assessment dated 24 July 2008. The assessment of the non-current portion of the liability is at net present value allowing for a salary inflation rate of 3.5% and an investment earning rate (discount) of 5.78%.

- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlements of the liabilities will occur as follows:

Within 12 months of balance sheet date	4,756	4,806	4,756	4,806
--	-------	-------	-------	-------

- (b) Long service liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlements of the liabilities will occur as follows:

Within 12 months of balance sheet date	4,830	5,398	4,830	5,398
More than 12 months after balance sheet date	3,422	3,345	3,422	3,345
	<b>8,252</b>	<b>8,743</b>	<b>8,252</b>	<b>8,743</b>

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 19 'Other expenses'.

The superannuation liability has been established from data supplied by the Government Employees Superannuation Board.

**Movement in Provisions**

<b>Employment on-costs</b>	<b>715</b>	<b>752</b>	<b>715</b>	<b>752</b>
Carrying amount at start of year	752	685	752	685
Additional provisions recognised	3,317	3,182	3,317	3,182
Payments	(3,354)	(3,115)	(3,354)	(3,115)
Carrying amount at end of year	<b>715</b>	<b>752</b>	<b>715</b>	<b>752</b>

**Development levies**

Carrying amount at start of year	1,199	3,008	1,199	3,008
Additional provisions recognised	3,008	886	3,008	886
Unused provision derecognised	-	2,861	-	2,861
Payments	(610)	-	(610)	-
Carrying amount at end of year	<b>(1,199)</b>	<b>(739)</b>	<b>(1,199)</b>	<b>(739)</b>

**Joint venture provisions**

Carrying amount at start of year	11,556	11,316	11,556	14,083
Additional provisions recognised	14,083	11,316	14,083	11,316
Payments	11,137	13,555	11,137	13,555
Carrying amount at end of year	<b>(13,664)</b>	<b>(10,788)</b>	<b>(13,664)</b>	<b>(10,788)</b>

**Defined benefit superannuation plans**

The amounts recognised in the income statement are as follows:

	Pension Scheme		Pre-transfer benefit - Gold State Superannuation Scheme	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Current service cost	-	-	-	-
Interest cost	1,086	1,286	1,076	515
Net actuarial losses/(gains) recognised	(1,887)	2,065	(59)	(579)
Total included in Employee benefits expense	<b>(801)</b>	<b>3,351</b>	<b>1,017</b>	<b>(64)</b>

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	21,010	24,216	8,277	8,294
Liability in the balance sheet	<b>21,010</b>	<b>24,216</b>	<b>8,277</b>	<b>8,294</b>

**37. Provisions (Continued)**

The Authority has no legal liability to make up the liability other than by continuing to comply with the employer funding arrangements as detailed below.

Reconciliation of the unfunded liability recognised in the balance sheet is as follows:

	Pension Scheme		Pre-transfer benefit - Gold State Superannuation Scheme	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Liability at the start of the year	24,216	23,285	8,294	8,655
Current service cost	-	-	-	-
Interest cost (unwinding of the discount)	1,086	1,286	1,076	515
Net actuarial losses/(gains) recognised	(1,887)	2,065	(59)	(579)
Benefits paid	(2,405)	(2,420)	(1,034)	(297)
Liability at the end of the year	21,010	24,216	8,277	8,294

Reconciliation of the fair value of plan assets is as follows:

Fair value of plan assets at the start of the year	-	-	-	-
Employer contributions	2,405	2,420	1,034	297
Benefits paid	(2,405)	(2,420)	(1,034)	(297)
Fair value of plan assets at the end of the year	-	-	-	-

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	2008	2007	2006
Discount rate	6.64%	6.06%	5.81%
Future salary increases	4.50%	4.50%	4.50%
Future pension increases	2.50%	2.50%	2.50%

**Historic summary**

Pension scheme:			
Present value of unfunded obligation	21,010	24,216	23,285
Fair value of plan assets	-	-	-
Deficit	21,010	24,216	23,285
Pre-transfer benefit - Gold State superannuation Scheme:			
Present value of unfunded obligation	8,277	8,294	8,655
Fair value of plan assets	-	-	-
Deficit	8,277	8,294	8,655
Experience adjustments arising on plan liabilities:			
Pension scheme	355	563	1,303
Pre-transfer benefit - Gold State superannuation Scheme	430	94	(254)

The funding policy adopted by the Government in respect of the defined benefit plans is directed at ensuring that benefits accruing to members and beneficiaries are fully funded at the time the benefits become payable. As such, the Schemes' actuary has considered long-term trends in such factors as scheme membership, salary growth and average market value of the schemes' assets when advising the Government on employer and employee contribution rates. The employer funding arrangements for the defined benefit plans under the Superannuation and Family Benefits Act 1938 (Pension Scheme) and the Government Employees Superannuation Act 1987 (Gold State Superannuation Scheme) are summarised as follows:

**Pension Scheme**

The Pension Scheme is a unit-based scheme. The level of pension payable is determined by the number of units purchased, the length of service and the final salary of the member. The employer liability is funded only on the emergence of a member's pension benefit entitlement and is recouped by the Government Employees Superannuation Board fortnightly following the payment of each pension.

Employer contributions of \$2,508,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2009.

**37. Provisions (Continued)****Gold State Superannuation Scheme**

The Gold State Superannuation Scheme is a lump sum scheme. The Authority is required under the State Superannuation Regulations 2001 to make concurrent employer contributions direct to the Scheme in respect of contributory members who are the Authority's employees.

The employer contribution rate for 2007/08 for contributory members was 12% (2006/07: 12%) of a member's salary, based on a 5% member contribution. The employer contribution rate is proportionately less or more where members elect a contribution rate of 3%, 4%, 6% or 7% of salary.

In respect of those members who transferred their membership from the Pension Scheme, the employer liability in relation to service or period of employment constituted as service for the purposes of the Superannuation and Family Benefits Act 1938, is calculated at a rate of 12% of final average salary for each year of such service, based upon a 5% member's average contribution rate to the scheme (this rate is proportionately less where a member's average contribution rate is less than 5%). This employer liability becomes payable on the payment of the benefit to the member.

Employer contributions of \$704,000 are expected to be paid to the Gold State Superannuation Scheme for the year ending 30 June 2009.

**38. Other liabilities****Current**

Accrued expenses:

Administrative & general expenses

Joint venture liabilities

Unearned income

**Total current other liabilities**

Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
9,236	4,392	4,181	2,971
9,236	4,392	4,181	2,971
-	1,634	-	1,634
7,312	7,110	7,312	7,110
16,548	13,136	11,493	11,715

**39. Contributed equity**

Opening balance

Capital contributions

Other contributions by owner

**Closing balance**

339,901	85,765	339,901	85,765
108,825	15,000	108,825	15,000
2,775	239,136	2,775	239,136
451,501	339,901	451,501	339,901

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

40. Reserves

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
(i) Asset Revaluation Reserve				
Balance brought forward from prior year	6,088,530	2,969,759	6,088,530	2,969,759
Transferred to retained earnings	(85,798)	(95,017)	(85,798)	(95,017)
Revaluations during the year	2,455,600	3,213,788	2,455,600	3,213,788
<b>Closing balance</b>	<b>8,458,332</b>	<b>6,088,530</b>	<b>8,458,332</b>	<b>6,088,530</b>

Revaluations recognised during the year were in respect of:

Rental properties - current	2,272,316	2,973,820	2,272,316	2,973,820
Community housing properties - current	83,280	131,745	83,280	131,745
Shared equity properties - current	47,118	78,051	47,118	78,051
Other properties - current	17,410	15,368	17,410	15,368
Land transferred to rental properties	35,476	14,804	35,476	14,804
	<b>2,455,600</b>	<b>3,213,788</b>	<b>2,455,600</b>	<b>3,213,788</b>

Transferred to retained earnings

Revaluation amount of rental properties - sold	(42,203)	(18,811)	(42,203)	(18,811)
Revaluation amount of rental properties - demolished	(35,251)	(26,921)	(35,251)	(26,921)
Revaluation amount of properties held for sale - sold	-	(42,955)	-	(42,955)
Revaluation amount of community housing properties - sold	(302)	-	(302)	-
Revaluation amount of shared equity properties - sold	(8,042)	(6,330)	(8,042)	(6,330)
	<b>(85,798)</b>	<b>(95,017)</b>	<b>(85,798)</b>	<b>(95,017)</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).

(ii) Interest Assistance Lowstart Reserve

Balance brought forward from prior year	899	965	-	-
Transfer to retained profits	(52)	(66)	-	-
<b>Closing balance</b>	<b>847</b>	<b>899</b>	<b>-</b>	<b>-</b>

The reserve was established to fund the forgone interest portion of reconstructed Keystart Lowstart home loans.

(iii) Hedging Reserve

Balance brought forward from prior year	2,303	494	-	-
Transfer from income statement	2,080	1,809	-	-
<b>Closing balance</b>	<b>4,383</b>	<b>2,303</b>	<b>-</b>	<b>-</b>
<b>Total Reserves</b>	<b>8,463,562</b>	<b>6,091,732</b>	<b>8,458,332</b>	<b>6,088,530</b>

41. Retained earnings

Opening balance	2,449,529	2,300,275	2,285,762	2,136,508
Change in accounting policy	-	1,567	-	1,567
	<b>2,449,529</b>	<b>2,298,708</b>	<b>2,285,762</b>	<b>2,134,941</b>
Transfer from asset revaluation reserve upon disposal	85,798	95,017	85,798	95,017
Transfer from interest assistance lowstart reserve	52	66	-	-
Net profit for the year	88,900	55,738	88,952	55,804
<b>Total retained earnings</b>	<b>2,624,279</b>	<b>2,449,529</b>	<b>2,460,512</b>	<b>2,285,762</b>

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

42. Reconciliation of cash flows from operations with profit for the period

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
Net Profit	88,900	55,738	88,952	55,804
Non - cash items:				
Depreciation & amortisation expense	87,102	75,229	83,725	68,927
Doubtful debts expense	4,173	3,060	4,203	3,679
(Profit)/loss on disposal of non-current assets	2,287	(6,322)	2,134	(6,750)
Cash items:				
Grants & subsidies and from government	(83,344)	(32,578)	(83,344)	(32,578)
(Increase)/decrease in assets:				
Receivables	(19,474)	52,251	(19,520)	52,564
Inventories	(79,134)	(82,163)	(79,134)	(82,163)
Other assets	(18,232)	(13,585)	(748)	2,029
Increase/(decrease) in liabilities:				
Provisions	(8,473)	474	(8,473)	474
Premiums on financial instruments	2,110	(2,284)	-	-
Payables	12,110	(16,391)	10,603	(13,936)
Net GST payments	(17,376)	(23,957)	(17,376)	(23,957)
<b>Net cash flows (used in) provided by operating activities</b>	<b>(29,351)</b>	<b>9,472</b>	<b>(18,978)</b>	<b>24,093</b>

43. Purchase of non-current physical assets

Buildings under construction	200,712	156,078	200,712	156,078
Computing facilities & equipment	4,176	2,148	3,301	1,974
Furniture & fittings	-	22	-	22
Office machines & equipment	302	511	302	511
Properties	210,621	92,131	210,621	92,131
<b>Total purchase of non-current physical assets</b>	<b>415,811</b>	<b>250,890</b>	<b>414,936</b>	<b>250,716</b>

44. Reconciliation of cash

For the purposes of this statement of cash flows cash includes cash at bank and in interest bearing deposits with Banks.

Cash at the end of the year is shown in the Balance Sheet as:

Cash at bank - operational	20,088	55,878	8,132	46,967
Cash at bank - superannuation	20,700	20,700	20,700	20,700
Deposits at call	76,518	149,802	-	-
Rental tenants bonds	12,088	11,214	12,088	11,214
Joint venture cash	14,657	23,166	14,657	23,166
	<b>144,051</b>	<b>260,760</b>	<b>55,577</b>	<b>102,047</b>

	Parent 2008 \$000	2007 \$000
<b>45. Remuneration of accountable authority and senior officers</b>		

*Remuneration of Members of the Accountable Authority*

The total fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year, by members of the Accountable Authority, from the Authority and the controlled entity.

446	271
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The number of members of the Accountable Authority whose total of fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year, falls within the following bands:

	2008	2007
\$150,001 - \$160,000	1	-
\$270,000 - \$280,000	-	1
\$280,001 - \$290,000	1	-
	<u>2</u>	<u>1</u>

The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

There are no members of the Accountable Authority who are currently members of the Pension Scheme.

*Remuneration of Senior Officers*

The total of fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year, by Senior Officers other than members of the Accountable Authority, from the Authority and the controlled entity.

722	858
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The number of Senior Officers other than members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year falls within the following bands:

	2008	2007
\$40,001 - \$50,000	1	-
\$80,001 - \$90,000	-	1
\$100,001 - \$110,001	1	-
\$120,001 - \$130,000	-	1
\$130,001 - \$140,000	2	-
\$140,001 - \$150,000	1	2
\$150,001 - \$160,000	1	1
\$200,001 - \$210,000	-	1
	<u>6</u>	<u>6</u>

The superannuation included here represents the superannuation expense incurred by the Authority in respect of Senior Officers other than senior officers reported as members of the Accountable Authority.

There are no Senior Officers presently employed who are currently members of the Pension Scheme.

**46. Remuneration of auditor**

The total fees paid or due and payable to the Auditor General for the financial year is as follows:

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
Fees for the Auditor General for auditing the Financial Statements and Performance Indicators	361	328	273	240
Fees for the Auditor General for Commonwealth reporting	<u>7</u>	<u>6</u>	<u>7</u>	<u>6</u>
	<u>368</u>	<u>334</u>	<u>280</u>	<u>246</u>

**47. Commitments for expenditure**

At June 30 2008 the expenditure commitments are as follows:

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
(a) Capital expenditure commitments				
Within 1 year	216,095	203,100	216,095	203,100
Later than 1 year & not later than 5 years	<u>1,978</u>	<u>-</u>	<u>1,978</u>	<u>-</u>
	<u>218,073</u>	<u>203,100</u>	<u>218,073</u>	<u>203,100</u>

The capital commitments include amounts for the following:

Dwelling construction & upgrades	148,826	167,585	148,826	167,585
Land development and redevelopment	7,414	2,182	7,414	2,182
Crisis accommodation program	2,904	148	2,904	148
Joint venture land development	37,100	30,943	37,100	30,943
New living	11,406	49	11,406	49
Local government & community housing programs	<u>10,423</u>	<u>2,193</u>	<u>10,423</u>	<u>2,193</u>
	<u>218,073</u>	<u>203,100</u>	<u>218,073</u>	<u>203,100</u>

(b) Other expenditure commitments

Within 1 year	123,476	52,782	-	-
	<u>123,476</u>	<u>52,782</u>	<u>-</u>	<u>-</u>

The other expenditure commitments include amounts for the following:

Loans to Home Buyers	123,476	52,782	-	-
	<u>123,476</u>	<u>52,782</u>	<u>-</u>	<u>-</u>

Expenditure commitments have increased by \$85.667m, from the previous year. The overall increase in commitments relates primarily to increased loan approvals for the Keystart loan scheme (in the months of May and June 2008) that will result in the purchase of properties in 2008/09.

The decrease in capital commitments for dwelling construction and upgrades reflects the construction industry coming off peak demand and an increase in the progress of construction contracts. Also new funding arrangements for construction in remote communities is in the process of being negotiated resulting in a review of new projects coming on stream.

Committed carry over for Land Development has increased from the previous financial year as projects have experienced delays in civil works or had sub divisions deferred until next financial year. Developments that experienced delays include Bertram, Brookdale, South Hedland, Kununurra and the New North.

Joint Venture development expenditure commitment increased as projects are still progressing with new stages. Joint ventures with significant capital commitments include Butler, Ellenbrook, Oyster Harbour and Dalyellup.

As part of the commitment to increase the capacity of the community housing sector to house people, community housing has increased the number of projects it has increased the number of projects it has entered into in 2007/2008, leading to increased capital commitments.

The increase in commitments for Loans to Homebuyers is mainly due to an increase in demand for Keystart loans during the last quarter of 2007/2008. Low to middle income earners are using the FirstStart loan scheme to make an affordable entry into the housing market through the purchase of established properties or house and land packages.

(c) Lease commitments

Commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements as liabilities are payable as follows:

Rental property leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	43,063	29,523	43,063	29,523
Later than 1 year & not later than 5 years	69,679	42,740	69,679	42,740
Later than 5 years	<u>8,648</u>	<u>4,758</u>	<u>8,648</u>	<u>4,758</u>
	<u>121,390</u>	<u>77,021</u>	<u>121,390</u>	<u>77,021</u>

Motor vehicle leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	872	954	872	954
Later than 1 year & not later than 5 years	<u>247</u>	<u>387</u>	<u>247</u>	<u>387</u>
	<u>1,119</u>	<u>1,341</u>	<u>1,119</u>	<u>1,341</u>



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	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
<b>47. Commitments for expenditure (continued)</b>				
Office property leases:				
Lease commitments on non cancellable operating leases are:				
Within 1 year	731	547	718	525
Later than 1 year & not later than 5 years	928	1,170	928	1,157
Later than 5 years	47	-	47	-
	<u>1,706</u>	<u>1,717</u>	<u>1,693</u>	<u>1,682</u>

**48. Contingent liabilities**

Under the Contaminated Sites Act 2003, the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC 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 Authority may have a liability in respect of investigation or remediation expenses. There are two sites that have been identified as 'Contaminated - Remediation Required'.

During the year the Authority reported one suspected contaminated site to DEC. This site has yet to be classified. The Authority is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the 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.

*Litigation in progress*

The Authority has been joined in legal actions involving asbestos related illness. The estimated value of these claims against the Authority is \$400,000, liability is being denied and any legal claim will be defended.

**49. Losses to the Authority through thefts, defaults or other causes:**

The Authority, for the year ended 30 June 2008, incurred Cashiers Shortages totalling \$1,491 (June 2006 \$101) all of which have been funded by the Authority.  
Reportable thefts in 2007/2008 was \$8,559 (June 2007 \$1,745), \$4,898 of which is recoverable.  
Bad Debts written off by the Accountable Authority in the year ended 30 June 2008 totalled \$3,652,969 (June 2007 \$3,235,764).  
Bad Debts recovered totalled \$349,052 (June 2007 \$550,443).

**50. Gifts of public property**

In the year ended 30 June 2008 the Authority did not make any gifts of public property.

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

**51. Financial instrument disclosures**

Financial instruments held by the Consolidated Entity are cash and cash equivalents, short term deposits, loans to homebuyers, loans to commercial organisations, loans to local and statutory parties, State Nominated borrowings, WATC borrowings, Commonwealth Advances, rental deposits and tenant bonds.

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

	Consolidated 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
<i>(i) Financial Assets</i>				
Cash and cash equivalents	67,545	110,978	55,589	102,067
Short term deposits	76,518	149,802	-	-
Receivables				
- preferential shares	-	-	1,420,000	1,240,000
- general	6,086	1,565	5,594	1,659
- land debtors	45,610	27,406	45,610	27,406
- rent from tenants and other	12,432	11,032	12,432	11,032
- rental and lease bonds	10,672	5,790	10,672	5,790
- loans to homebuyers	1,507,489	1,252,836	39	35
- loans to commercial organisations	160	177	160	177
- loans to local and statutory parties	19	19	19	19
Interest rate caps	4,272	2,300	-	-
<b>Total financial assets</b>	<b>1,730,803</b>	<b>1,561,905</b>	<b>1,550,115</b>	<b>1,388,185</b>
<i>(ii) Financial Liabilities</i>				
Borrowings				
- State nominated	275,263	279,285	275,263	279,285
- WATC	1,927,012	1,594,136	1,927,012	1,594,136
- Commonwealth advances	230,944	239,825	230,944	239,825
Payables				
- general	41,042	37,351	41,043	38,234
- rental deposits and tenant bonds	12,103	11,214	12,103	11,214
- rental property water consumption	1,704	1,387	1,704	1,387
<b>Total financial liabilities</b>	<b>2,488,068</b>	<b>2,163,198</b>	<b>2,488,069</b>	<b>2,164,081</b>

## 51. Financial instrument disclosures (continued)

## Interest Rate Risk

The following table represents a summary of the interest rate sensitivity of the Entities financial assets and liabilities at the balance sheet date on the profit for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

The entities exposure to market interest rates relates primarily to the entities long term debt obligations.

CONSOLIDATED		Interest rate risk			
		-1%		+1%	
	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>2008</b>					
<i>(i) Financial Assets</i>					
Cash and cash equivalents	67,545	(675)	(675)	675	675
Short term deposits	76,518	(765)	(765)	765	765
- loans to homebuyers	1,508,343	(1,508)	(1,508)	1,508	1,508
(refer to note 2 (ab))					
Interest rate caps (notional principal amount)	490,000	(4,900)	(4,900)	4,900	4,900
Interest rate swaps (notional principal amount)	50,000	(500)	(500)	500	500
<i>(ii) Financial Liabilities</i>					
Borrowings					
- State nominated *	275,263	-	-	-	-
- WATC floating	1,295,000	12,950	12,950	(12,950)	(12,950)
- WATC fixed *	632,012	-	-	-	-
- Commonwealth advances *	230,944	-	-	-	-
<b>Total Increase/(Decrease)</b>	<b>2,433,219</b>	<b>4,602</b>	<b>4,602</b>	<b>(4,602)</b>	<b>(4,602)</b>
		Interest rate risk			
		-1%		+1%	
	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>2007</b>					
<i>(i) Financial Assets</i>					
Cash and cash equivalents	110,978	(1,109)	(1,109)	1,109	1,109
Short term deposits	149,802	(1,498)	(1,498)	1,498	1,498
loans to homebuyers	1,252,922	(12,510)	(12,510)	12,510	12,510
(refer to note 2 (ab))					
Interest rate caps (notional principal amount)	556,000	(5,560)	(5,560)	5,560	5,560
<i>(ii) Financial Liabilities</i>					
Borrowings					
- State nominated *	279,285	-	-	-	-
- WATC floating	1,100,000	11,000	11,000	(11,000)	(11,000)
- WATC fixed *	494,136	-	-	-	-
- Commonwealth advances *	239,825	-	-	-	-
<b>Total Increase/(Decrease)</b>	<b>2,113,246</b>	<b>(9,677)</b>	<b>(9,677)</b>	<b>9,677</b>	<b>9,677</b>

\* State Nominated borrowings, Commonwealth Advances and WATC (fixed) are fixed interest loans that are not effected by interest rates.

## 51. Financial instrument disclosures (continued)

## PARENT

		Interest rate risk			
		-1%		+1%	
	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>2008</b>					
<i>(i) Financial Assets</i>					
Cash and cash equivalents	55,589	(555)	(555)	555	555
preferential shares	1,420,000	(14,200)	(14,200)	14,200	14,200
<i>(ii) Financial Liabilities</i>					
Borrowings					
- State nominated *	275,263	-	-	-	-
- WATC floating	1,295,000	12,950	12,950	(12,950)	(12,950)
- WATC fixed *	632,012	-	-	-	-
- Commonwealth advances *	230,944	-	-	-	-
<b>Total Increase/(Decrease)</b>	<b>2,433,219</b>	<b>(1,805)</b>	<b>(1,805)</b>	<b>1,805</b>	<b>1,805</b>
		Interest rate risk			
		-1%		+1%	
	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>2007</b>					
<i>(i) Financial Assets</i>					
Cash and cash equivalents	102,067	(1,020)	(1,020)	1,020	1,020
preferential shares	1,240,000	(12,400)	(12,400)	12,400	12,400
<i>(ii) Financial Liabilities</i>					
Borrowings					
- State nominated *	279,285	-	-	-	-
- WATC floating	1,100,000	11,000	11,000	(11,000)	(11,000)
- WATC fixed *	494,136	-	-	-	-
- Commonwealth advances *	239,825	-	-	-	-
<b>Total Increase/(Decrease)</b>	<b>2,113,246</b>	<b>(2,420)</b>	<b>(2,420)</b>	<b>2,420</b>	<b>2,420</b>

\* State Nominated borrowings, Commonwealth Advances and WATC (fixed) are fixed interest loans that are not effected by interest rates.

**51 Financial instrument disclosures (continued )**

Liquidity risk analysis

CONSOLIDATED	Contractual Maturity Dates						Adjustment for discounting	Total carrying amount
	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years		
<b>2008</b>	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>(ii) Financial Liabilities</i>								
Borrowings								
- State nominated	16,590	16,590	16,590	16,590	16,590	435,176	242,863	275,263
- WATC	954,518	532,896	339,148	91,088	281,904	823,423	1,095,966	1,927,011
- Commonwealth advances	19,231	18,854	18,587	18,312	18,030	268,836	130,906	230,944
Payables								
- general *	41,042	-	-	-	-	-	-	41,042
- rental deposits and tenant bonds **	12,103	-	-	-	-	-	-	12,103
- rental property water consumption	1,704	-	-	-	-	-	-	1,704
<b>Total financial liabilities</b>	<b>1,045,188</b>	<b>568,340</b>	<b>374,325</b>	<b>125,990</b>	<b>316,524</b>	<b>1,527,435</b>	<b>1,469,735</b>	<b>2,488,067</b>

**2007**

<i>(ii) Financial Liabilities</i>								
Borrowings								
- State nominated	16,589	16,590	16,590	16,590	16,590	555,966	359,630	279,285
- WATC	624,503	447,316	470,771	203,543	89,718	554,684	796,399	1,594,136
- Commonwealth advances	19,493	19,230	18,854	18,587	18,312	286,866	141,517	239,825
Payables								
- general *	37,351	-	-	-	-	-	-	37,351
- rental deposits and tenant bonds **	11,214	-	-	-	-	-	-	11,214
- rental property water consumption	1,387	-	-	-	-	-	-	1,387
<b>Total financial liabilities</b>	<b>710,537</b>	<b>483,136</b>	<b>506,215</b>	<b>238,720</b>	<b>124,620</b>	<b>1,397,516</b>	<b>1,297,546</b>	<b>2,163,198</b>

\* Payables general includes an amount of \$8.446 million for estate improvements. These funds are committed to various groups across the state. The repayment of these funds is based on the property market activity within each area. The maturity is not date based and cannot be forecast.

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

**PARENT****2008**

<i>(ii) Financial Liabilities</i>								
Borrowings								
- State nominated	16,590	16,590	16,590	16,590	16,590	435,176	242,863	275,263
- WATC	954,518	532,896	339,148	91,088	281,904	823,423	1,095,966	1,927,011
- Commonwealth advances	19,231	18,854	18,587	18,312	18,030	268,836	130,906	230,944
Payables								
- general *	41,043	-	-	-	-	-	-	41,043
- rental deposits and tenant bonds **	12,103	-	-	-	-	-	-	12,103
- rental property water consumption	1,704	-	-	-	-	-	-	1,704
<b>Total financial liabilities</b>	<b>1,045,189</b>	<b>568,340</b>	<b>374,325</b>	<b>125,990</b>	<b>316,524</b>	<b>1,527,435</b>	<b>1,469,735</b>	<b>2,488,068</b>

**2007**

<i>(ii) Financial Liabilities</i>								
Borrowings								
- State nominated	16,589	16,590	16,590	16,590	16,590	555,966	359,630	279,285
- WATC	624,503	447,316	470,771	203,543	89,718	554,684	796,399	1,594,136
- Commonwealth advances	19,493	19,230	18,854	18,587	18,312	286,866	141,517	239,825
Payables								
- general *	38,234	-	-	-	-	-	-	38,234
- rental deposits and tenant bonds **	11,214	-	-	-	-	-	-	11,214
- rental property water consumption	1,387	-	-	-	-	-	-	1,387
<b>Total financial liabilities</b>	<b>711,420</b>	<b>483,136</b>	<b>506,215</b>	<b>238,720</b>	<b>124,620</b>	<b>1,397,516</b>	<b>1,297,546</b>	<b>2,164,081</b>

\* Payables general includes an amount of \$8.446 million for estate improvements. These funds are committed to various groups across the state. The repayment of these funds is based on the property market activity within each area. The maturity is not date based and cannot be forecast.

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

## EXPLANATORY STATEMENT OF FINANCIAL RESULTS

**52(a). COMPARISONS OF ESTIMATES 2007/2008 AND ACTUAL OPERATING RESULTS FOR 2007/2008**

Section 40 of the Financial Management Act 2006 requires The Housing Authority to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results. Significant variations are considered to be those greater/less than \$5,000,000 or 10% greater/less than the budgeted amount.

	Budget \$000	Actual \$000	Variation \$000
1. Revenues have varied by the following:			
* Sales Revenue increased by \$16.714 million from original budget due to increased sales for external land exceeding original budget, offsetting this Joint Venture and New Living land sales were both under budget. New Living and New Dwellings both had unbudgeted sales of stock that also contributed to the above budget position for sales.	226,353	243,067	16,714
* Rental Revenue The rent variance of \$33.65 million is the result of GROH being over budget \$25.69 million due to an increased number of rental properties and the determining of GROH rents by using a market rent model. Also the Housing Authority's social housing rents (\$5.89 million) and rent from commercial properties (\$1.21 million) exceeded budget.	223,993	257,646	33,653
* Commonwealth Grants and Contribution The over budget position occurred due to an increase in funding from the Commonwealth for specific projects. Funding of \$12 million was provided for projects in the Kimberley and Boulder regions.	138,278	153,517	15,239
* Interest Revenue The interest revenue variance of \$22.58 million is mainly attributable to an increase in interest earnings from Keystart mortgages as a result of the general increases in the cost of funds in the financial market that were passed on to Keystart housing loans. Interest from Treasury also increased by \$0.89 million as interest returns on investments was higher than forecast.	70,122	92,709	22,587
* Other Revenues The variance of \$39.48million is due to increased revenue received from the Keystart dividend, which increased from the original budget of \$6 million to an actual of \$20.085 million. Also includes other income of \$9.717 million for refunds of GST on prior years land sales and property assets received free of charge with a fair value of \$10.6 million from the Wheatbelt Aboriginal Corporation.	13,434	52,922	39,488
2. Gains have varied by the following:			
* Gains on Disposal of Non-Current Assets The under budget position of \$3.95 million is predominately due to sales revenue from rental properties not meeting budget in a slow housing market. Also more properties were retained in New Living projects for rental stock.	1,819	(2,140)	(3,959)
3. Expenses have varied by the following:			
* Cost of sales is under budget due to a reduced volume of sales occurring, however land sold has attained higher sales prices. As a result, the cost of land sold was under budget by \$20.12 million, also selling expenses were under budget by \$6.20 million. Offsetting this, unbudgeted expense for builtform stock was \$10.03 million.	130,294	115,620	(14,674)

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

52(a). COMPARISONS OF ESTIMATES 2007/2008 AND ACTUAL OPERATING RESULTS FOR 2007/2008 (continued)

	Budget \$000	Actual \$000	Variation \$000
* Rental Expenses	168,297	215,073	46,776
Rental expenses is over the original budget by \$46.77 million, this is predominately due to a significant increase in GROH leasing costs (\$14.48 million) as a result of a tight rental market and an increase in properties leased. To preserve the assets of the Housing Authority, increased expenditure occurred on improvements (\$8.75 million), Insurance expense (\$6.14 million) (Cyclone George) and Maintenance (\$12.39 million). Increased costs for labour and supplies also contributed to expenditure exceeding budget. Respective increases to local authority rates and Water Corporation rates also led to rates expenses being over budget by \$3.31 million.			
* New Living	48,267	39,475	(8,792)
The variance is in the majority attributable to a reduction in expenditure on some New Living projects as competition for trades people in some regions of the state has meant projects were delayed.			
* Community Support	110,082	95,580	(14,502)
This expense is under budget by \$14.5 million. The community housing sector is in the process of building its housing capacity. A three-tiered registration system has been developed, requiring community housing providers to meet strict business, governance, management and service delivery standards. Due to the rigorous implementation process the appointment of community housing providers has taken longer than anticipated and this has delayed some project expenditure. Offsetting this there has been an acceleration of infrastructure projects in remote indigenous communities to continue to improve living conditions in the communities.			
* Accommodation Expense	4,644	5,477	833
General accommodation expenses for the Housing Authority exceeded budget during the year due to increased costs in leasing and maintaining Housing Authority offices.			
* Supplies and Services	15,985	22,427	6,442
The variance of \$6.44 million is attributable to increased expenditure for Other Personal Costs and Communications. Other Costs and Expenses that included the review of Housing Authority programs also contributed to the over budget position.			
* Finance Costs	108,655	148,249	39,594
Borrowing cost exceeded the original budget by \$39.594 million primarily due to Keystart (\$24.11 million) increasing borrowings coupled with a rise in the cost of funds from Western Australian Treasury Corporation (WATC). The Keystart increase in borrowing costs is offset against an increase in Interest Revenue. GROH and Housing finance costs also increased during the year as WATC interest charges increased. Also the discounting of future cashflows for land settlements of \$6.376 million.			
* Depreciation and Amortisation Expense	66,060	83,726	17,666
Depreciation and amortisation actual expenses increased by \$17.66 million due to the impact of increased property values determined by the Valuer Generals Office.			

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

52(b). COMPARISONS OF ACTUAL OPERATING RESULTS FOR 2007/2008 WITH THOSE OF THE PRECEDING YEAR

Details and reasons for significant variations between actual operating results for 2007/2008 and the preceding year are detailed below. Significant variations are considered to be those greater/less than \$5,000,000 or 10% greater/less than the actual amount for the preceding year.

	Actual 2008 \$000	Actual 2007 \$000	Variation \$000
1. Revenues have varied by the following:			
* Rental revenue increased by \$34.372 million predominantly due to an increase in the number of rental properties for GROH and the determining of GROH rents using a market rent model. Market rents also increased for the Housing Authorities public housing properties in October 2007 resulting in an increase.	257,646	223,274	34,372
* Commonwealth grants and contributions increased by \$16.578 million predominantly due to increased funding for Indigenous programs in the Kimberly and Boulder regions.	153,517	136,939	16,578
* Other revenues have increased by \$22.80 million due mainly to property assets being received free of charge of \$10.550 million from the WheatBelt Aboriginal Corporation. A refund of GST for prior years Land sales of \$9.717 million and the reclassification of a creditor of \$5.618 million. There has also been a reduction in the dividend received from Keystart of \$3.579 million.	52,922	30,116	22,806
2. Gains have varied by the following:			
* Gains on disposal of non-current assets decreased by \$6.750 million due to a buyers market causing the sale prices to reduce on the sale of rental and shared equity properties and an increase in the selling costs.	-	6,750	(6,750)
3. Expenses have varied by the following:			
* Rental expenses have increased by \$37.300 million predominantly due to an increase in maintenance expenses on public housing of \$12.244 million to preserve the assets of the Housing Authority. An increase in rental insurance expense of \$5.139 million (partly due to Cyclone George). Increased costs for local authority rates and Water Corporation rates led to an increase of \$2.862 million in rates expense. GROH lease costs increased by \$11.986 million due to a tightening of the rental market and an increase in the number of properties, also maintenance on their properties increased by \$2.206 million.	215,073	177,773	37,300
* Supplies and services increased due to an increase in personnel expenses of \$ 1.890 million and other administration expenses of \$3.504 million.	22,427	17,031	5,396
* Depreciation and amortisation expenses increased by \$14.799 million predominantly due to an increase in the fair value of properties.	83,726	68,927	14,799
* Finance costs increased by \$15.892 million. This is predominantly due to \$7.389 million of interest on borrowings for the new FirstStart homebuyers scheme and increase in borrowings for GROH with a \$2.017 million interest expense. Also the discounting of future cashflows for land settlements of \$6.376 million.	148,249	132,357	15,892
* Accommodation expenses increased by \$0.887 million due to a general increases in all office accommodation expenses, including leasing and maintenance of offices.	5,477	4,590	887
4. Grants and subsidies from State Government have varied by the following.			
* State grants have increased due to increased funding for Community Housing of \$30.200 million to enable the sector to increase its housing capacity. An increase in remote indigenous communities funding for the delivery of essential services of \$12.362 million and an increase in public housing of \$8,404 million predominantly for the bond assistance program to help families meet the ingoing costs when renting a property.	83,344	32,578	50,766

## Ministerial Directives

No ministerial directives were received during 2007-08.

## Audit Committee

The audit committee was reconstituted in August 2007 and is now a seven-member advisory committee comprised of members of the corporate executive. It was established to assist the Accountable Authority (the Director General) discharge his responsibilities under Section 53 of the *Financial Management Act 2006*.

The committee met four times during the year.

## Internal Audit Function

In accordance with the requirements of the *Financial Management Act 2006*, the Management Review and Audit Branch (which incorporates internal audit services) operates as an independent appraisal unit within the Department. The branch has a mandate to not only provide internal audit services, but an extended role and scope to undertake management review processes as permitted under the Act.

Comprehensive audit plans are developed annually that address key business risk areas and help achieve Departmental strategies by providing advice on business activities and corporate frameworks.

The branch has a charter that defines its independence, role, responsibilities, scope of activities and authority.

## Delegation of Authority

Under the *Housing Act 1980*, in most circumstances, authority to undertake transactions is conferred on the Accountable Authority (the Director General) or the Minister for Housing and Works.

Section 13 of the Act, however, allows the Accountable Authority to delegate any of his/her powers or functions under the Act. Through delegation, the Director General does not need to be approached for approval of the many essentially administrative matters associated with day-to-day operations and activities.

Since the proclamation of the *Machinery of Government (Miscellaneous Amendments) Act 2006* and the creation of the Housing Authority, the power to delegate has been extended to address the operations of the Government Regional Officers' Housing.

An appropriate delegation framework exists and a comprehensive register established to record those formal delegations that empower officers with the appropriate authority to approve and negotiate in specified matters on behalf of the Housing Authority.

## Risk Management Function

The Housing Authority has an appropriate risk management framework in place supported by arrangements to identify, analyse, evaluate and develop control strategies to manage risk.

Since June 2007, the Authority has commenced a systematic approach towards risk management. This included revising the existing risk management policy to incorporate responsibilities and reporting obligations and the development of risk management guidelines and customised risk reference tables to assess and manage risk.

To promote the risk framework throughout the organisation, an awareness and education program is underway to assist staff to make better decisions using a risk-based approach. This included holding workshops to assess the risks to core activities, holding information sessions for regional staff, and completing risk assessments for designated projects.

Monthly risk progress reporting is provided to the corporate executive and updates are provided to the internal audit committee every two months.

The Authority has started integrating risk management into its strategic planning process. Managing and addressing risks, issues and trends will become a primary driver for new initiatives and future projects.

## Other Financial Disclosures

### Pricing Policies

#### Rent

Rent charged to tenants is determined by the Authority and approved by the Minister for Housing and Works under Section 30(1) of the *Housing Act 1980*.

Each property is allotted a market rent based on information provided by the Valuer General's Office.

Tenants are required to pay no more than 25 per cent of assessable household income in rent. Tenants who are unable to pay the full market rent receive a rental concession. Tenants who receive a rental concession and moved in before 12 July 1997, pay 23 per cent of their assessable household income in rent. Those who moved in after that date pay 25 per cent. Payments such as Family Tax Benefit (above the basic amount) and child maintenance payments are assessed at lower rates, and various payments for specific purposes are non-assessable for rent.



## Major Capital Projects

The estimated cost of the Authority's 2007-08 capital works programs is \$909.95 million, comprised mainly of the construction and purchase of new dwellings, land acquisition and development, and loans to homebuyers.

Details of estimates (as published in the 2007-08 Budget Papers) and actual expenditure across the capital works programs are shown in the table below.

Explanations have been provided for variations to actual expenditure that differ by more than \$2 million and 10 per cent greater/less than the estimated cost.

Program	Estimated Cost (\$'000)	Actual (\$'000)	Variance (\$'000)	Explanation
Community Housing	5,205	2,947	-2,258	The program was strategically reviewed to align projects with preferred providers. The program completed 17 units of its budgeted figure of 23, with the remaining units expected to be delivered early in 2008-09.
Computer Hardware and Software	3,545	3,301	-244	
Construction and Purchase of Houses *	214,228	219,413	5,185	
Crisis Accommodation	3,877	4,885	1,008	
Construction and Purchase of Regional Officers' Housing **	27,423	42,081	14,658	As part of the budget review process GROH increased its capital works expenditure by \$15 million. The additional funding was provided to meet an escalation in building costs and to meet increased accommodation demand in several locations around WA as a consequence of the growth in the resources sector and stock replacement program of GROH.
Estate Improvement Land Redevelopment	10,430	22,632	12,202	Variance due to significant development brought forward at South Hedland and additional costs at Queens Park.
First Start Scheme	100,000	98,352	-1,648	
<b>Land</b>				
Acquisition	30,223	38,074	7,851	The acquisition budget was increased to meet ongoing housing requirements.
Development	76,466	85,127	8,661	This variance is due to increased lot production across all programs.
Holding Costs	215	51	-164	
Redevelopment	553	277	-276	

\* Comprises Lodging Houses and Stock Growth to Contain Wait List – Capital which were disaggregated in the 2007-08 Budget Papers.

\*\* Comprises Replacement Program (Borrowings) which was disaggregated in the 2007-08 Budget Papers. Includes vacant land and crown reserve acquisitions.

*Continued on page 80*

Program	Estimated Cost (\$'000)	Actual (\$'000)	Variance (\$'000)	Explanation
<b>Loans to Homebuyers</b>				
GoodStart Scheme	11,000	16,094	5,094	Variance due to an increase in demand for the shared equity schemes as a result of an increase in the income eligibility criteria and a slight decrease in property prices.
Keystart Scheme	420,000	767,000	347,000	The significant increase in lending was due to an increase in demand for the First Start Scheme and private sector lenders tightening their lending criteria which has seen more West Australians turning to Keystart for assistance.
Minor Works	4,569	1,178	-3,391	During the year, the minor works budget was decreased with the funds being reallocated to other priorities. The individual projects included in the program were revised accordingly. Some of these projects were cancelled and a number of other large projects were delayed for various reasons such as availability of contractors.
Offices and Shops	2,000	3,475	1,475	
Other	216	284	68	
<b>TOTAL</b>	<b>909,950</b>	<b>1,305,171</b>	<b>395,221</b>	

### Commentary on the Authority's 2007-08 Capital Works Program

The following comments provide a reconciliation of actual completions/commencements to those forecast in the budget papers.

As published in the 2007-08 Budget Papers, the Authority planned a program of 922 dwelling unit completions, through a combination of community and public housing programs.

As shown in the table on page 58 of the annual report, the Authority completed 1,215 units. The State Government allocated further funding for affordable housing and land initiatives, which included \$50 million over two years to increase social housing stock. This additional funding will allow a further 124 units to be completed over the next two years, increasing the total target completions to 984 units per year for 2007-08 and 2008-09. This revised target for completions was exceeded to assist in meeting the Authority's commitment to stock growth.

The Authority's land development activities were expected to realise sales of 3,101 lots, including 2,374 joint venture projects. Actual sales were 1,952 of which 1,474 lots came from joint ventures. This was due to a significant downturn in the market in the second half of the financial year.

Keystart was expected to provide more than 3,000 new loans in 2007-08. 3,688 loans were provided.

The increase in lending particularly in the latter part of the financial year was due to price falls in some suburbs, thus improving affordability. Keystart's competitive interest rate and the tightening of the lending criteria by other lenders have also resulted in borrowers turning to Keystart.

## Construction, Spot Purchase, Refurbishment and Bed-Sitter Conversions

The following table provides information on construction, spot purchases, refurbishments and bed-sitter conversions undertaken under the Authority's various capital works programs. The table includes details of the number of units commenced and completed during 2007-08.

'Carryover completions' indicate units that commenced in 2007-08 or in a previous financial year, but were still under construction or refurbishment at 30 June 2008. 'Carryover expenditure' shows the committed funds required to complete those units still under construction or refurbishment at 30 June 2008.

	Commenced	Completed	Expenditure (\$m)	Carryover Completions	Carryover Expenditure (\$m)
<b>Construction and spot purchase</b>					
<i>Public Rental Housing</i>					
General Rental	713	756			
Community Disability Housing Program	57	60			
Mental Health Strategy	100	35			
Joint Venture	15	72			
Resident Funded Joint Venture	0	0			
House and Land for Sale	4	3			
Total	889	926	197.299	862	105.154
<i>Aboriginal Housing – Urban</i>	0	6	2.053	5	0.755
<i>Indigenous Community Housing Program</i>	0	0	0	0	0
<i>Aboriginal Housing – Communities</i>					
Housing Authority Funded	18	90	25.368	8	4.971
FaCSIA Funded	0	0	0	0	0
Total	18	90	25.368	8	4.971
<i>Community Housing</i>					
Community Housing Program	6	17	2.987	0	0.041
Crisis Accommodation Program	25	3	2.609	22	2.904
<i>State Community Housing Investment Program</i>	311	266	44.052	45	3.334
Total	342	286	49.649	67	6.279
<b>TOTAL</b>	1,249	1,308	274.369	942	117.159

Continued on page 82

	Commenced	Completed	Expenditure (\$m)	Carryover Completions	Carryover Expenditure (\$m)
<b>Refurbishment and bed-sitter conversions</b>					
<i>Public Rental Housing</i>					
Refurbishments	102	115	6.705	14	0.196
Bed-sitter Conversions	0	0	1.178	0	3.028
Total	102	115	7.883	14	3.224
<i>New Living (Retained Properties)</i>					
Refurbishments	295	291	23.567	117	5.365
Bed-sitter Conversions	0	0	0	0	0
Total	295	291	23.567	117	5.365
<i>Aboriginal Housing – Communities – Refurbishments</i>	55	110	13.836	43	0.509
<i>Roebourne Enhancement Program – Refurbishments</i>	0	2	0.107	0	0
<i>Community Housing</i>					
Community Housing Program	0	0	0	0	0
Crisis Accommodation Program	9	3	0.669	6	0.513
Total	9	3	0.669	6	0.513
<b>TOTAL</b>	461	521	46.063	180	9.611
<b>GRAND TOTAL</b>	1,710	1,829	320.432	1,122	126.770

Notes:

Expenditure on Public Rental Housing and Aboriginal Urban Housing excludes capitalised administration costs.

Expenditure on FaCSIA Funded units also includes work other than dwelling construction.

Expenditure on Public Rental Housing bed-sitter conversions includes other upgrade works.

Expenditure on Aboriginal Communities Refurbishments includes other works.

Community Housing Program and Crisis Accommodation Program Refurbishments include other upgrade and maintenance works.

## Public Rental Housing Statistics

Rental waiting list by customer type	2007-08	2006-07	2005-06	2004-05	2003-04
Family	9,209	8,639	7,750	7,495	7,190
Senior Single	2,446	1,946	1,928	1,771	1,615
Senior Couple	896	793	372	306	280
Singles	4,381	4,060	3,730	3,553	3,703
<b>TOTAL</b>	<b>16,932</b>	<b>15,438</b>	<b>13,780</b>	<b>13,125</b>	<b>12,788</b>

Rental waiting list by bedroom entitlement	2007-08	2006-07	2005-06	2004-05	2003-04
2 Bedroom family	4,464	4,278	3,907	3,904	3,800
3 Bedroom family	3,426	3,165	2,805	2,770	2,660
4 Bedroom family	1,021	939	818	691	640
5+ Bedroom family	298	257	220	130	90
Senior Single	2,446	1,946	1,928	1,771	1,615
Senior Couple	896	793	372	306	280
Singles	4,381	4,060	3,730	3,553	3,703
<b>TOTAL</b>	<b>16,932</b>	<b>15,438</b>	<b>13,780</b>	<b>13,125</b>	<b>12,788</b>

New tenancies by customer type	2007-08	2006-07	2005-06	2004-05	2003-04
Family	1,787	1,900	1,950	2,233	2,542
Senior Single	583	660	698	622	797
Senior Couple	219	245	139	194	246
Single	715	822	917	1,022	1,098
<b>TOTAL</b>	<b>3,304</b>	<b>3,627</b>	<b>3,704</b>	<b>4,071</b>	<b>4,683</b>

Rents	2007-08	2006-07	2005-06	2004-05	2003-04
Rebated	27,703	26,279	26,951	27,307	28,085
Full Rent	5,989	7,119	5,949	5,754	5,058
<b>TOTAL</b>	<b>33,692</b>	<b>33,398</b>	<b>32,900</b>	<b>33,061</b>	<b>33,143</b>

Tenant income sources	2007-08	2006-07	2005-06	2004-05	2003-04
Age Pension	24.6%	23.5%	24.0%	23.7%	23.7%
Disability Support Pension	21.9%	20.8%	21.0%	20.5%	20.2%
Parenting Payment Single	12.6%	13.8%	15.5%	16.7%	17.5%
Newstart Allowance	6.7%	6.0%	6.2%	6.5%	7.1%
Veteran Services	1.6%	1.7%	1.8%	2%	2.1%
Low Wage Income	8.0%	5.9%	6.0%	5.7%	6.4%
Other	7.0%	7.0%	7.4%	7.5%	7.9%
Full Rent	17.8%	21.3%	18.1%	17.4%	15.1%

Rental arrears	2007-08	2006-07	2005-06	2004-05	2003-04
Average Arrears per Account	\$37.52	\$17.09	\$15.44	\$15.49	\$16.26
Percentage of Accounts in Arrears	11.8%	9.0%	9.0%	8.46%	13.69%

Rental stock by bedroom number	2007-08	2006-07	2005-06	2004-05	2003-04
Bedsitter	186	198	225	267	298
1 Bedroom	8,231	8,075	7,925	7,935	7,809
2 Bedroom	10,439	10,187	9,942	9,860	9,791
3 Bedroom	13,251	13,180	13,264	13,686	14,089
4 Bedroom	2,830	2,742	2,668	2,653	2,604
5+ Bedroom	536	497	476	469	447
<b>TOTAL</b>	<b>35,473</b>	<b>34,879</b>	<b>34,500</b>	<b>34,870</b>	<b>35,038</b>

Rental stock by dwelling type	2007-08	2006-07	2005-06	2004-05	2003-04
House	12,270	12,123	12,213	12,633	12,591
Duplex	4,519	4,454	4,446	4,556	4,654
Medium-High Density <sup>1</sup>	18,684	18,302	17,841	17,681	17,793
<b>TOTAL</b>	<b>35,473</b>	<b>34,879</b>	<b>34,500</b>	<b>34,870</b>	<b>35,038</b>

Building commencements <sup>2</sup> by customer type	2007-08	2006-07	2005-06	2004-05	2003-04
Family	615	485	535	541	522
Singles	169	99	159	167	143
Seniors	101	109	159	181	262
<b>TOTAL</b>	<b>885</b>	<b>693</b>	<b>853</b>	<b>889</b>	<b>927</b>

Land Production	2007-08	2006-07	2005-06	2004-05	2003-04
Lots Produced <sup>3</sup>	2,554	2,975	3,283	2,838	1,979

Notes:

All stock numbers relate to Public Housing and Aboriginal Rental Housing Program dwellings only.

1. Medium-High Density: Townhouses, Flats and Apartments.
2. Commencements: Letter of Acceptance, Excludes Purchase Housing (homes built for sale). Includes Spot Purchase (acquisitions) and Joint Ventures.
3. Lots produced include land development and redevelopment, estates improvement and joint ventures.



## Staffing Levels

The Housing Authority's full-time equivalent (FTE) staffing numbers are detailed in the table below:

	2006-07	2007-08
Permanent Full-time	796.15	797.43
Permanent Part-time	60.55	54.03
Contract Full-time and Part-time	89.50	165.62
Seconded In	1.00	4.00
Seconded Out	4.40	17.00
<b>Total FTE</b>	<b>951.60</b>	<b>1,038.08</b>

## Recruitment and Staff Development

### Learning and Development

The Authority continued to develop its workforce by enhancing its Learning and Development, Graduate Development, and Change Management programs.

A comprehensive Learning and Development plan was developed based on the results of a development needs survey. The broad focus of the plan is on developing management and leadership skills, as well as the competencies to build and support teams. This will support the rebuilding process occurring in the Authority following the structural review that concluded this year.

The Authority continued to maintain a program of general learning and development opportunities for staff in all divisions including:

- A strategy was developed to facilitate training to identify and manage asbestos in its residential,

government and commercial buildings.

- An innovative Aboriginal Cultural Awareness program was rolled out. It incorporates indigenous client participation and a practical focus on the ways the Authority's client services affect the lives of indigenous clients and how small positive changes can make a difference;
- A financial skills development program commenced. It focuses on both personal financial literacy and awareness of the public sector financial 'big-picture';
- Positive work culture workshops to support team building;
- The continuation of our tailored project management program;
- Access was provided to training on issues involving sustainable development and construction;
- Staff selection skills training to support a new streamlined approach to recruitment;
- Safety awareness training (the mandatory Worksafe 'Blue Card') for those required to regularly visit construction sites;
- We continued our commitment to equal employment opportunity training and we are looking at advanced diversity training for managers later in 2008; and
- The scholarship program continued to support staff seeking career development through formal study. This year, 54 staff were offered assistance in disciplines such as strategic procurement, commerce, leadership, finance, law, information technology, project management, building, and public housing policy, this compares to 39 staff in 2006-07.

## Graduate Program

In 2007-08, the Authority expanded the Graduate Development program from just the accounting/finance areas to include placements for graduate project officers. Four graduate project officers were appointed: three within the Works and Building Services portfolio; and one from the Housing Services portfolio. Recruiting has commenced for the next intake, as well as increasing graduate placements.

In keeping with our Indigenous Employment strategy, the graduate program has been further extended to provide a specific Indigenous Graduate program, along with scholarships to support the completion of studies. The current recruitment drive includes provision for up to 10 such indigenous graduate placements.

### Indigenous Traineeship Program

The Indigenous Traineeship program commenced in February 2008. Seven young indigenous people were accepted into the program which is designed to enable participants to achieve the Certificate III in Business Studies through on-the-job training and in-house training sessions. This training includes formal instruction and advice on job application and interview skills. Thus, trainees are provided with all the skills necessary to succeed in gaining permanent employment at the end of their 12-month traineeships.

Further support is provided to trainees through a formal mentoring network comprising 11 experienced staff, with each trainee allocated two mentors to provide support, encouragement and guidance.

## Governance Disclosures

### Industrial Relations

The majority of the Authority's staff are employed under the Public Service General Agreement 2006 with 24.73 FTE employed under the Government Services (Miscellaneous) General Agreement 2007.

### Subsidiaries

Keystart Loans Limited ('Keystart') is a special purpose nominal company controlled by the Housing Authority. It provides low-deposit, affordable home ownership schemes.

Keystart acts as trustee for the Keystart Housing Scheme Trust and the Homeswest Loan Scheme Trust. It also controls Keystart Bonds Limited, Keystart Scheme Management Pty Ltd, Keystart Support Pty Ltd, and Keystart Support (Subsidiary) Pty Ltd.

Keystart is managed by a Board of Directors, comprising:

- Lloyd Guthrey
- Kerry Fijac – resigned 15 April 2008
- David Butler
- Mike Bonney
- Ian Taylor
- Raymond Chadwick – resigned 31 December 2007
- Rochelle Bradley
- Robert Mitchell – appointed 20 May 2008
- Dianne Browning – appointed 1 February 2008
- Brenda Robbins – appointed 1 February 2008

### Directors' Indemnity Insurance

Following the abolition of the State Housing Commission and the Government Employees' Housing Authority Boards on 1 July 2006, an insurance policy has remained in force to protect past commissioners, board members and the two Authorities in accordance with the Statute of Limitations. An insurance premium of \$58,152 was paid to indemnify the commissioners and board members against liabilities under Sections 13 and 14 of the *Statutory Corporations (Liability of Directors) Act 1996*.

An amount of \$13,155 was also paid to indemnify the Keystart Board of Directors.

### Disclosure of Pecuniary Interest

At the date of reporting, other than normal contracts of employment of service, 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 Authority.

## Other Legal Requirements

### Advertising

In accordance with the disclosures required under Section 175ZE of the *Electoral Act 1907*, the Authority has incurred the following expenditure on advertising and market research organisations:

Advertising and Market Research	Value (\$)
<b>Advertising Agencies</b>	
303 Advertising Pty Ltd	\$47,652.55
Linc Integrated Marketing & Co.	\$140,380.49
<b>Market Research Organisations</b>	
Synovate Pty Ltd	\$7,425.00
Polling Organisations	Nil
<b>Direct Mail Organisations</b>	
Community Newspaper Group	\$975.12
<b>Mail Advertising Organisations</b>	
Marketforce Productions	\$322,539.82
Media Decisions WA	\$58,837.63
<b>Total</b>	<b>\$577,810.61</b>

### Disability Access and Inclusion Plan Outcomes

The Authority aims to provide services that are accessible and meet the requirements of people with disabilities.

The Authority has finalised its Disability Access and Inclusion Plan and has undertaken the following initiatives in order to meet the desired outcomes:

**Outcome 1: People with disabilities have the same opportunities as other people to access the service of, and any events organised by, a public authority.**

The Authority provides housing to people with disabilities under the Commonwealth Disability Housing program and the rental housing program through construction, spot purchases and modifications. Housing is either built to a generic design to meet ongoing demand or customised to meet individual circumstances.

As part of the Authority's commitment to the State Government's Mental Health Housing Strategy, the Authority also provides housing to people with mental illness under the Community Disability Housing program. The Authority is also a key participant in a trial to co-ordinate care for people with mental illness. The trial is led by the Department of the Premier and Cabinet and involves other government and non-government agencies.

The Authority also offers a loan tailored to people with disabilities. The Access home loan scheme helps people with a disability access affordable home ownership or modify their existing home.

**Outcome 2: People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.**

The Authority is building all new homes in line with the principles of visitability. Visitability ensures people with a mobility disability are able to access and use the main functional areas of a home.

Our buildings and customer service areas are accessible to people with disabilities. The Authority's facilities are reviewed on an ongoing basis to ensure improved accessibility and upgraded as required.

Each year, we also evaluate the design and functionality of any housing we build for people with disabilities to ensure continuous improvement under the Community Disability Housing program.

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

The Authority provides information in alternative formats on request and a working group has been established to allow large print documents to be created from our computer system as required. The working group is also establishing interim procedures to ensure that people with disabilities receive information as readily as other people.

**Outcome 4: People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.**

Authority staff attend compulsory disability awareness training that focuses on increasing staff understanding of the issues that affect people with disabilities. This training ensures that staff respond sensitively and provide quality service. The Authority also provides a mental health first aid course to ensure staff can help if there is an emergency.

The Authority also appoints Equal Employment Opportunity contact officers around the State to act as advocates, respond to issues and provide advice to people with disabilities and other groups in the workplace.

**Outcome 5: People with disabilities have the same opportunities as other people to make complaints to a public authority.**

The Authority provides a feedback system that allows people to lodge complaints verbally, in writing or online.

**Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.**

People with disabilities, their advocates and disability groups are involved in consultations and briefings on buildings, policies and programs that may affect them.

As well as these strategies, the Policy Officer Disability and Seniors Services is working with Techniworks, an online training company, to develop an online training and information package outlining the Authority's Disability Access and Inclusion Plan. The training package will ensure that all existing staff and new recruits are fully informed about the Disability Access and Inclusion Plan's desired outcomes and their role.

## Compliance with Public Sector Standards and Ethical Codes

### *Compliance with Public Sector Standards*

Information about public sector standards and the WA Code of Ethics is published on the Authority's intranet and included in induction briefings. As a quality assurance requirement, an internal audit of the Authority's compliance with the public sector Recruitment, Selection and Appointment Standard and the Redeployment Standard was conducted. Training on recruitment and selection procedures was conducted on a group basis for prospective selection committee participants and employees seeking refresher training, which included sessions on the standard.

Training was again provided to existing and new contact officers to ensure compliance with relevant standards.

Articles to raise awareness of the standards continued to be a regular feature in the human resources newsletter.

A new online induction program is being implemented. This includes information on the public sector standards and the public sector Code of Ethics.

In 2007-08, four breach claims against the Recruitment, Selection and Appointment Standard were received. Two were withdrawn following negotiations between the Authority and the claimants. The other two claims were not substantiated following a review by the Office of the Public Sector Standards Commissioner.

## **Compliance with Codes of Ethics and Codes of Conduct**

Mandatory misconduct awareness sessions were held during October-December 2007. These sessions were also provided on-site to employees in regional offices.

In line with the Premier's Circular 2008/01, a review of the Authority's Code of Conduct commenced. When finalised, the code will be available to staff on the intranet and will form part of the online induction program.

## **Recordkeeping Plans**

The Authority complies with the *State Records Act 2000* and is committed to the principles and standards provided by the State Records Commission.

### **Recordkeeping Training Program**

The recordkeeping program comprises training products focused on staff. All new staff are enrolled for the training within a month of commencing. Existing staff are enrolled in all new modules as they are implemented. The training includes:

- Recordkeeping awareness training. A total of 1,482 staff were enrolled in the recordkeeping awareness training. Of this total, 66 per cent staff completed the training, 11 per cent had started, and 23 per cent had yet to commence;
- TRIM system training; and
- One-on-one training was also introduced in 2007-08. This complements the online courses and allows training to be structured to the users' work practices.

Future plans include:

- Online business classification training;
- Completion of a recordkeeping and information management training plan to identify specialised training requirements for record practitioners and information managers; and
- Surveying users to assess the recordkeeping training program and services provided.

## **Government Policy Requirements**

### **Corruption Prevention**

Detection and prevention of fraud, corruption and misconduct are addressed under specific business units' risk management activities, with appropriate reporting procedures established. The Authority has a fraud policy and prevention strategy, and appropriate risk management policies that incorporate strategies to minimise the risk of fraud, misconduct and corruption.

These policies and guidelines, in conjunction with audits of contractors, internal audit business reviews and stringent controls over financial payments, have helped the Authority develop a culture of awareness relating to potential fraud, corruption and misconduct.

Fraud reporting systems and procedures for dealing with the notification of fraudulent activity are also in place.

All staff attended specific misconduct awareness training sessions in 2007-08.

## **Substantive Equality**

The Authority is continuing to review its practices in line with the Government's Policy Framework for Substantive Equality and is committed to achieving substantive equality in the services provided to its diverse client base.

All of the Authority's policies and procedures will be re-evaluated with a view to ensuring that its services are equally accessible to people from all ethnic and cultural backgrounds. This involves considering the distinctive needs of these groups and assessing how the Authority can tailor its services to meet these needs and achieve equal outcomes for all clients.

The Authority is also continuing to implement the recommendations in the Equal Opportunity Commission's (EOC) *Finding A Place* report of 2004 that correspond with the principles of the substantive equality policy. In April 2008, the Diversity Policy Unit was established to focus on these two important projects.

In addition, as part of Level 2 of the policy framework, the Authority has worked with the EOC to review the effects of the Housing Service Delivery and Public Housing divisions' rental policies on clients. These reviews will continue the Authority's shift to a greater client focus in its service delivery to ensure that affordable housing is provided to those in greatest need, in line with current strategic objectives.



Each business unit's operations will be reviewed in line with this process, including an assessment of:

- Written policies and prescribed practices;
- Staff training needs; and
- Collection and analysis of statistical information.

The Authority is planning to commence reviews of the Public Housing Maintenance Policy and the operations of the Community Housing branch in 2008-09.

## Sustainability

### *New public housing*

All new public housing is constructed to minimum 5 Star energy standards under the Building Code of Australia. This policy pre-dates the current amendment to the BCA. From 1 September 2007, all new public housing complies with the 5 Star Plus codes.

### *Ellenbrook sustainable housing project*

The Ellenbrook sustainable housing project is a joint initiative between the Authority and the Master Builders Association to design and build eight demonstration homes in Ellenbrook. The project will demonstrate to first home buyers that it is possible to design innovative, sustainable and affordable housing. The demonstration homes will be open to the public prior to making them available for tenants or possible sale. The five single houses are due for completion in late 2008 while another group housing site is still in the planning stages.

### *Innovation in Affordable Housing program*

In October 2006, the Authority sought expressions of interest from building companies to participate in a project to construct affordable housing using innovative building materials. Three companies were selected to take part in the project – Qik Bild Eco Construction, Intamos and the VDM Group.

These companies are building houses using materials and construction methods with the potential to reduce the costs of building and maintaining a home. The designs use innovative construction techniques, including wall systems consisting of hollow Styrofoam blocks filled with reinforced concrete, and roofing made from an insulated polystyrene/Colorbond sandwich panel.

The first phase of the project is underway in the metropolitan area. It includes three recently completed display homes (one from each builder) at Banksia Grove that will soon be open to the public. After the display period, the homes at Banksia Grove will be sold to private purchasers. The remaining homes of Phase One are being built at Clarkson, Ellenbrook and Butler and will increase the stock of public housing.

Phase Two of the project has commenced, with contracts awarded to VDM for the construction of seven dwellings in Kalgoorlie. All of these homes will be used for public housing.

### *Green House, Maddington*

In 2005, the Authority provided one of its rental properties in Maddington to the South East Regional Energy Group (SEREG) as a sustainable retrofit home project. The retrofit project demonstrates that existing residential dwellings can achieve significant sustainable objectives by reducing the dwelling's 'ecological footprint' and recurrent costs. Increased occupant comfort and health, achieved at reasonable cost, are additional objectives. The project is now in its second phase, with three Murdoch University students living in the home enabling SEREG to collect data and assess the home's environmental performance. The students will vacate the house at the end of the July 2008, and the Authority will rent the property.

### *Sustainable Retrofit – Hilton*

The Authority has formed a partnership with the City of Fremantle to retrofit an existing home in the suburb of Hilton with sustainability features. The Authority will allow the council to occupy the property rent-free for two years. During this time, the council will oversee the retrofitting of the house with energy and water saving features, which will help to reduce the cost of running the home and its environmental impact. The council will use the home as an educational facility for residents, schoolchildren and the general public.

### ***Broome Filter House***

In 2004, the Authority constructed a sustainable display home in Broome as part of its commitment to the State Sustainability Strategy. The Broome Filter House was designed for Broome's climate, with the aim of reducing the load on air-conditioning equipment to maintain internal temperatures between 17°C and 27°C all year round. An analysis undertaken by SEDO on the performance of the Filter House in 2007 confirmed that the Filter House used significantly less than 50 per cent of the energy of a nearby reference house. The report concluded that with good design, using appropriate materials, energy consumption of houses in Broome could be reduced by at least 50 per cent.

### ***Harrisdale Village***

Harrisdale Village is an Authority land subdivision in Forrestdale. Harrisdale has been planned to demonstrate best practice sustainability in all areas, including water-sensitive urban design, density and diversity, land subdivision orientation, integration of land and built form, and town planning. The site is 30 hectares and when developed will include 250 lots, with the potential for 640 homes and 40 businesses. Cedar Woods Properties Ltd was announced as the successful joint venture partner to develop Harrisdale in April 2008.

### ***Transit Oriented Developments (TOD)***

Bertram (Belgravia Central) is a TOD estate being developed by the Authority in conjunction with the Satterley Property Group. Located along the new Southern Rail Line, it is centred around the Kwinana train station and will include a village centre, complete with retail, commercial and community facilities. Bertram will eventually produce a total of 537 lots over five years ([www.satterley.com.au](http://www.satterley.com.au)).

### ***Brighton***

The Brighton Estate at Butler is a joint venture between the Authority and the Satterley Property Group. Brighton is a fully integrated and master planned estate in the northern suburbs. The focus is on creating distinct villages and communities which are socially, commercially and environmentally sustainable.

The Green, Brighton's eco-friendly, innovative fourth village, is currently in development. It will be the first development of its kind in Australia to use only non-potable water (from ground bores) on household gardens and communal parks. Satterley will also work with leading builders to ensure all homes in the estate are designed to energy efficiency standards, and that planning allows for more public transport and reduced car use within the village.

### ***Sustainability Action Plan***

The Authority has recently updated its Sustainability Action Plan (SAP) which details how the agency is addressing sustainability in its operations, including the environmental performance of its buildings, vehicle fleet management and human services, and the delivery of its services and programs.

### ***Waste***

In accordance with the waste management audit recommendations, the Authority promotes waste avoidance, waste reduction and waste recycling where it is available and practical. It recycles waste office paper, cardboard, office machine cartridges, aluminium cans and co-mingled waste. At the agency's East Perth offices, significant savings have been made by reducing general office waste and increasing the recycling of cardboard. A strategy has been put in place to gradually reduce the number of stand-alone desktop printers and to increase the number of multi-functional machines. This will reduce printing costs and save paper. In the meantime, where new printers are purchased, priority will be given to duplex machines.

### ***Water***

In accordance with government requirements, a Water Management Efficiency Plan for the Authority's office buildings has been prepared outlining the details of water saving strategies for the next 12 months. This will be used to measure and maximise water efficiency for all of our offices.



## Energy

The Authority monitors and reports on its energy consumption according to government benchmarks established by the State Government's Energy Smart program. In the last financial year, modifications were carried out to the Authority's office buildings that included upgrading existing air-conditioning, upgrading air-conditioning controls and software, and modifications to lighting including the removal of surplus light tubes.

## Vehicles and Travel

In the metropolitan area, all of the Authority's lease vehicles are four cylinders. In regional locations, the vast majority of cars are four-cylinder vehicles except where a thorough business case can justify a six-cylinder vehicle. All the Authority's lease vehicles are carbon neutral.

## TravelSmart

The Authority participates in the State Government's TravelSmart workplace program, and developed a Green Transport Plan in 2006 with input from staff. The TravelSmart committee has been progressing and implementing the plan's actions, which include promoting healthy, active and environmentally friendly travel options for staff. A key action identified in the Green Transport Plan was to improve staff shower and change room facilities. A major refurbishment of these facilities was completed in 2007. Surveys conducted before and after the upgrade showed that there has been an increase in the number of staff walking, jogging and cycling to work as illustrated below:

Staff Travel Survey Results	2005	2007
Respondents who walk/ran/cycled as their usual method of travel to work	5.7%	9.6%
Respondents who walk/ran/cycled as their secondary method of travel to work	9%	15%

The TravelSmart committee conducted a staff travel survey in late 2007 and is using the results of this survey to review the Green Transport Plan during 2008.

## Occupational Safety and Health

Employee safety and welfare is a high priority with initiatives taken to actively promote Occupational Safety and Health (OSH) across the organisation. Initiatives include:

- A voluntary health and lifestyle program; which includes 'healthy heart' pathology with consultations and feedback for employees, launched in February 2008;
- A review of work practices and procedures affecting employees working in regional and remote areas with specific outcomes already implemented;
- OSH awareness training for managers; and
- The development of an online induction training system;

The Authority continued its focus on injury management and rehabilitation in its approach to claims management, and continued to support officers returning to work from extended absences due to ill health.

The Workers' Compensation Policy outlines the Authority's practices and procedures, with reference to the *Workers' Compensation and Injury Management Act 1981*. It is available on the intranet.

Indicator	2007-08	Target 2007-08
Number of fatalities	0	0
Number of lost time injuries:	3	-
Frequency rate <sup>1</sup>	1.5	-
Incident rate <sup>2</sup>	0.09	0.32
Lost Time Injury Severity Rate	0	0

1. Number of lost time injuries per million hours worked

2. Number of lost time injuries and diseases per one hundred workers employed

One existing rehabilitation case was carried over into 2007-08. There was one new rehabilitation case established during the year.

# Department of Housing and Works Offices

## Head Office

99 Plain Street  
East Perth 6004  
Tel: (08) 9222 4666  
Toll free: 1800 093 325

TTY (08) 9476 2446  
Translation and Interpreting  
Service 13 14 50

[www.dhw.wa.gov.au](http://www.dhw.wa.gov.au)  
[wa.gov.au](http://wa.gov.au)

## METROPOLITAN OFFICES

### Fremantle

42 Queen Street  
Fremantle 6160  
Tel: (08) 9430 0300

### Kwinana

Shop 13, Hub Commercial  
Centre, 40 Meares Avenue  
Kwinana 6167  
Tel: (08) 9439 0300

### Mandurah

11 Pinjarra Road  
Mandurah 6210  
Tel: (08) 9535 5788

### Cannington

17 Manning Road  
Cannington 6107  
Tel: (08) 9356 0444

### Armadale

Unit 1, 42 Commerce  
Avenue, Armadale 6112  
Tel: (08) 9497 1600

### Bentley

Brownlie Towers  
Shop 5, 32 Dumond Street  
Bentley 6102  
Tel: (08) 9350 3700

### Mirrabooka

6 Ilkeston Place  
Mirrabooka 6061  
Tel: (08) 9344 0555

### Midland

21 Old Great Northern  
Highway Midland 6056  
Tel: (08) 9250 9191

### City Office

605 Wellington St  
Perth 6000  
Tel: (08) 9476 2444

## GREAT SOUTHERN

### Albany

131 Aberdeen Street  
Albany 6330  
Tel: (08) 9842 0444

### Katanning

30 Richardson Street  
Katanning 6317  
Tel: (08) 9821 1822

## SOUTH WEST

### Bunbury

22 Forrest Avenue  
Bunbury 6230  
Tel: (08) 9792 2111

### Manjimup

Unit 10, 30-32 Rose Street  
Manjimup 6258  
Tel: (08) 9771 1200

### Busselton

Suite 4, 8-10 Prince Street  
Busselton 6280  
Tel: (08) 9752 4388

## GOLDFIELDS

### Kalgoorlie

220 Hannan Street  
Kalgoorlie 6430  
Tel: (08) 9093 5200

### Esperance

Balmoral Square  
The Esplanade  
Esperance 6450  
Tel: (08) 9071 2046

## MID WEST

### Geraldton

Union Bank Building  
201 Marine Terrace  
Geraldton 6530  
Tel: (08) 9923 4444

### Carnarvon

30 Robinson Street  
Carnarvon 6701  
Tel: (08) 9941 1129

### Meekatharra

Main Street  
Meekatharra 6642  
Tel: (08) 9981 1115

## PILBARA

### South Hedland

Cnr Brand & Tonkin Sts  
South Hedland 6722  
Tel: (08) 9160 2800

### Karratha

3-5 Welcome Road  
Karratha 6714  
Tel: (08) 9144 1707

## KIMBERLEY

### Broome

Frederick Street  
Broome 6725  
Tel: (08) 9192 0100

### Halls Creek

Lot 72, Great Northern  
Hwy, Halls Creek 6770  
Tel: (08) 9168 9300

### Kununurra

Cnr Messmate Way &  
Konkerberry Drive  
Kununurra 6743  
Tel: (08) 9168 1588

### Derby

Lot 265 Loch Street  
Derby 6728  
Tel: (08) 9191 1411

## WHEATBELT

### Northam

Mclver House  
297 Fitzgerald Street  
Northam 6401  
Tel: (08) 9622 1500

### Merredin

44 Mitchell Street  
Merredin 6415  
Tel: (08) 9041 1744

### Narrogin

Government Building  
Park Street  
Narrogin 6312  
Tel: (08) 9881 1299

## GOVERNMENT REGIONAL OFFICERS' HOUSING (GROH)

### Central Office

203 Nicholson Rd, Shenton Park 6008  
Tel: (08) 9286 6000  
Fax: (08) 9286 6025  
Toll free: 1800 644 708

### Goldfields

77A Hannan Street, Kalgoorlie 6430  
Tel: (08) 9021 8107  
Fax: (08) 9091 1255

### Karratha

5/16 Hedland Place, Karratha 6714  
Tel: (08) 9144 4213  
Fax: (08) 9185 3784

### South Hedland

Cnr Tonkin & Brand Sts South  
Hedland 6722  
Tel: (08) 9140 2187  
Fax: (08) 9140 2267

## FREMANTLE PRISON

The Terrace,  
Fremantle WA 6160  
Tel: (08) 9336 9200  
Fax: 9430 7188  
[info@fremantleprison.com](mailto:info@fremantleprison.com)

## KEYSTART

Level 6, 218 St Georges Terrace  
Perth 6000  
Tel: (08) 9338 3100  
Toll Free: 1300 361 517  
Country: 1800 199 050  
Fax: (08) 9338 3101  
[info@keystart.com.au](mailto:info@keystart.com.au)

## COUNTRY HOUSING AUTHORITY

Suite 20A, Hyatt Centre  
23 Plain Street  
East Perth 6004  
Tel: (08) 9325 8200  
Freecall: 1800 158 200  
Fax: (08) 9221 3126



Information about this report and requests and inquiries concerning reproduction should be addressed to:

Steve Altham  
Manager, Communications and Marketing  
Level 5, 99 Plain Street, East Perth, Western Australia 6004.  
Telephone (08) 9222 4885  
Facsimile (08) 9221 2551  
Email: [steven.altham@dhw.wa.gov.au](mailto:steven.altham@dhw.wa.gov.au)