Housing Authority
Annual Report
2008-09



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

with quality homes.

We have more than 1,000 staff working across the State to help achieve the goal of building a better community. The primary role of the Authority is to provide and support housing for Western Australians who cannot otherwise afford their own homes. The Authority does this by offering affordable land and housing, assisting with housing finance, providing rental housing and supplying government employees in country areas

Throughout this work we are firmly focused on the strategic intentions of:

- more people in housing; and
- building and improving sustainable Aboriginal communities.

This annual report deals with the housing-related functions of the Housing Authority. The public works related functions of the Department of Housing and Works were transferred to the Department of Treasury and Finance on 1 February 2009 and are detailed in a separate annual report.



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Statement of Compliance

FOR THE YEAR ENDED 30 JUNE 2009

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

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Report of the Housing Authority for the financial year ending 30 June 2009.

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

Grahame Searle Director General

Director General's Overview

From Homelessness to Home Ownership

If I were asked to encapsulate in a single phrase the financial year 2008-09 my reply would be '12 months of challenges and change'.

Perhaps the most dramatic change and challenge has been the division of the former Department of Housing and Works, a step that allows each portfolio, housing and works, to focus more intently on its core functions.

At Housing we have embraced that opportunity wholeheartedly as a conduit to achieving our major goal of helping more Western Australians into affordable housing.

Home ownership is part of a bigger picture. It is a point on a continuum. Our aim is to see people move along a scale accessing different entry and exit points, from homelessness to home ownership. This report details our work over the past year to achieve that aim.

The second major challenge was the announcement of State and Federal social housing stimulus packages, creating a project of unprecedented magnitude for the Housing Authority. We have risen to the challenge and are on target to deliver 3,700 new dwellings and a substantial number of refurbishments by 2010.

This would never have been possible within the timeframe without creative management and innovation. Two major changes occurred, the first by restructuring the contract process enabling builders to submit their own house specifications and designs, reducing costs by up to 13 per cent. The second was introducing an expression-of-interest process where developers could approach the Authority to become involved in projects that were already approved but unfinanced. This has proven extremely popular with developers and beneficial to the Authority.

It is worthwhile taking a moment here to consider the breadth of the Authority's work and its actual physical network. Consider for a moment that the Authority built sustainable show homes in suburban Ellenbrook, a hostel and community hub development (Burks Park) in the Kimberley supporting training and employment opportunities for young Aboriginal people and, at the other end of the State, developed joint ventures to provide social housing in Albany. This gives a feel for the diversity of services we provide, the situations our staff have to manage and the complex but very different needs they face.



In my short time with the Authority I've recognised our many strengths but I have also recognised that old approaches cannot address the needs of this modern community, our budget realities and the priorities of Government. A whole range of factors have increased the demand for social housing in our contemporary society; including the increased cost of housing, the deinstitutionalisation of people with disabilities and mental health issues, and ageing housing stock paralleled with increased expectations of living conditions which make old homes undesirable.

Social housing and affordable housing and land are significant national topics that require urgent attention and the development of effective plans for the future. Just as the strong new focus of Government is on strategic issues and service delivery, so too must ours be.

We have recognised this requires very fundamental and significant changes to the way we do things and this change is well under way. To create the right environment for innovation and reform the new Housing structure is centred on three key divisions; Strategy and Policy; Commercial and Business Operations and Service Delivery to think and decide, to enable and support and, most importantly, to deliver.

While some changes have been relatively swift, I expect the extent of the transformation is such that it will take between three and five years to achieve. To ensure the outcomes are focused and sustainable an Organisational Transformation Division has been created to support the new structure and promote reform.

In the year reported on here, we have enjoyed much success tempered by occasional setbacks.

In this economy, the housing market remains tumultuous. The last four years have seen a doubling of house and rental prices in Perth. This has had a major flow-on to all of the Authority's services from affordable land development to public rental, bonds and home ownership.

In response to the severe market contraction, the Authority has deferred development and land acquisition expenditure as much as possible to preserve cash for the social housing program, an area of some need.

Conversely, our bond assistance scheme figures reveal people on low incomes are managing to find affordable private rental accommodation, a good sign after the difficulties they have experienced in the rental market previously.

In this reporting year, Harrisdale (south of Perth), became the Authority's 13th land and housing development joint venture with private industry and will deliver 549 home sites. A proportion will be for first homebuyers and a ratio of 1:9 will be for the Authority's social housing program.

The extension and boost of the First Home Buyers Grant, combined with tumbling interest rates has buoyed buyers' confidence and our level of activity in the first home buyer sector is very pleasing. The Authority continues to perform well in that affordable land segment with 80 per cent of sales below the median price.

Keystart played a crucial role, approving 5,344 loans worth \$1.49billion during the year, exceeding everyone's expectations.

While the agency manages some 40,000 residential tenancies, there remains a growing waiting list for social housing and the Authority has had to search beyond traditional methods to find solutions.

We have forged new partnerships with community housing organisations (CHOs) throughout the State as a way of delivering new housing economically. We registered six additional providers in metropolitan and regional Western Australia across the three-tier system this financial year and it is very encouraging that a further 20 applications are being assessed.

We are working hard to consolidate our stock; on 30 June 2009 there were 5,652 units being managed by 233 CHOs compared to 241 CHOs managing 4,500 units in 2006.

Many of those who benefit from better managed community housing are those at most risk in our community – the homeless, people with disabilities or mental health issues and women and children escaping domestic violence.

We remain dedicated to consolidating a community housing industry, ensuring strict policies and guidelines are in place to regulate such an industry and that all avenues for maximising financial returns for providers are fully explored.

The Social Housing Taskforce has had a key role to play in that area and has delivered its recommendations on creative opportunities to expand the State's social housing stock to the Minister. It is expected the report will be tabled in Parliament shortly.

The development of the Community Housing Applicant Management System has streamlined the manual housing allocation system that operated previously. Giving Community Housing Providers access to the Authority's wait lists to place clients in homes has greatly improved efficiency and security of information.

It is improvements like these that will have solid, practical benefits for our social housing clients.

Indigenous Housing benefited from the signing of the National Partnership Agreement on Remote Indigenous Housing and the associated boost of nearly \$500million over five years. Our people working in this area are to be applauded for a thorough audit through 130 communities giving us a valuable database of housing in remote communities. Indigenous Western Australians will also benefit significantly from better contracts with regional housing providers and the introduction of an improved housing maintenance management system.

Creative thinking is also responsible for new government officer housing in the regions with high quality transportable homes for government workers like teachers, police and child protection workers who provide pivotal services in country communities. The Royalties for the Regions fund provided an additional injection of \$200million for 400 new homes for government workers throughout the State.

The Review and Rebuild Program was the driving force behind Housing Direct, a new central communication point for the Authority, clients and suppliers which is already showing evidence of improving our efficiency in delivering services to tenants and contractors.

Finally, we look forward to the outcome of the trial of our Antisocial Behaviour Intervention Team; a group of four whose brief is to work with tenants whose tenancies are troubled by antisocial behaviour. These are often the same tenancies targeted by the media and work is ongoing to try and change stereotypical (and often false) representations of public housing tenants.

I believe some of the challenges and changes we have experienced in this reporting year are likely to happen only once in a generation. The knowledge, skills and thirst for solutions they have inspired will enable the new Housing Authority to tackle anything the future throws our way.

Grahame Searle

Agency Overview

The agency is responsible for:

- creating social and affordable housing in Western Australia;
- setting policy and regulating community housing; and
- providing housing for State Government employees in regional and remote areas of the State.

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

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

Responsible Minister

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

Works and Housing Reform

On 16 December 2008, the Government announced a significant reform of the Department of Housing and Works. Effective as of 1 February 2009, the two portfolios, Housing and Works, were separated into two distinct service delivery areas. Works was transferred to the Department of Treasury and Finance as Building Management and Works, while the housing-related functions remained as the Housing Authority.

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 was given the Royal Assent on 5 October 2005. When Part 3 of that Act is proclaimed, it will repeal the Housing Loan Guarantee Act and the Housing Societies Act. This will occur once all housing societies operating pursuant to the Housing Societies Act have been concluded.



Kimberley housing upgrades

Performance Management Framework

Government Goals

The Authority contributes primarily to the following government goals:

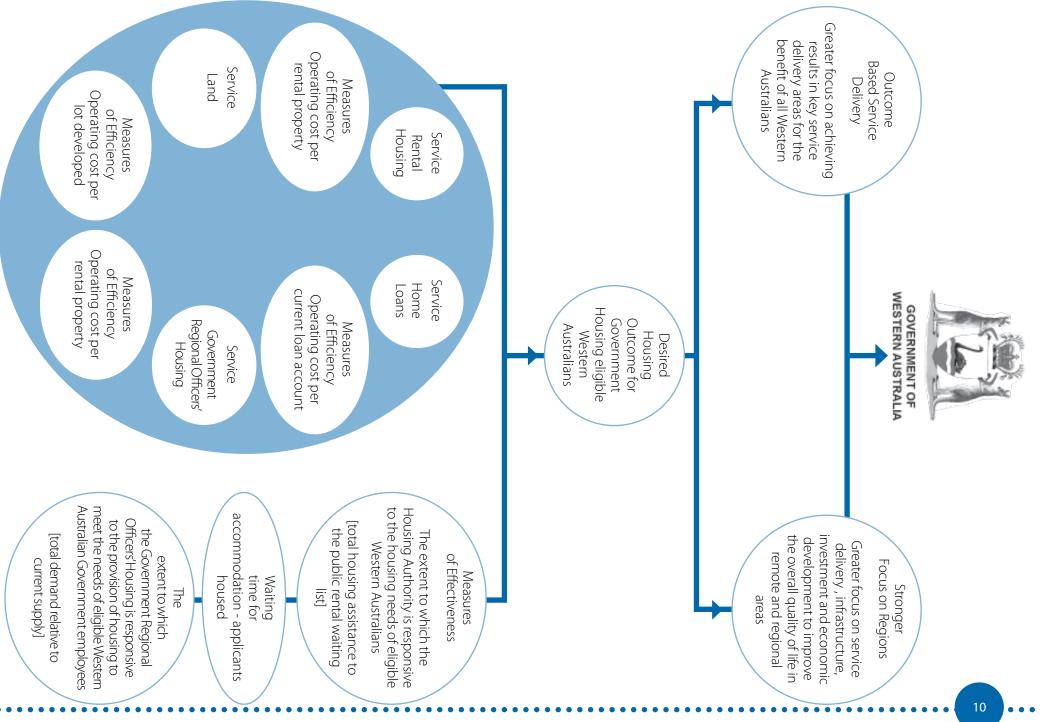
- Goal 3: Outcome Based Service Delivery greater focus on achieving results in key service delivery areas for the benefit of all Western Australians; and
- **Goal 4: Stronger Focus on the Regions** greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.

The Authority enhances the quality of life and well-being of all Western Australians by satisfying the fundamental human need for shelter. In the wider context, affordable, safe and secure housing contributes to a better society by providing the basis for a better quality of life.

Specifically, the Authority contributes to Goal 3, by providing housing through its rental program, home finance and land development activities for eligible Western Australians who may not otherwise be able to afford housing.

It contributes to Goal 4 through its Government Regional Officer's Housing (GROH) division which provides government employees with suitable housing in country areas. This supports the Government's commitment of delivering public services such as education, health and policing throughout the State.

The diagram on page 10 illustrates our key outcome, services and performance indicators for the community of Western Australia.

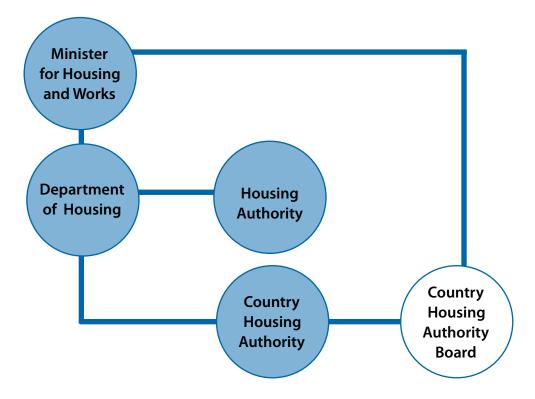


Operational Structure

The Authority achieves its goals through nine core areas:

Community Housing	Regulate and work with non-profit community organisations, housing associations and local government to provide people with complementary housing to grow the community housing sector.
Public Housing	Setting the direction for strategic asset management for the housing portfolio, policy and program development.
Home Ownership	To assist low to moderate income earners to own a home through low deposit, affordable home ownership schemes.
Land and Housing Development	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.
Aboriginal Housing Services	Provides a range of housing programs and essential services to identified remote and in town-based communities.
Housing Construction	Delivers government housing throughout the State.
Government Regional Officers' Housing	Develop and promote a range of housing supply initiatives to support the achievement of government's objectives by providing government employees with suitable and appropriate housing in country areas.
Housing Service Delivery	Coordinate regional service delivery across all the housing portfolio; focus on best practice customer services; tenancy sustainability; performance and governance.
Office of Deputy Director General	Oversee Commonwealth and State housing relations, strategic policy development, strategic direction and strategic intelligence.

Administrative Structure



Departmental Structure

DIRECTOR GENERAL

OFFICE OF THE DIRECTOR GENERAL

Strategy and Policy

A/Executive Director
Tania Loosley-Smith

Communications and Marketing

HOUSING SERVICES

A/Deputy Director General Steve Parry

Office of the Deputy Director General

Aboriginal Housing and Infrastructure

Public Housing

Housing Services Delivery

Housing Construction

Community Housing

Land and Housing Development

Government Regional Officers' Housing

Home Ownership (Including Keystart) BUSINESS SERVICES

General Manager Rochelle Bradley

People Services

Financial Services

Securities and Conveyancing

Management Review and Audit

Information Services

Information Management

Contracts and Facilities

CORPORATE DEVELOPMENT

General Manager
Graeme Gammie

Business Improvement

Strategy and Innovation

Legislation and Legal Services

Review Implementation

Special Projects

HOUSING STIMULUS

Social Housing
Coordinator
Shane Hamilton

Housing construction from Government Housing package





Grahame Searle - Director General

In the decade from 1998 to 2008 Grahame Searle drove the transformation of the Department of Land Administration from its origins as a traditional public service agency to Landgate, a statutory authority with its own Board, a commercial focus, and a record of innovation that has been acknowledged both nationally and internationally.

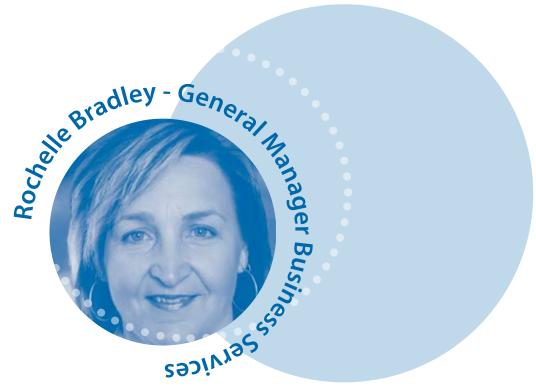
Grahame's broad conceptual and problem solving abilities are now focusing on the complexities of the Department of Housing, a diverse public sector agency with more than 1,000 staff.

With a strong demand for housing at all levels, traditional methods of meeting the housing needs of people with low incomes or with complex needs have proven to be inadequate. While the agency manages some 40,000 residential tenancies, there is a growing waiting list for social housing. Grahame is looking at innovative ways to meet this demand, including forging new partnerships with CHOs across the State.

Steve Parry - Deputy Director General

Steve has a Graduate Diploma of Social Science in Housing Management and Policy and is a member of several professional associations. His expertise in housing management and policy combined with his ability to lead the organisation through change has seen him take on several professional roles within the Department since 2003.

As Deputy Director General, Steve is responsible for overseeing a diverse portfolio including service delivery and government housing and land directorates. During a period of intense organisational change, he has focused on building a cohesive team with his Directors and has achieved significant milestones since being appointed to the position in December 2008, including facilitating the implementation of the historic government stimulus package, aimed at delivering 3,000 dwellings.



Rochelle Bradley - General Manager Business Services

Rochelle started at the Office of the Auditor General for Western Australia as a graduate auditor in 1983 and spent six years in the operational attest audit area before progressing through the positions of Manager Quality Assurance, Manager Human Resources, Manager Corporate Development, and Executive Officer to the Auditor General. After a two year secondment with the Audit Office of New South Wales in 1995 she was appointed to an Associate Director's position with a portfolio of 60 audit clients covering Police, Justice, Environment, Fire and Emergency Services, Culture and Arts and four of the five State universities.

Rochelle was appointed Executive Director Financial Services at the Department of Housing and Works in December 2005 and is now General Manager Business Services with responsibility for 200 staff in the areas of Finance, Human Resources, Information Systems, Information Management and Contracts and Services. Rochelle is also a Director on the Board of Directors of the State Government's home lending organisation, Keystart.



Graeme Gammie - General Manager Corporate Development Services

Graeme joined the State Government in 1997 with 18 years banking industry experience in strategy and business planning, change management and human resources. He applied these skills in the development of the historic Fremantle Prison and led its development into a vibrant and sustainable heritage precinct recently nominated for inclusion on the World Heritage list. In 2006, Graeme was appointed to lead the functional review of the Department of Housing and Works. The review having been completed, he is General Manager of Corporate Development Services.

Graeme is responsible for providing strategic and business planning, risk management, performance measurement and reporting, legislation, legal and insurance services to the Authority. In addition to providing consulting advice on business improvement strategies, the division develops and delivers organisational development programs that promote cultural change towards the agency's values and leadership attributes.

Agency Performance



Performance Summary

Resource Agreement

The following performance information (financial) is the subject of a resource agreement signed by the Minister, the Housing Authority and Treasurer under Part 3, Division 5 of the *Financial Management Act 2006*.

Financial Targets

	2008-09 Target \$'000	2008-09 Actual \$'000	Variation \$'000	Explanation
Total cost of services	990,343	889,553	100,790	Grants and services were underspent due to delays with Indigenous programs and continuing negotiations with the Commonwealth for the National Partnership Agreement on Remote Indigenous Housing.
Net cost of services	(113,219)	(82,350)	30,869	The variation is due to lower income from land sales, slightly offset by lower expenses.
Total equity	9,996,628	11,741,635	1,745,007	The increase in total equity is due to increases in the value of properties held.
Net increase (decrease) in cash held	48,384	97,874	49,490	Cash is higher than target as the expenditure on some programs has been delayed and will occur in the 2009-10 year.

Performance Indicators - Summary

Outcome: Housing eligible Western Australians

Effectiveness Indicator 1:

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

Effectiveness Indicator 2:

Waiting times for accommodation – applicants housed.

	Actual		Target	Reason for variance
	2007-08	2008-09	2008-09	
Total housing assistances	16,382	19,431	18,030	The ratio improved on the target and year before. This was
Public rental waiting list at June previous financial year	15,438	16,932	16,932	due to increases in housing assistances primarily through home loans.
Ratio	1.06	1.15	1.06	

	Act	ual	Target	Reason for variance
	2007-08	2008-09	2008-09	
Average	83	91	83	The increase in both the average and the median is due
Median	53	63	53	to a decrease in the percentage of people housed within one year to 44 per cent and an increase in the percentage housed after a year to 56 per cent. There has been a significant increase in the percentage housed after 5 years and a large decrease in the percentage housed between 1 to 12 months.

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.

	Act	:ual	Target	Reason for variance
	2007-08	2008-09	2008-09	
Demand	5,042	5,225		Supply to demand ratio is below target due to continued
Supply	4,696	4,902		strong increases in demand, particularly in the Pilbara and
Ratio	93%	94%	95%	Kimberley as a result of growth in the resource sector. However, as a consequence of the downturn in global economicconditions, demandfor additional accommodation softened in the latter half of the financial year.

Service 1:

Rental Housing

Efficiency Indicator 1:

Operating Cost per Rental Property

	Act	ual	Target	Reason for variance
	2007-08	2008-09	2008-09	
Nominal Rental Cost	\$9,853	\$11,624	\$11,141	Increase in rental expenses primarily as a result of increased expenditure on maintenance and refurbishment. There was also an increase in insurance costs, local authority and Water Corporation rates, other expenses and depreciation and amortisation expenses.

Service 2:

Home Loans

Efficiency Indicator 2:

Operating Cost per Current Loan Account

	Act	ual	Target	Reason for variance
	2007-08	2008-09	2008-09	
Nominal Loan Cost	\$1,476	\$1,520	\$1,800	Increase in operating cost due to depreciation and the provision for doubtful debts. The increase was partly offset by an increase in the number of current active loans and the reason for the operating cost being below the original budget target.

Service 3:

Land

Efficiency Indicator 3:

Operating Cost per Lot Developed

	Act	ual	Target	Reason for variance
	2007-08	2008-09	2008-09	
Nominal Land Cost	\$8,744	\$17,616		Increase in operating cost per lot developed due to a reduction in the number of lots produced as a result of the reduction in demand flowing from the global financial crisis.

Service 4:

Government Regional Officers' Housing

Efficiency Indicator 4:

Operating cost per property

	Act	ual	Target	Reason for variance
	2007-08	2008-09	2008-09	
Nominal Property Cost	\$19,702	\$24,651		The increase in operating cost is attributed to increases in lease rental expenses, refurbishment, maintenance and upgrades of owned properties and increases in staff numbers.

Report on Operations

Social Housing Stimulus Packages

The announcement of the Commonwealth and State Social Housing Stimulus Packages in early 2009 created a project of unprecedented magnitude for the Authority. The Commonwealth's National Partnership Agreement on the Nation Building and Jobs Plan: Building Prosperity for the Future and Supporting Jobs Now, (February 2009) injected \$608.12million into Western Australia to construct additional social housing, and \$40.45million to refurbish existing stock. Three quarters of the new construction must be complete by 31 December 2010. The targets are to:

- significantly increase the supply of social housing through new construction and the refurbishment of existing stock;
- gain secure long-term accommodation for homeless people or people at risk of becoming homeless; and
- stimulate the building and construction industry.

The State Government's Social Housing Stimulus Package is a commitment of \$146million to deliver a total of 735 units of social housing within a two year period. The intention is to reduce pressure on the social housing system in Western Australia and provide immediate support to the housing and construction industry.

Project Team

A Social Housing Coordinator was appointed immediately following the announcement of the Packages. The original Project Team of four members has been expanded to 12 with the key aims of streamlining procedures and removing political, planning or logistical obstacles to the successful delivery of the project. It is anticipated that the Project Team will be disbanded once all Stimulus goals are met and ongoing responsibilities assigned to permanent divisions of the organisation.

Major Achievements for 2008-09

Within the first six month period of operations the Project Team achieved the following:

- the introduction of the Expressions of Interest (EOI) procurement process where industry was invited to provide the Authority with innovative ideas for affordable housing. EOIs are open until February 2010 and the early response has been overwhelmingly successful;
- contract negotiation with EOI development proponents is underway and some of which have been successfully negotiated to commence;
- the Stage 1 construction program for the Commonwealth Package has been approved and the Stage 2 construction program is awaiting approval;
- the \$20.2million refurbishment funding provided by the Commonwealth to upgrade existing social housing stock, was committed and work is underway; and
- a Demand Model, designed to illustrate demand for affordable housing across the State, is being developed to capture hidden demand that is not currently identified.

Social Housing Taskforce

This Taskforce was announced by the Minister for Housing and Works on 10 December 2008 and it was concluded on 30 June 2009 when it presented its Social Housing Taskforce Report to the Minister.

Made up of senior people from a broad section of relevant organisations including the social housing sector, real estate, property development, local government and social services, the Taskforce was asked to provide advice on how to expand the supply of social housing.

Much more than this, it was established to take a critical role in redefining Western Australia's approach to expanding its stock of social housing and the development of a broader range of affordable housing interventions.

The Taskforce presented its preliminary findings to the Minister in the Social Housing Taskforce Interim Report on 30 March 2009, which included:

- understanding and developing an affordable housing continuum (from homelessness to home ownership and everything in between);
- developing a demand model to identify short, medium and long term requirements across the continuum;
- establishing a framework for attracting private sector investment in social and affordable housing;
- examining the potential of the not-for-profit housing sector to grow housing stock;
- developing housing plans for social housing clients that outline their support needs and assist household movement through the housing continuum;
- planning reform to encourage the building of affordable housing;
- · working with the Commonwealth and local governments to increase housing supply; and
- outlining the roles and responsibilities of the Authority and other government authorities in achieving improved housing supply that meets demand.



Housing Direct

The Authority established the Housing Direct Contact Centre service in June 2009, providing customers in two regional areas with a centralised maintenance contact service that will be rolled out to other regions in 2009-10.

The service received its first customer calls on 26 June 2009 and in its three days of operation to 30 June 2009, handled 1,240 calls from customers in the Metro North and Mid West regions.

Housing Direct has been established to improve service and ensure the delivery of consistent information to customers and support for frontline staff at regional offices. Housing Direct is being further developed to deliver more services.

Innovations that streamline the work assigned to maintenance contractors means that maintenance jobs are now dispatched from the Authority's Caretaker System direct to each contractor. Because they no longer need to attend the Authority's offices, it reduces contractor travel time, impact on the environment and allows customer maintenance requests to be attended to more efficiently.

A new work system, Knowledge Management System ('i-Direct") has been introduced providing a single source of information for staff.

Housing Direct was established at the Authority's Mirrabooka Regional office and has a current workforce of 15.2 full-time employees in four customer service teams. Each team is led by a Team Leader whose focus is on providing on-the-job coaching and feedback so that high-quality, professional services are provided.

Antisocial Behaviour Intervention Team

The Authority recognises that it has a lead role to play in preventing and responding to incidents of antisocial behaviour from public housing tenancies. A review of our policy on this subject prompted the pilot of a new intervention team in the South East Metropolitan Region. It started in May 2009 with a team of four making up the Antisocial Behaviour Intervention Team.

It works with those tenants who acknowledge their tenancy behaviour is unacceptable, and addresses ongoing or escalating antisocial behaviour by:

- identifying the causes of the problems and establishing solutions;
- putting in place an appropriate action plan including engaging all of the necessary support agencies; and
- developing an understanding with the tenant as to the consequences should no meaningful change in tenancy behaviour occur.

The pilot is designed to not only improve the Authority's immediate response to antisocial behaviour but will also be used to help inform the review of policy and procedures. If successful, the pilot may be rolled out throughout the State.



Public Housing

Policy

A highly successful policy implemented in September 2008 and since given wider application is the Tenant Relocation Incentive Initiative, offering tenants bonuses to move to more appropriately sized homes. The program has successfully transferred 49 tenancies to more appropriate housing. It was one of a range of policy changes considered in this reporting year that also included changing proof of identity requirements, operating a family day care business from a Housing Authority property and free rent to tenants aged 100 years and older.

It is noteworthy that the Authority developed changes to the Applicant Review/Annual Census of Applicants, significantly reducing the amount of paperwork needed from applicants and implementing important checks before removing prospective tenants from waiting lists.

The Authority is managing the Housing Advisory Round Table (HART), a platform for the Authority and stakeholders to work towards strategic policy. The HART provides external stakeholders with input into the Commonwealth National Affordable Housing Agreement (NAHA) and other National Partnership Agreements (NPAs).

Construction

In 2008-09, the Authority:

- secured 652 new properties through construction and spot purchases, as well as undertaking refurbishment and bed-sitter conversions on 386 existing dwellings. In addition, five units were completed that will be used as display homes in the short term and eventually released for sale;
- completed 64 units for people with disabilities through the Mental Health Strategy;
- completed construction of 19 units for families and seniors across two sites in Bernard Way, Broome in August/September 2008;
- commenced 47 units and completed 108 units under the regional upgrade strategy. These included units in Katanning, Manjimup, Narrogin and Derby. In addition, the refurbishment of 66 units commenced and 71 were completed throughout the State; and
- Lester Avenue, Geraldton, was completed in July 2008 with nine new units for seniors and single persons. In addition, six heritage units, which were the old Police Barracks, were refurbished.



Bond Assistance

In 2008-09 a total of \$10.89million was spent on 9,897 Private Rental Bond Loans against a \$10million budget and expected demand of 9,919 loans. The variance of \$888,000 and 22 loans is an excellent outcome, demonstrating that people on low incomes are finding more affordable private rental accommodation. It indicates that the fall in demand for the loan scheme in the two previous years is turning and there are more properties available for rent.

Expenditure on Bond Loans

The total expenditure and number of new bond loans includes the following:

- \$7.03million to 9,620 people to access the private rental market by providing interest-free bond loans against a budget of \$6.57million and 9,677 bond clients;
- \$3.53million to 8,659 people to cover the required two weeks' rent in advance against a budget of \$3.18million and 8,835 applicants. The variation from budget of \$454,000 and 176 applicants shows a strong demand for the two weeks' rent in advance;
- \$281,000 to cater for 233 clients to cover reimbursement to tenants of pre-paid bonds compared to a budget of \$170,115 and a demand of 144. The variance reflects that although access to the private rental market is improving for people on low incomes, there are still times when bond loan applicants may use their own limited funds or borrow from friends to secure the rental property; and
- \$49,033 to 44 people for the Private Rental Aboriginal Assistance Loans to assist Aboriginal families who fall into rent arrears on their private rental home compared to a budget of \$79,885 to cater for 98 clients.

Bond Loan Accounts

In 2008-09 approximately 24,000 bond loans were managed with a value of \$12.5million. Of these:

- \$5.39million was repaid during the year against a target of \$4.63million; and
- \$3.07million loan repayments were made through direct deductions from Centrelink against a budget of \$2.84million.

Homeless Advisory Service

The primary purpose of the service is to be a central contact point, (using an 1800 phone number) for homeless people to find accommodation, including information on available crisis beds in homeless shelters and women's shelters. The service assists people with information using the daily bed count, referral to appropriate service agencies and the Authority's regional offices to access accommodation.

The service is available 24 hours, with Salvation Army Crisis Care handling after-hour calls. In 2008-09 the Homeless Advisory Service received 3,869 calls and the Salvation Army Crisis Care service received 1,090 after hours calls.

Maintenance

Maintenance is carried out regularly on all rental properties, on an 'as needs' basis, when the property is vacated, or through planned refurbishment programs.

A total of \$107.5million was spent on maintenance and planned works to rental properties during the year. This included:

- \$33.6million on day-to-day maintenance against a budget of \$27.6million for responsive works;
- \$16.2million on vacated properties against a budget of \$12.8million for responsive works;
- \$22million on refurbishments and improvements against a budget of \$22.5million to improve assets;
- \$21.6million on planned and cyclical works against a budget of \$23.9million to extend the life of the assets;
- \$5.7million on estates maintenance against a budget of \$5.1million maintaining the grounds and gardens at housing complexes; and
- \$8.4million to renew or replace damaged items through insurance funding against a budget of \$5.3million.

The Authority began its Building Condition Assessment Program with a total of \$2.3million spentagainstabudget of \$2.8million on inspections, training and data collection designed to inform management decisions about 22,553 properties.

A database was created detailing information such as the location and condition of building materials containing asbestos in 14,584 properties. The database is available to contractors via a web enabled system.

A total of \$2.3 million was spent rectifying faults to smoke alarms, installing residual current devices and removing high risk building materials containing asbestos. The organisation developed a strong communication plan to inform tenants about the work and urging them to improve safety aspects of their homes.

In addition, the Authority formed a training partnership to develop a nationally accredited Competent Person Asbestos Training Course which 553 staff and contractors completed. A further 105 staff completed maintenance training aimed at improving service delivery, safe work practices and asset protection.

The Authority has committed \$1.4million, through the Expenditure Review Committee, to carry out fault rectification of currently installed smoke alarms. The issue of damage to alarms through tampering was raised by Fire and Emergency Services Authority of Western Australia after testing in 2007. The Authority started a program to address these issues with \$817,000 expended in 2008-09 and \$583,000 to be expended in 2009-10.

The Authority installed 210 solar hot water units, obtaining rebates totalling \$252,582, to improve environmental sustainability.

Appeals

The appeals procedure is a three-tier process allowing customers to appeal against virtually any decision made by the Authority such as applications for priority accommodation, bond assistance, housing loans, rental arrears, or tenant liability for repairs.

After an internal review, appeals are heard by a Regional Appeals Committee, consisting of senior Departmental staff and community members. If an appeal is unsuccessful at this level, an appellant can then elect to have a final review by the Public Housing Review Panel.

In 2008-09, the Authority implemented recommendations from the 2007 external review of the Housing Appeals Mechanism to improve the transparency and independence of the appeals system. As a result, the venue for final appeals to the Public Housing Review Panel was moved to an independent location. Since 30 April 2009, appeals to the Panel have been deferred while the Authority reconsiders the appeals process.

From 1 July 2008 to 30 June 2009, 1,821 appeals were lodged with the Regional Appeals Committee, a decrease of four per cent compared to the 1,893 lodged in 2007-08. Of these, 86 were either carried over or withdrawn and 81 were deemed ineligible. Additionally, 338 were resolved prior to hearing. During the year, the Regional Appeals Committee determined 1,316 appeals as follows:

Regional Appeals Committee Appeals

	2007-08		2008-09	
Decision	Total no. of Appeals	%	Total no. of Appeals	%
In favour of appellant	549	41	523	40
Dismissed	647	48	597	45
Partially upheld	145	11	196	15
Total Appeals	1,341	100	1,316	100

From 1 July 2008 to 30 April 2009, 126 appeals were considered by the Public Housing Review Panel, a decrease of 19 per cent compared to the 155 determined in 2007-08. The panel considered the 126 appeals as follows:

Public Housing Review Panel Appeals

	2007-08 2008-09			
Decision	Total no. of Appeals	%	Total no. of Appeals	%
In favour of appellant	85	55	76	60
Dismissed	70	45	48	38
Partially upheld	0	0	2	2
Total Appeals	155	100	126**	100

^{**}to 30 April 2009

Community Housing

The Authority works with community housing organisations (CHOs), not-for-profit housing companies, community organisations and local government, to provide social and affordable rental housing. Under the Authority's community housing regulatory framework CHOs are now recognised as either:

- registered Growth Providers which are 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 wait list (Tier 1);
- registered Preferred Providers which are not-for-profit, church or local government bodies that manage more than 100 rental properties, comply with National Community Housing Standards and have a business plan that supports growth and financial sustainability (Tier 2);
- Registered Providers which are not-for-profit, church or local government bodies that manage rental properties for specific groups or within a geographic area and comply with National Community Housing Standards (Tier 3); or
- Unregistered Providers.

Regulation and Compliance

The Community Housing Regulation and Compliance Unit (RCU) oversees the three-tiered registration system for CHOs providing among other things, minimum governance requirements and asset, tenancy and property management standards.

Major Achievements for 2008-09

- Three Growth Providers (Tier 1) were registered;
- one Preferred Provider (Tier 2) was provisionally registered;
- the process for Registered Providers (Tier 3) began early in 2009 and two
 organisations were registered. At 30 June 2009 a further 20 registration
 applications were being assessed;
- 220 accommodation units were completed across the State under the community housing capital works programs; and
- a further 242 units of public rental housing were leased to CHOs to manage. Of the total 462 units provided, 66 per cent were in partnership with registered Growth Providers and Preferred providers.



At 30 June 2009, 5,652 units of accommodation were being managed by CHOs under various Housing Authority programs, as detailed below.

Community Housing Organisation Managed Accommodation Programs

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.	532
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.	416
Joint Venture Housing Program: Targets organisations that have resources to contribute to the development of rental accommodation options for people on low incomes.	1,980
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 Western Australia.	143
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.	. 13
Community Housing Program: This involves the purchase or construction of community-managed rental housing for people on low-to-moderate incomes.	899
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.	147
Community Disability Housing Program: Provides community-managed accommodation options for people with disabilities who require support to live independently in the community.	1,261
Mental Health Strategy: The Authority has entered into an agreement with the Department of Health to construct units of accommodation for mental health clients.	99

Transfer of Public Rental Housing Assets to Community Housing Providers

Work on the legal and policy framework for the delivery of the Public Housing Asset Transfer program (PHAT) began in February 2009 with a view to implementation in 2009-10. Its intention is to transfer the ownership and management of public housing rental properties to registered Growth Providers subject to those providers using those assets to leverage the growth of more social housing.

Legislated Regulation

In January 2009 the Authority released a consultation paper for public comment on options for legislated regulation of the community housing sector. Deliberations on State-based legislative models have been put on hold by the Housing Minister through the Housing Minister's Council (HMC) while options are explored for a national regulatory system. Housing ministers nationwide will meet later in 2009 to determine the best way forward.

Growth and Investment

The Community Housing capital works programs delivered 381 unit commencements and 220 unit completions, against a budget of 423 unit commencements and 334 unit completions (excluding Community Disability Housing Program projects). The number of completions was below target due to a combination of projects being finished earlier than expected (in the previous year) and others now expected to complete in 2009-10. Highlights include:

- 64 units under various programs purchased and constructed in partnership with Foundation Housing Ltd across the metropolitan area as part of the community housing growth strategy; and
- provision of 36 houses containing 107 bedrooms for people with disabilities supported by services funded through the Disability Services Commission.

Growth of the community housing sector was also facilitated by the leasing of Housing Authority owned assets to CHOs. Highlights included:

- transfer of management of the Ocean View Lodge boarding house (186 bedrooms) in Fremantle, in December 2008, to Foundation Housing Ltd; and
- transfer of management of 147 public housing properties to Foundation Housing Ltd and Access Housing Association as part of a pilot Public Housing Leasing Program (PHLP) established to increase the capacity of registered Growth and regional Preferred Providers.

Financial Returns/Equity Investment

Key components of the community housing growth strategy include contributions of land, cash and leveraged borrowings from CHOs, and the recoup of GST input tax credits on construction. The recoups are circulated into capital programs. During the year \$3.83million was reclaimed and will be reinvested into future social housing.

In 2008-09, CHOs made total equity contributions to completed projects of:

- \$330,000 (estimated value of land); and
- \$490,000 total cash and leveraged borrowings.

Wait List Management

People on the public rental housing waiting list are being allocated to other community housing providers to expedite their placement in housing. An estimated 324 people were housed from the wait list into community housing options in 2008-09.

A new Community Housing Applicant Management System (CHAMS) was introduced between January and June 2009. The web-based application means selected registered CHOs offer vacancies to clients from the Authority's wait list as they arise. As at 30 June, four registered providers were licensed to use the system. The system greatly improves efficiency and information security.

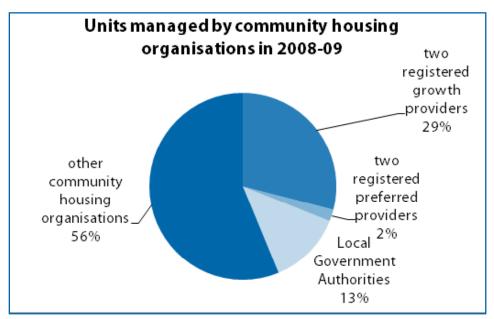
Sector Development - Regional Western Australia

Significant strides were made throughout the year in establishing region-wide registered providers. In Broome/West Kimberley and Pilbara/Hedland they are or will shortly be supported by development workers, funded by the Authority.

In the South West/Bunbury, negotiations are underway with South West Growth Providers about growth opportunities, including allocations under the Public Housing Leasing Program and the development of substantial affordable seniors' housing developments.

Stock Consolidation

On 30 June 2009 there were 5,652 units being managed by 233 CHOs, compared to 241 CHOs managing approximately 4,500 units of accommodation in June 2006 (the two largest providers managed 1,130 units between them).



During the year, the management of an estimated 55 units was transferred from Unregistered Providers to registered Growth and Preferred Providers. In most cases client support services agreed to perform property maintenance and tenancy management services for Growth/Preferred Providers.

Negotiations with local governments will result in community housing units and their management being transferred to regional registered Growth/ Preferred Providers in the coming year.

Policy Milestones

 New Service Level Agreements and Project Agreements were developed and implemented during the year for use with registered Growth and Preferred Providers, replacing a plethora of head lease and funding agreements;

- a Sliding Equity Policy was approved in August 2008 which provides incentives for organisations to bring land into joint equity projects with the Authority;
- an outsourcing of Project Management Construction Policy was approved in August 2008 to facilitate project management by registered Growth Providers;
- detailed policy and procedures to underpin the Public Housing Leasing Program were approved, including a Wait List Allocations Policy, Property Letting Standards Policy and a Condition of Stock at Transfer Policy;
- a Community Housing Rental Surplus Policy was approved in June 2009 ensuring surplus revenues are reinvested into social housing growth; and
- other policy work included a wait list amalgamation proposal and financial/ GST procedures to facilitate community housing involvement in the Federal and State Stimulus package projects. It is expected 75 per cent of all units funded through the Federal Stimulus Package must be transferred to CHOs by 30 June 2014, and work has begun on the appropriate models and procedural requirements for this.

Aboriginal Housing Services

A significant milestone in the area of Aboriginal Housing Services was the signing of the National Partnership Agreement on Remote Indigenous Housing between the Commonwealth and State governments. It will deliver \$496million over five years for the provision of housing and related infrastructure to close the gap on Indigenous disadvantage.

It targets improved housing and infrastructure to reduce overcrowding and homelessness and standardised property and tenancy management. Additional services and investment will also be provided to identified priority communities/locations.

The Authority is making progress on legislative reforms with its continued management of housing on the Aboriginal Lands Trust (ALT) Estate. In readiness, the Authority has negotiated Agreements with individual remote Aboriginal communities to manage and maintain the community housing.

Major Achievements for 2008-09

- **Direct Housing Management Model** the Authority will provide direct housing management services in regional areas to ensure equity with mainstream standards;
- Regional Service Providers six providers have signed tighter contracts to deliver housing management services to more than 1,350 dwellings with the aim of improving accountability; and
- **Property Stock Audits** the Authority audited more than 2,400 properties in 130 communities to determine the condition of the housing. This information will streamline planning and reporting.

Halls Creek Better Life Project

This year 23 dwellings were completed for Government Regional Officers' Housing for key government employees in the areas of policing, child protection and family in support of the Better Life Project in Halls Creek. Ten new dwellings were finished as public housing at a cost of \$4.01 million. Training and employment of local Indigenous people was an important component of each construction project and the Authority continued its association with the Kimberley Group Training Scheme and Wunan Foundation Incorporated to provide an avenue for people to progress through apprenticeships.

Total expenditure for the 23 dwellings delivered for Government Regional Officers' Housing was \$12.3million (from commencement in 2007-08 to completion in 2008-09).

Community Construction Program and Upgrade Works

Expenditure of \$10.82million this year was behind the commencement of 36 new accommodation units and the completion of 9, as well as the upgrade of existing units with 28 commenced and 39 completed. The number of units was limited because of reduced funding from the Commonwealth and restrictions in development because of Native Title considerations.

Non-residential construction projects this year include:

- the design and tender for a swimming pool at Fitzroy Crossing, which is on target for completion by the end of 2009; and
- construction of a major road culvert over Packsaddle Creek, with a contract value of \$960,744, on behalf of the Department of Planning and Infrastructure and Office of Native Title.

Other highlights include:

Kimberley Based Accommodation Project

The Authority has secured the lease on Burks Park Station. The first stage is construction of a 24 bed workers' hostel to support local training and employment opportunities. A feasibility study is underway to investigate the viability of similar projects in Broome, Derby and Fitzroy Crossing.

Procurement Process

A new and innovative procurement practice was developed to support the State government's commitment to delivering a large volume of upgrade works quickly. It will encourage employment of local Indigenous people.

Planning Guideline

The Authority promotes the sustainable development of remote Aboriginal communities based on key public health risk factors and community amenity. It has worked closely with the Department for Planning and Infrastructure to develop assessment tools and will give priority to those communities meeting sustainability criteria.

• Strategic Intervention Package

BoysTown has started its Community Development Training Program in the Tjurabalan region. Master planning has been completed at Kalumburu and Bidyadanga and in 12 other communities urgent water upgrades have been completed.

Aboriginal Town Based Communities

Regularisation is being completed in selected locations and planning and improvements to housing for residents in other locations is progressing.

Remote Indigenous Housing, Infrastructure and Essential Services

Western Australia has started an essential services audit of 105 communities (including communities in priority locations) which will be finished in

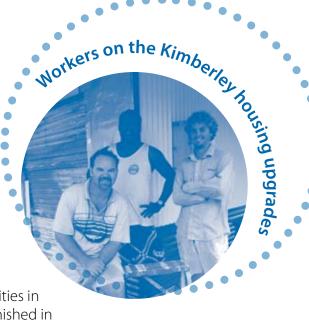
July 2009. Currently this has been fully funded by the State at an estimated cost of \$1.3million.

Essential services and infrastructure was maintained for 92 remote communities, at a cost of \$27.12 million under the Remote Areas Essential Services program (RAESP).

Major essential services infrastructure projects include:

- the Water Quality Program testing regime consisting of monthly microbiological tests and three or six monthly chemical tests;
- the increasing provision of electrical telemetry monitoring of essential services, engines and pumps to improve operating efficiency; and
- engaging with WorkSafe to ensure that all new and existing infrastructure is installed or upgraded to suitable safety standards.

A total of \$71.32million was expended on housing, housing management, infrastructure and essential services in this period.



Housing Construction

The Authority manages the planning, design and construction of modern residential accommodation for social and community housing across the State. These include stand-alone houses, grouped dwellings, multi-unit complexes, community-based complexes for the elderly and people with mental health issues, transportable houses and accommodation for government employees in regional areas.

It is also engaged in joint venture partnerships with not-for-profit housing providers and works closely with architects and builders with the aim of ensuring affordable and sustainable housing. With this view, the Authority is exploring the use of innovative building materials and designs using a variety of acquisition methods to ensure value for money.

Major Achievements for 2008 09

- In the 12 months to 30 June 2009, housing construction contracts were awarded for 596 dwellings, valued at \$132.8million, including housing constructed under Stage 1 of the Commonwealth Government's Social Housing Initiative;
- it established a panel of transportable housing suppliers to provide new housing in regional locations;
- it established a new Select and Construct Scheme using home builders' designs and specifications to construct housing in the metropolitan area; and
- five display homes were constructed in Ellenbrook to demonstrate sustainable housing features. Features of the display homes include solar orientation, solar hot water systems, rainwater recovery systems, grey water systems, efficient plumbing fixtures and low energy light fittings.

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 2008-09.

Carryover completions reflect units that were commenced in a previous financial year but were still under construction or refurbishment as at 30 June 2009. Carryover expenditure shows the committed funds required to complete those units still under construction or refurbishment as at 30 June 2009.

Construction, Spot Purchase, Refurbishment and Bed-Sitter Conversions

	Commenced	Completed	Expenditure (\$m)	Carryover Completions	Carryover Expenditure (\$m)
Construction and spot purchase					
Public Rental Housing					
General Rental	248	647			
Community Disability Housing Program	43	45			
Mental Health Strategy	12	64			
Joint Venture	7	42			
Resident Funded Joint Venture	0	0			
House and Land for Sale	0	5			
Total	310	803	139.760	369	54.955
Aboriginal Housing – Urban	0	5	0.731	0	0.116
Indigenous Community Housing Program	0	0	0.000	0	0.00
Aboriginal Housing – Communities					
Housing Authority Funded	36	9	4.627	34	5.925
FaCSIA Funded	0	0	0.022	0	0.000
Total	36	9	4.648	34	5.925
Community Housing					
Community Housing Program	22	21	2.692	1	0.171
Crisis Accommodation Program	3	19	3.695	6	0.579
State Community Housing Investment Program	349	138	50.162	256	26.484
Total	374	178	56.548	263	27.234
TOTAL	720	995	201.687	666	88.231
Refurbishment and bed-sitter conversions					
Public Rental Housing					
Refurbishments	419	97	13.189	335	11.589
Bed-sitter Conversions	14	0	0.830	14	2.819
Total	433	97	14.019	349	14.409
New Living (Retained Properties)					
Refurbishments	327	289	31.862	155	6.959
Bed-sitter Conversions	0	0	0.000	0	0.000
Total	327	289	31.862	155	6.959
Aboriginal Housing – Communities – Refurbishments	28	39	6.172	30	6.496
Roebourne Enhancement Program – Refurbishments	0	0	0.000	0	0.000
Community Housing					
Community Housing Program	0	0	0.025	0	0.000
Crisis Accommodation Program	2	8	0.841	0	0.000
Total	2	œ	0.867	0	0.000
TOTAL	790	433	52.920	534	27.864
GRAND TOTAL	1,510	1,428	254.607	1,200	116.094
Notes:					

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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
- Community Housing Program and Crisis Accommodation Program Refurbishments include other upgrade and maintenance
- Figures include activity from all funding sources including Commonwealth and State Stimulus packages

Land and Housing Development

Through the development and sale of land holdings the Authority:

- encourages home ownership by providing a continual supply of affordable land;
- · raises revenue for its social housing programs; and
- supplies lots for the construction of public housing.

It operates three major program streams to deliver key objectives:

- urban development program;
- · urban renewal program; and
- joint ventures.

Supply Affordable Land

Despite the activities of the Authority being severely impacted by the 45 per cent¹ decline in housing demand across Western Australia during 2008-09, the Authority achieved a market share of 20 per cent² of lots released and developed, which was above its longer term market average of 14 per cent market share.

The Authority continues to perform well in the affordable land segment with 32.9 per cent of its sales in the lower quartile, and 72 per cent below the median price.

Lot Sales in the Lower Quartile

	2007-08 Actuals	2008-09 Actuals	2008-09 Budget
Lots*	591	446	
Per cent	42.3%	32.9%	25%

^{*}only individual residential sales are taken into account.



Department of Planning Land Supply and Housing Activity

Estimate based on Department of Planning data extrapolated by UDIA Lot Sales Data

Raise Revenue to Fund the Authority's Social Housing Programs

The Authority's land function is a self-funded, integrated provider of land and housing to lower and moderate income families. In 2008-09 the land function provided \$36.9million funding for the social housing program. This is significantly less than 2007-08 due to reduced revenue from land sales as a result of the strong market contraction.

In response to the severe market contraction the Authority curtailed or deferred development and land acquisition expenditure as much as possible to preserve cash for the social housing program.

The following tables show the performance of the land function.

Revenue by Program

	2007-08 Actuals	2008-09 Actuals	2008-09 Budget
	(\$m)	(\$m)	(\$m)
Joint Ventures	131.70	87.38	179.60
Urban Renewal	37.10	15.90	62.70
Urban Development and Redevelopment	70.50	46.76	154.00
TOTAL	239.30	150.04	396.30

Development Expenditure by Program

	2007-08 Actuals	2008-09 Actuals	2008-09 Budget
	(\$m)	(\$m)	(\$m)
Joint Ventures	62.20	44.89	50.5
Urban Renewal	29.40	24.35	35.90
Urban Development and Redevelopment	28.70	25.59	52.30
TOTAL	120.30	94.83	138.70

Lots Sold

	2007-08 Actuals	2008-09 Actuals	2008-09 Budget
Joint Ventures	1,481	1,096	1,947
Urban Renewal	283	74	396
Urban Development and Redevelopment	193	250	718
TOTAL	1,957	1,420	3,061

Lots Produced

	2007-08 Actuals	2008-09 Actuals	2008-09 Budget
Joint Ventures	1,435	931	1,945
Urban Renewal	352	47	428
Urban Development and Redevelopment	480	354	809
TOTAL	2,267	1,332	3,182

Supply of Lots for the Construction of Public Housing

Social housing lots are part of all Joint Ventures, Urban Development and Urban Renewal programs. In the 2008-09 financial year 281 lots were produced for the rental construction program. This equates to 678 individual residential public housing units.

Joint Ventures

In 2008-09 a total of \$87.4million in sales were achieved against a budget of \$179.6million. Revenue has decreased mainly due to a slowing housing market impacting on sales and delays in finance approvals.

A total of \$44.9million was spent against an expenditure budget of \$50.5million. This variance is due to reduced lot production in line with current market conditions. Lot production decreased largely at Banksia Grove, Beeliar, Dalyellup, Ellenbrook, Oyster Harbour and Wellard for the 2008-09 year.

Major Achievements for 2008-09

Harrisdale

During 2008-09 the Harrisdale Joint Venture became the Authority's thirteenth development in conjunction with private industry. The 27 hectare landholding in Perth's south will deliver 549 home sites and address affordability with a portion of the total yield to the first homebuyers market and a ratio of 1:9 dwellings to the Authority's social housing program.

Ellenbrook, Banksia Grove and Dalyellup

The First Home Owner's Grant (FHOG) Boost, introduced in late 2008, increased demand for affordable lots at Ellenbrook, Banksia Grove and Dalyellup.

• Brighton Estate

Brighton has been a high achiever this financial year, awarded the 2008 UDIA State Award for Master Planning, and the 2008 UDIA State Award for Affordable Development, and recognised as a National finalist in each category.

As part of Brighton's affordable housing project, construction commenced on 22 affordable homes on nine Super Lots within the Kahana Park Precinct.

Wellard

During 2008-09 the Wellard Joint Venture received the UDIA award for excellence. The award recognises the impact of an innovative community enterprise, the Ngulla Community Nursery.

Urban Renewal

The 2008-09 budget for Urban Renewal land revenue was \$62.67million and sales of \$15.91million were achieved. The variance of \$46.76million is due to the timing of settlement and the current downturn in the industry.

New North (Revenue was down from \$13.64million to \$0.21million)

Civil works delayed due to unexpected soil contamination issues resulted in the delay of releasing 69 lots for sale.

Queens Park (Revenue was down from \$32.87million to \$7.78million)

Substantially delayed sales at Queens Park resulted from unexpected soil remediation, delaying civil works and the subsequent release of lots to the market.

• South Hedland (Revenue was down from \$14.98million to \$2.43million)

A combination of civil works and delay in obtaining titles for the new lots has impacted the sales program, resulting in the revenue shortfall in the 2008-09 year.

Refurbishment

The projected revenue for refurbishment in the Urban Renewal program was \$54.71 million and sales of \$44.73 million were achieved. The variance of \$9.98 million was due to slow sales activity resulting from the current market downturn.

Urban Development

Projected sales for the Urban Development Program were \$119.9million. Faced with difficult market conditions and unexpected development issues, sales of \$43.7million were achieved. The variance of \$76.2million is due primarily to project delays in Swan View, Armadale, Beaconsfield, Albany and Brookdale.

Urban Redevelopment

The Urban Redevelopment Program involves the rationalisation of ageing public housing stock in areas close to existing services, where zoning allows for subdivision. In 2008-09 the sale of six lots in Perth metropolitan region raised \$3.06million.

Rental Sales Program

The rental sales program is open to eligible tenants who are interested in purchasing their rental properties. In 2008-09, 20 rental dwellings worth more than \$5.96million (against a budget of \$13.75million) were sold to tenants, ten of these financed under the Authority's Goodstart home ownership program.

A total of 21 vacant ex-rental properties, which were not viable for refurbishment and therefore surplus to requirements, were sold to the public for slightly more than \$3.58million against a budget of \$3.75million.

Land Acquisitions

The Authority acquired land worth \$35.10 million in 2008-09 primarily for immediate social housing requirements with a number of strategic sites also earmarked for future needs. Prior to 2008 the Authority recognised that its cash demands would prohibit implementation of its entire acquisition program valued at \$78.1 million. Acquisitions from the Joint Venture Program were deferred until 2009-10. In addition, the purchase of lots for the social housing program was deferred and strategic acquisitions for the future development program similarly cancelled or deferred.

Some \$16.41 million was spent acquiring 64 sites for rental housing construction in the joint venture project areas of Ellenbrook, Butler, Banksia Grove, Wellard, Dalyellup (Bunbury), Wandina (Geraldton) and Oyster Harbour (Albany).

The Authority purchased a number of sites from LandCorp, the main ones in Broome, Kununnurra, Derby, Exmouth, Karratha, Cockburn Central and Burks Park Station in the Kimberley.

Through the Property Asset Clearing House, the Authority has purchased a former police station site in Newman, a triplex site in Kalbarri and a single residential site in Kalgoorlie. It has also acquired the former Manjimup Primary School site.

Land Planning

Major projects which advanced through the planning phase included Keralup, Albion Town, Karloo (Geraldton), Joondalup and Golden Bay.

Home Ownership

The Authority assists Western Australians achieve their dream of home ownership through its Keystart lending division and affordable, low deposit home ownership schemes. Keystart provides full home ownership and shared equity schemes to help low-to-moderate income earners purchase established properties and build new homes.

The demand for Keystart's loan products exceeded expectations, helping 5,344 Western Australians into home ownership and approving a record level of finance (\$1.49billion) into the housing industry. The increase in lending is a result of Keystart having to meet a widening gap between the current deposit requirements of the banks and the lower deposit requirement of the scheme. This is assisting first homebuyers with an affordable home loan option.

Highlights for 2008-09

- **Keystart Low Deposit Loan** assisting Western Australians to purchase 100 per cent of a property.
 - A total of 4,700 new loans for first home owners amounting to \$1.34billion;
 - \$882million approved to purchase 3,356 established homes during the year;
 - \$608million approved for new constructions, involving 1,988 new building commencements that provided more jobs for Western Australians; and
 - \$259million approved for regional Western Australia, assisting 1,118 families.
- **First Start Shared Equity Scheme** assisting people on low to moderate incomes own their own homes. Borrowers obtain a Keystart loan and provide a deposit to purchase a minimum 75 per cent share of a property with the Authority purchasing the remaining share. Clients can increase their share when their financial circumstances permit.
 - First Start supported 1,617 first home buyers entering the market.
- Goodstart Shared Equity Scheme assisting public housing rental tenants and non-first home buyers who meet the eligibility criteria to own their own homes.
 - During the year GoodStart assisted 60 Housing Authority rental tenants and applicants on the Authority's rental waiting list into home ownership.
- Access Shared Equity Scheme assisting people with disabilities purchase a home.
 - This scheme assisted 54 families with various forms of disabilities into home ownership.
- Aboriginal Shared Equity Scheme for Aboriginal and Torres Strait Islanders;
 - The Aboriginal Scheme helped 55 families make the transition from rental to home ownership.
- Sole Parent Shared Equity Scheme assisting sole parents who incurred a drop in family income as a result of bereavement or separation.
 - This scheme assisted 20 families to retain their homes under a shared equity arrangement.

Government Regional Officers' Housing (GROH)

Improving the quality and supply of government employee housing continues to be the primary focus. This plays a vital role in attracting and retaining key government workers in country communities.

The 2008-09 financial year had record levels of achievement, with the delivery of unprecedented numbers of new properties. This housing has been delivered through capital acquisitions and leasing programs. An extensive refurbishment program has also been undertaken.

Property Management

Rental accommodation is provided to more than 5,000 government employees throughout the State. As at 30 June 2009, a total of 5,164 units of government employee housing were under the management of the Authority, representing an increase of 305 units from the previous year. Of these, 2,917 units were owned by the Authority and 2,247 units were leased from the private market.

Capital Works and Acquisitions

In 2008-09 a total \$77.5 million was spent from a budget of \$109.1 million with a carry over commitment of \$32.3 million, as at 30 June 2009.

Construction commenced on 87 properties and was completed on 84. A further 50 properties were acquired through spot purchase. In addition, \$9.27 million was spent on the purchase of 57 blocks of vacant land for future construction.

Expenditure for Capital Works and Acquisitions - 2008-09

	\$ million
Construction	47.31
Purchase of existing houses	19.56
Vacant land acquisitions	9.27
Capitalised administration fees	1.51
TOTAL	\$77.65million

Summary of Construction, Land Acquisition and Purchase of Housing

2	6	11*	3		South Hedland
		1*			Sandstone
	2	7		9	Port Hedland
					Pingelly
		<u></u> *			Pia Wadjari
					Pemberton
			2		Northam
		2*			Ngalapita
16	14	12*	12	14	Newman
	2			2	Morawa
	4			4	Moora
_1					Mingenew
2					Meekatharra
	ω				Looma
			2		Lancelin
5	5	ن *	4	5	Kununurra
					Kellerberrin
	ω			ω	Katanning
0	19	18*		12	Karratha
					Kalgoorlie
		23*			Halls Creek
	2			2	Kalannie
					Gingin
			1		Geraldton
	7			7	Fitzroy Crossing
ω			1		Exmouth
10	11			111	Derby
					Denham
			1		Coorow
			6		Collie
			1		Carnarvon
				_	Carnamah
	ω				Burringurrah
_	2		10		Broome
ω					Boddington
		3 *			Blackstone
					Bidyadanga
2					Beacon
Vacant Land Purchased	Housing under construction as at 30 June 2009	Construction completed during 2008-09	Housing purchased during 2008-09	Construction Commenced during 2008-09	Town

Summary of Construction, Land Acquisition and Purchase of Housing

57	112	84	49	87	Total Units
••	₅			5	Wyndham
• •			2		Wongan Hills
		<u>-1</u>			Woolah
ω					Williams
	17			œ	Tom Price
2	1			1	Tammin
			1		Southern Cross
Vacant Land Purchased	Housing under construction as at 30 June 2009	Construction completed during 2008-09	Housing purchased during 2008-09	Construction Commenced during 2008-09	Town

^{*} These projects commenced in previous financial years

Royalties for Regions: Housing Our Workforce

The Authority was granted \$200million to construct 400 new units of government employee housing over the next 18 months under the State Government's Royalties for Regions Program. They will be modern pre-fabricated/kit-style homes. In 2008-09 work commenced on 24 modular homes which will be transported to Beacon, Newman, Tammin and Tom Price in early 2009-10 as the first completed under the Royalties for Regions Program.

As of 30 June 2009 a total of \$25.9million has been committed, delivering 59 dwellings. The Royalties for Regions Program is expected to drive business activity in 2009-10 and will deliver both additional and replacement housing stock.

Refurbishment Program

In 2008-09, a total of \$8.98million against a budget of \$9.2million was spent on property refurbishments improving the amenity of the homes and extending their economic life.

Sales

The GROH sales program consists of properties that are no longer needed to meet demand or which have reached the end of their economic life. Funds generated from the sales program are used to improve the quality of stock through construction of new housing in areas of demand and the refurbishment of older stock. A total of 45 dwellings were sold in 2008-09 for \$8.53million against a budget of \$5.37million. This included two tenant sales valued at \$500,500. Additionally, three vacant lots of land were sold at a value of \$73,520.

Leasing

In 2008-09, there was a net increase of 218 properties leased from the private market to meet demand, resulting in a total of 2,247 leased properties State-wide, representing approximately 43.5 per cent of GROH's rental portfolio.

Port Hedland Redevelopment Strategy

With the demand for housing in Port Hedland remaining strong, a redevelopment strategy has started to replace older stock with contemporary housing. It will also address the Authority owning large homes on under-utilised blocks.

Newman Development

In 2008-09 the redevelopment of the old police station site in Newman was completed delivering 12 attractive two-storey units. They will replace properties currently leased from the private market. A further 12 units of government employee accommodation are programmed for construction in Newman in 2009-10.

Housing Service Delivery

The Authority provides public housing and Government Regional Officers' Housing services across the State. It focuses on best practice service delivery, tenancy sustainability, good governance and accessing effective cross-agency support services.

The Authority strives to improve the way it delivers services to its customers to help them sustain their tenancies. This produces social and community benefits.

Major Achievements for 2008-09

- Establishment of a Workplace Development Training Group to support regional officers with the aim of better service delivery;
- establishment of the Antisocial Behaviour Intervention Team to better manage antisocial issues involving tenants;
- implementation of a new regional service delivery model for Government Regional Officers' Housing tenancies;
- provision of Sustaining Tenancies training to the Authority's tenancy officers to reduce the number of failed tenancies; and
- adopting a more innovative approach to housing service delivery to achieve a better outcome for our customers.

Housing Stock

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 39,627 housing properties throughout the State, including:

- 35,800 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;
- 1,980 units in joint venture projects with supporting organisations;

- 899 properties for community housing groups;
- 532 properties for crisis accommodation; and
- 416 properties for the SCHIP.

In addition there are:

- 30 properties for indigenous urban community housing;
- · 2 constructed for indigenous urban community housing; and
- 1,535 properties built in remote areas for Aboriginal people.

Formal housing management arrangements have been established with 2,398 houses in 141 remote Aboriginal communities. Funding is provided for operational management, repairs, maintenance and tenancy support.

Significant Issues and Trends

Social Housing Stimulus Packages

The Commonwealth and State Social Housing Stimulus Packages are having an unprecedented impact on the core functions of the Authority. Significantly, the Authority's acquisition, procurement, development and construction processes and methods have been reviewed, rebuilt and streamlined to ensure delivery of the Stimulus Packages according to schedule. The level of activity is likely to continue well into 2010 which is the deadline for the bulk of the new constructions and refurbishments.

Social Housing

The Social Housing Taskforce delivered its interim report to the Minister for Housing in March 2009, recommending new ways for delivering much-needed social housing to Western Australia. Once the full report is tabled in State Parliament the taskforce will work toward implementing some of its recommended reforms, especially the concept of new ways to deliver social housing and the concept of developing a not-for-profit housing company for Western Australia to grow social and affordable housing in the medium to long-term.

Community Housing

In a bid to expedite the process by which Community Housing Registered Providers can house clients, a new Community Housing Applicant Management System was implemented. The system allows registered providers to offer vacancies to applicants direct from the Authority's wait lists. The Authority continues to build relationships with Community Housing Providers throughout the State.

Land and Housing Development

Achieved a market share of lots released and developed higher than the longer term market average. Joint ventures continue to be the cornerstone of affordable land development through which the Authority plays a crucial role maintaining a competitive housing market in Western Australia. Affordable lots were provided out of all development programs.



Government Regional Officers Housing (GROH)

Delivered an unprecedented number of new properties this year through purchase and leasing. The State Government's election commitment of Royalties for Regions will deliver even further housing for essential government workers in the regions. The importance of this in attracting frontline government workers who provide key services to the regions is well recognised and the flow-on benefits a further boost to the regions.

Review and Rebuild

The Review and Rebuild program is an Authority-wide review started in September 2006 to determine the most appropriate responsibilities, organisational structures and funding models to ensure effective delivery of the Authority's services. It also ensures they align with government priorities, policies and principles. Implementation of the Review and Rebuild program recommendations are well advanced with 73 per cent now finished. The remaining recommendations were reviewed in June 2009 to ensure their relevance in the current environment and alignment with the Authority's future directions. These will be incorporated into division business plans in 2009-10.

Key highlights of the program in 2008-09 included:

- establishment of Housing Direct as the central contact between clients, stakeholders and suppliers;
- development of the Community Housing sector and capitalising on opportunities to grow social housing stock through strategic partnerships with providers;
- new methods of housing procurement to make it easier for industry to do business with the Authority, reduce delivery time and improve value for money;
- collaboration with government agencies to develop new models to help planning of essential government worker accommodation needs;
- the development of new tools to evaluate the Authority's land bank and help ensure assets are positioned to meet future demand;
- an agency-wide approach to strategic asset management practice; and
- a focus on contributing to affordable housing through investment in land development activities.



Our People

Values and Leadership

Our core values are to:

- work together as a committed team;
- act with respect;
- strive to be innovative;
- act with integrity;
- embody professionalism; and
- take pride in what we do.

Our leadership attributes are to:

- set a clear, consistent and achievable direction;
- build and support our team to perform;
- lead by example;
- communicate clearly; and
- challenge the way we do business.



Employment and Industrial Relations

Staffing Levels

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

Staffing Levels

	2007-08	2008-09
Permanent Full-time	797.43	794.38
Permanent Part-time	54.03	59.25
Contract Full-time and Part –time	165.62	179.71
Seconded In	4	6
Seconded Out	17	7.64
Total FTE	1,038.08	1,046.98

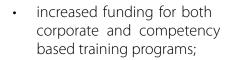
Recruitment and Staff Development

The Authority continued to look for innovative approaches to recruiting and developing a workforce that is better equipped to service its client base. This included:

- development of open-ended recruitment programs for regional areas;
- use of attraction and retention strategies for isolated areas;
- development of a comprehensive training program for service delivery staff; and
- development of diversity strategies to better match the Authority's workforce to its client base.

Learning and Development

The Authority continued to progress its Learning and Development Plan with ongoing development of management and leadership skills to support the Authority's restructure. In addition it:



- continued lifestyle programs that support work/life balance;
- developed and expanded its on-line induction and training program;
- developed an Energy Management Plan, raising awareness of sustainability and conservation issues; and
- continued its scholarship, graduate, CPA and trainee programs.

Traineeship Program

The Authority is preparing for a new intake of Indigenous Trainees and is participating in the Public Sector Commission's across-government traineeship program.



Workers' Compensation

The Authority continued to support injured staff through its injury management and vocational rehabilitation programs. The Authority received 15 claims for the 2008-09 financial year of which seven involved time lost from work. All staff in this category were provided access to the Authority's injury management and Employee Assistance Program.

The Authority's Workers' Compensation Policy is available on the agency's intranet and outlines the Authority's practices and procedures, with reference to the Workers' Compensation and Injury Management Act 1981.

Workers Compensation

Indicator	Actual 2007-08	Actual 2008-09	Target 2008-09
Number of fatalities	0	0	0
Lost time injury incidence rate*	0.09	0.66	0.08
Lost time injury severity rate	0	0.16	0
Percentage of injured workers returned to work within 28 weeks	Not reported	100%	n/a
Percentage of managers trained in occupational safety and health and injury management responsibilities	Not reported	Not recorded	≥50%

^{*}Number of lost time injuries and diseases per one hundred workers employed

No existing rehabilitation cases were carried over from 2007-08. There were six new rehabilitation cases established during the 2008-09 year.

Industrial Relations

In September the Authority implemented the 2008 General Agreement which provided for a range of improved benefits for all staff. Following the separation of the Works function, staff are now employed under that Agreement. The Authority has no outstanding matters before the Western Australian Industrial Relations Commission.

Occupational Safety and Health

The Authority has a clear commitment to the health and welfare of its employees and this is reflected in organisational policy and practice. Initiatives include:

- an external review of the Authority's Occupational Safety and Health systems was conducted within the last three years (2006);
- an internal review has led to the development and implementation of a regional Occupational Safety and Health model to more effectively identify and manage potential workplace hazards;
- extension of the voluntary health and lifestyle program for a further year;
- State-wide recruitment and training of elected Occupational Safety and Health representatives and managers;
- implementation of an on-line induction program;
- development of a comprehensive training program for front line staff;
- continued funding and support for the Employee Assistance Program; and
- the development of safety in the field and protective equipment policies.

Compliance with Public Sector Standards and Ethical Codes

Compliance with Public Sector Standards

New processes were introduced as a result of last year's internal audit of the Authority's compliance with the Public Sector Recruitment, Selection and Appointment Standard and the Redeployment Standard. These are subject to external auditing and include a Candidate Management System that provides quality assurance at all levels of the recruitment process.

In 2008-09, there were no successful breach claims involving the Recruitment, Selection and Appointment Standard.

Compliance with Codes of Ethics and Codes of Conduct

Code of Conduct workshops were conducted across the State for all staff. The Authority has developed an on-line code of conduct package that will address the mandatory requirement for training with regard to Ethical and Accountable decision making.

In line with the *Premier's Circular 2008/01*, a review of the Authority's Code of Conduct is near completion. When finalised, this policy will be available to staff on the intranet and will be included in both the Authority's on-line induction and on-line Code of Conduct packages.

Office of Public Sector Standards Commission Survey

The Authority participated in this annual survey and results showed that in most areas the Authority's performance compares favourably with whole of government outcomes. However, the Authority has committed to developing strategies aimed at improving its overall composite equity index including achieving a higher representation of women at senior levels and a better matching of our workforce to the client base.

Disclosures and Legal Compliance



Auditor General's Opinion



INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009 HOUSING AUTHORITY

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

ended, a summary of significant accounting policies and other explanatory Notes. of Changes in Equity and Cash Flow Statement of the Authority and the consolidated entity for the year then The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement

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

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

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

Summary of my Role

audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis controls and key performance indicators based on my audit. This was done by testing selected samples of the www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf. for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements,

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 indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence An audit does not guarantee that every amount and disclosure in the financial statements and key performance

Audit Opinion

In my opinion,

- (including the Australian Accounting Interpretations) and the Treasurer's Instructions; flows for the year ended on that date. They are in accordance with Australian Accounting Standards Housing Authority and the consolidated entity at 30 June 2009 and their financial performance and cash (i) the financial statements are based on proper accounts and present fairly the financial position of the
- and investment of money, the acquisition and disposal of property, and the incurring of liabilities have (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure been in accordance with legislative provisions; and
- the Authority's performance and fairly represent the indicated performance for the year ended 30 June (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess

COLIN MURPHY AUDITOR GENERAL 11 September 2009

Key Performance Indicators (including certification)

Certification of Performance Indicators

of the Housing Authority and its subsidary for the financial year ended 30 June 2009 for assisting users to assess the performance of the Housing Authority, and fairly represent the performance I hereby certify that the performance indicators are based on proper records, are relevant and appropriate

GRAHAME SEARLE
DIRECTOR GENERAL
ACCOUNTABLE AUTHORITY

4 September 2009

Performance Indicators

Outcome: Housing eligible Western Australians

The Authority primarily contributes to the following Government goals:

- for the benefit of all Western Australians; and Goal 3: Outcome Based Service Delivery – greater focus on achieving results in key service delivery areas
- economic development to improve the overall quality of life in remote and regional areas Goal 4: Stronger Focus on the Regions – greater focus on service delivery, infrastructure investment and

social outcomes in health, education and employment. The Authority contributes the basic need for shelter. In the wider context, affordable, safe and secure housing contributes to positive not otherwise be able to obtain housing. housing through its rental housing, home finance and land activities for eligible Western Australians who may The Authority enhances the quality of life and well-being of all people throughout Western Australia by satisfying ð Goal 3, by providing

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

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

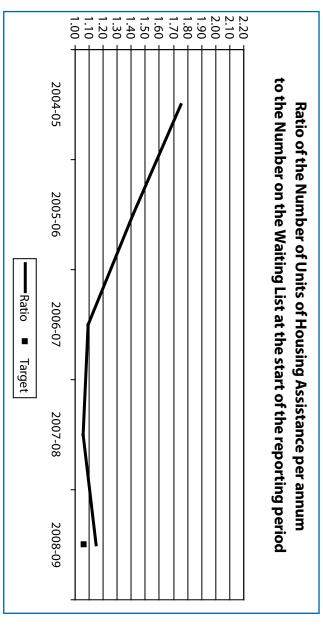
areas. This supports the Government's commitment to deliver public services such as education and policing throughout the State, contributing to improving the quality of life in remote and regional areas to Goal 4, by providing government employees with suitable and appropriate housing in regional and remote Through the provision of Government Regional Officers' Housing (GROH), the Authority directly contributes

55

Effectiveness Indicator 1

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

for housing assistance from eligible Western Australians. The higher the ratio, the greater the assistances provided waiting list at 30 June of the previous year, is an indicator of the Authority's capacity to respond to expressed demand $rental housing. The {\it ratio} of the {\it total} number of units of housing assistance provided each year, to the number on the {\it total} number of units of housing assistance provided each year, to the number on the {\it total} number of units of housing assistance provided each year, to the number on the {\it total} number of units of housing assistance provided each year, to the number on the {\it total} number of units of housing assistance provided each year, to the number on the {\it total} number of units of housing assistance provided each year, to the number of units of housing assistance provided each year, to the number of units of housing assistance provided each year, to the number of units of housing assistance provided each year, to the number of units of housing assistance provided each year, to the number of units of housing assistance provided each year. The {\it total} number of units of housing assistance provided each year, to the {\it total} number of units of housing assistance provided each year. The {\it total} number of {\it total} number o$ This indicator measures the Authority's capacity to respond to demand as expressed by the waiting list for public



			Actual			Target
	2004-05	2005-06	2006-07	2007-08	2004-05 2005-06 2006-07 2007-08 2008-09 2008-09	2008-09
Total housing assistances *	22,348	22,348 18,537 14,991 16,382	14,991	16,382	19,431	18,030
Public rental waiting list at June previous	12,788	13,125	13,780	15,438	16,932	16,932
financial year						
Ratio	1.75	1.75 1.41	1.09	1.06	1.15	1.06

For 2008-09, the total units of housing assistance comprised:

324 446

9,853 5,602 3,206

Housing Authority Annual Report 2008-09

provides the lower quartile for Western Australia (State) residential land sales. (2004-05=\$96,600; 2005-06=\$129,000; 2006-07=\$169,000; 2007-08=\$195,000) Australia's Market Update Report (March Quarter 2009), which contains the final December Quarter 2008 lower quartile. The report *†The benchmark cut-off for the lower end of the market (\$175,000 lower quartile) is derived from the Real Estate Institute of Western

The ratio improved on the target and year before, countering the downward trend of the previous three years

to the target. This was offset by the increase in the waiting list, which was less than the increase in the previous year. There was a significant increase in the number of housing assistances in 2008-09 compared to the previous year and

deposit requirements of Keystart. This assisted first homebuyers with an affordable home loan option. lending was due to the widening gap between the current deposit requirements of the banks and the lower by Keystart which increased in comparison to the previous year and the original budget target. The increase in The major contributor to the increase in housing assistances was home loans (new and increased) approved

affect of the initiatives introduced to boost affordability in the private rental market in July 2007. There were Bond assistance loans increased compared to the previous year and the target. This was due to the continued more affordable properties available and a higher vacancy rate during the year.

Number of bond assistance loans approved

Number of home loans approved (new and increased)

Number of public rental occupations

Number of people housed from the waiting list into community housing options

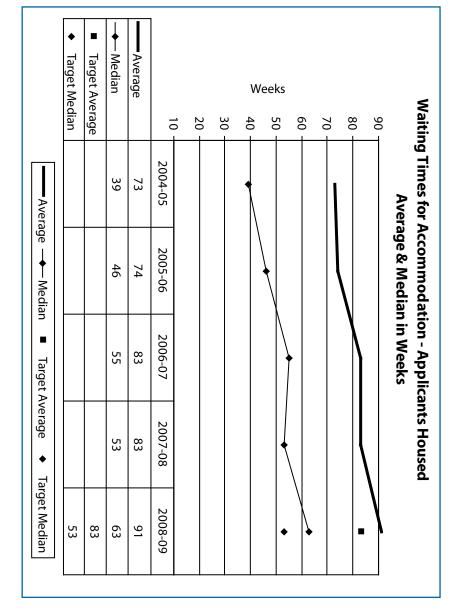
Number of Housing Authority (including Joint Venture partner) land sales below \$175,000#1

Effectiveness Indicator 2

Waiting times for accommodation – applicants housed

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

median. The target is to maintain or improve the previous year's result. The graph below shows the waiting times of all applicants housed during the year in terms of average and



The table below breaks these figures down further to show how quickly people are housed

Housing Authority Annual Report 2008-09

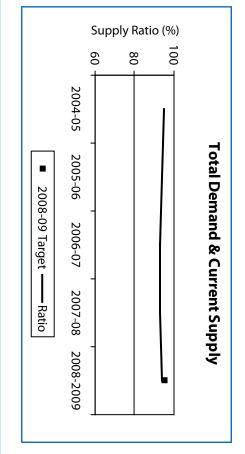
		Distribution of Waiting Times	Waiting Times		
	2004-05	2005-06	2006-07	2007-08	2008-09
< 1 month	18.47%	19.30%	14.06%	12.65%	17.22%*
1-12 months	38.52%	33.59%	34.85%	36.53%	26.82%
1-3 years	25.67%	29.67%	30.58%	31.20%	34.44%
3-5 years	14.03%	15.44%	17.34%	15.68%	15.28%
5+ years	3.32%	2.00%	3.17%	3.93%	6.24%

impacted the category for within one month. *Due to an increase in the allocation of housing to community housing providers where the wait times are negligible this has

a year to 56 per cent. There has been a significant increase in the percentage housed after 5 years and a large decrease in the percentage housed between 1 to 12 months. weeks compared with the target. The increase in both the average and the median is due to a decrease in the percentage of people housed within one year to 44 per cent and an increase in the percentage housed after Average wait times increased by 8 weeks compared with the target. The median wait times increased by 10

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

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



		De	Demand and Supply	ply		
			Actual			Target
	2004-05	2005-06	2006-07	2007-08	2008-09	2008-09
Demand	4,399	4,550	4,709	5,042	5,225	
Supply	4,197	4,261	4,392	4,696	4,902	
Ratio	95%	94%	93%	93%	94%	95%

departments, and in particular from the major clients of Department of Education and Training, Western the resource sector. Increased accommodation requests were received from the majority of government of continued strong increases in demand, particularly in the Pilbara and Kimberley as a result of growth in Australian Police, Department of Corrective Services, and Department for Child Protection. previous year. However, the ratio of supply to demand is below the target of 95 per cent. This is a consequence In 2008-09 both the number of properties supplied and the ratio of supply to demand increased from the

accommodation has softened in the latter half of the financial year. As a result, it is anticipated that the Housing Authority will have increased capacity to meet the demands of housing supply going forward consequence of the downturn in global economic conditions, demand for additional

Efficiency Indicators:

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

Service 1: Rental Housing

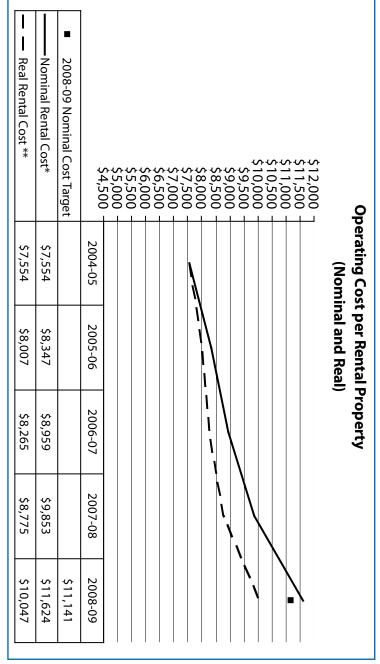
and community housing and crisis accommodation programs and properties built for indigenous communities housing companies, community organisations, housing associations and local governments through our joint venture and State-owned indigenous public housing. This service contributes to the Authority's outcome by providing eligible Western Australians with public rental housing The Authority also provides rental properties managed by not-for-profit

Efficiency Indicator 1

Operating Cost per Rental Property

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

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



^{*}Nominal refers to the face value of the money.

expenses increased due to the impact of increased property values determined by the Valuer General's Office. expenses also increased resulting from the outsourcing of computing services. Depreciation and amortisation damaged by storms, floods and fire damage and local authority and Water Corporation rates also increased. Other refurbishment to preserve the assets of the Authority. There was also an increase in insurance costs for properties expenditure on maintenance and the additional funding provided by the Commonwealth Stimulus Package for The operating cost per rental property increased from \$9,853 to \$11,624 in the 2008-09 financial year. The increase \$483 above the target. This was due to an increase in rental expenses primarily as a result of increased

been adjusted to 2004-05 prices. **Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per rental property has

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

Service 2: Home Loans

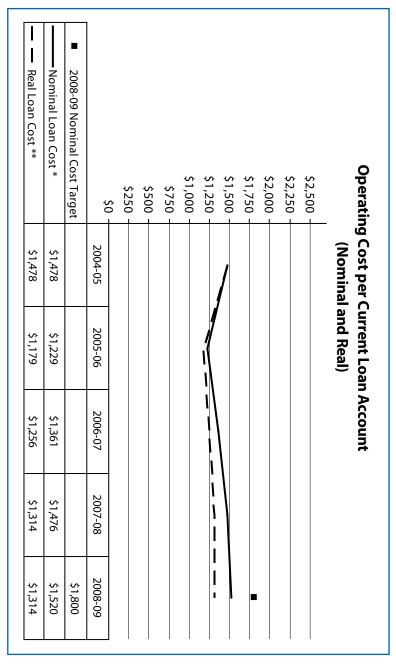
This service contributes to the Authority's outcome by providing home ownership schemes for eligible

Efficiency Indicator 2

Operating Cost per Current Loan Account

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

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



^{*}Nominal refers to the face value of the money.

The operating cost per current loan account for the 2008-09 financial year increased to \$1,520 from \$1,476 in

additional properties being purchased by the Authority under its First Start Shared Equity Scheme of a potential rise in unemployment. The increase in the operating cost is mainly due to an increase in the provision for doubtful debts as a result There has also been an increase in depreciation as a result of a share in

the operating cost being \$280 below the original budget target. in the operating cost per current loan. This increase in the number of current active loans was the reason for The increase was partly offset by an increase in the number of current active loans which minimised the increase

adjusted to 2004-05 prices **Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per loan has been

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

Service 3: Land

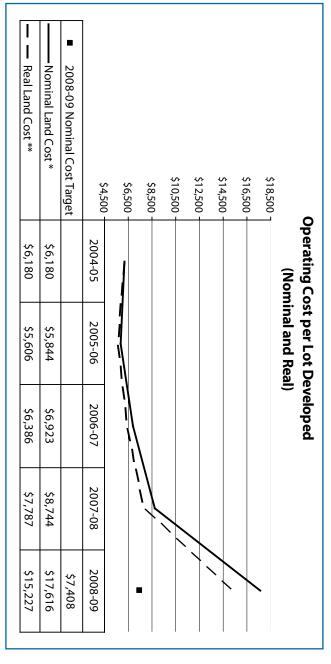
This service contributes to the Authority's outcome by providing housing lots.

Efficiency Indicator 3

Operating Cost per Lot Developed

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

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



^{*}Nominal refers to the face value of the money.

The increase was \$10,208 above the original target. The operating cost per lot developed for the 2008-09 financial year increased to \$17,616 from \$8,744 in 2007-08

in the first home buyer market due to the Federal Government's First Home Owners Grant scheme and First global financial crisis. Sales were heavily impacted across all market sectors. However, some activity remained Western Australian housing market experiencing a severe reduction in demand in 2008-09 flowing from the lot production in order to maintain positive cash flows. Home Owners Boost. The Authority responded to the severe reduction in revenue from land sales by reducing This was caused by the number of lots produced falling by 41 per cent. The reduction was a result of the

production. In 2008-09 the fixed overhead costs grew marginally (5%) in comparison to the previous year. Operating costs are fixed overhead costs and have little correlation to market conditions, volume of sales and

been adjusted to 2004-05 prices. **Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per lot developed has

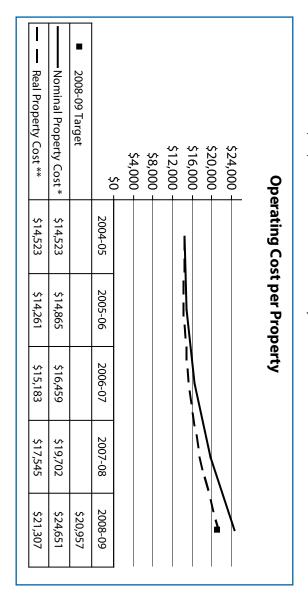
assets purchased between \$1,000 and \$5,000 are now expensed. The land expenses have been adjusted. ***An adjustment has been made to the 2006-07 Nominal Land Cost figure because of a change in the accounting treatment of fixed assets. Previously fixed assets with a value over \$1,000 were capitalised.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

Service 4: Government Regional Officers' Housing

Efficiency Indicator 4

Operating cost per property

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



^{*}Nominal refers to the face value of the money.

The increase per property was \$3,694 above the target. operating cost per property increased from \$19,702 to \$24,651 per property in the 2008-09 financial year.

and upgrades of owned properties and increases in staff numbers The increase in operating costs is attributed to increases in lease rental expenses, refurbishment, maintenance

Housing Authority Annual Report 2008-09

basis which is fully recouped from the Authority's State government client agencies. industry areas of the Pilbara and the Kimberley in 2008-09. The lease function is operated on a cost neutral The increase in rental expenses was primarily as a result of higher cost of leases, particularly in the resource

resources to be redirected to this purpose in line with the Authority's asset planning increase the amenity of older owned properties. Increased revenue streams from rents have enabled additiona There was also higher expenditure on refurbishment, upgrades and maintenance to extend the life and

fee which is paid by State government client agencies Additional staff have been employed to improve service delivery. Staff salaries are recouped via an administration

adjusted to 2004-05 prices. **Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per property has been

Financial Statements (including certification)

CERTIFICATION OF FINANCIAL STATEMENTS

statements have been prepared in compliance with the provisions of the Financial Management Act 2006, from proper financial position as at 30 June 2009. accounts and records, to present fairly the financial transactions for the financial year ending 30 June 2009 and the The accompanying financial statements of the Housing Authority and the accompanying consolidated financial

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

GRAHAME SEARLE

DIRECTOR GENERAL

ACCOUNTABLE AUTHORITY

CHIEF FINANCE OFFICER **LORNE O'MARA**

4 September 2009

INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009 THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

Consolidated

Parent

	Note	2009	2008	2009	2008
		\$000	\$000	\$000	\$000
INCOME					
Revenue					
Sales	6	155,145	243,067	155,145	243,067
Rental revenue	7	301,576	257,646	301,576	257,646
Commonwealth grants and contributions	∞	195,885	153,517	195,885	153,517
Interest revenue	9	136,346	118,144	97,646	92,709
Developers' contributions		1,768	2,790	1,768	2,790
Other revenues	10	12,906	36,769	11,291	52,922
Total income		803,626	811,933	763,311	802,651
EXPENSES					
Expenses					
Cost of sales	6	99,973	115,628	99,973	115,628
Rental expenses	12	268,667	215,073	268,667	215,073
New Living expenses	12	46,125	39,475	46,125	39,475
Community support expense	13	72,354	95,580	72,354	95,580
Employee benefits expense	14	67,650	48,730	67,439	48,529
Supplies and services	15	27,254	25,234	23,788	22,427
Depreciation & amortisation expense	16	103,358	84,373	102,614	83,726
Finance costs	17	152,222	146,480	153,320	148,249
Accommodation expenses	18	6,234	6,094	5,371	5,477
Loss on disposal of non-current assets		21,023	2,140	21,023	2,140
Other expenses	19	37,872	27,570	28,879	20,739
Total expenses		902,732	806,377	889,553	797,043
(Loss)/profit before grants and subsidies from State Government		(99,106)	5,556	(126,242)	5,608
Grants and subsidies from State Government	00	208,592	83,344	208,592	83,344
Profit for the period	5(i)	109,486	88,900	82,350	88,952

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES BALANCE SHEETS AS AT 30 JUNE 2009

		Consolidated		Parent	
	Note	2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Current Assets					
Cash and cash equivalents	20	175,067	67,545	156,951	55,589
Inventories	21	105,763	108,776	105,763	108,776
Loans and receivables	22	695,433	461,251	61,324	50,305
Other current assets	23	9,298	8,734	17,900	21,396
Derivative financial instruments	24	ı	1,718	1	ı
Non-current assets classified as held for sale	25	1,435	4,445	1,435	4,445
Other financial assets	26	90,233	76,518	ı	
Total Current Assets	ı	1,077,229	728,987	343,373	240,511
Non-Current Assets					
Inventories	21	542,219	490,596	542,219	490,596
Loans and receivables	22	2,039,993	1,114,863	2,579,958	1,437,845
Derivatives	24	ω	2,554	1	ı
Other financial assets	26	24	24	24	24
Community housing properties	28	610,///,//9	10,605,713	610,777,779	10,605,713
Shared equity properties	29	500,855	334,256	500,855	334,256
Other properties	30	86,793	73,741	86,793	73,741
Plant & equipment	31	8,594	6,109	7,704	5,243
Buildings under construction	32	211,051	193,497	211,051	193,497
Other non-current assets	υ υ Δ	2,/14	2,//8 4.862	2,380	2,503
Total Non-Current Assets		14,780,925	13,393,265	15,319,669	13,707,690
TOTAL ASSETS		15,858,154	14,122,252	15,663,042	13,948,201
LIABILITIES Current Liabilities					
Payables	35	49,451	54,118	49,451	54,119
Borrowings	36	45,739	52,670	45,739	52,670
Provisions	37	21,004	21,669	21,004	21,669
Other current liabilities	38	17,471	16,548	14,103	11,493
Total Current Liabilities		133,665	145,005	130,297	139,951
Non-Current Liabilities	ω π	<i>S</i>	73.1	7	731
Borrowings	36	3,755,458	2,403,078	3,755,458	2,403,078
Total Non-Current Liabilities		3,791,111	2,437,905	3,791,111	2,437,905
Total Liabilities		3,924,776	2,582,910	3,921,408	2,577,856
NET ASSETS		11,933,378	11,539,342	11,741,634	11,370,345
EQUITY Contributed equity	39	612,361	451,501	612,361	451,501
Retained earnings	41 40	8,449,635 2,871,382	8,463,562 2,624,279	8,448,832 2,680,441	2,460,512
TOTAL EQUITY		11,933,378	11,539,342	11,741,634	11,370,345

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 PERIOD ENDED 30 JUNE 2009

Note

Consolidated

2009

2009

2008

Parent

	\$000	0 \$000	\$000	\$000
Balance of equity at start of period	11,539,342	.2 8,881,162	11,370,345	8,714,193
CONTRIBUTED EQUITY 39	9			
Balance at start of period	451,501	339,901	451,501	339,901
Capital contribution	160,860	108,825	160,860	108,825
Other contributions by owner		- 2,775	1	2,775
Balance at end of period	612,361	451,501	612,361	451,501
RESERVES 40	0			
Balance at start of period	8,463,562	6,091,732	8,458,332	6,088,530
Gains from asset revaluation	128,079	2,45	128,079	2,455,600
Transfer to retained earnings	(137,617)	7) (85,850)	(137,579)	(85,798)
Balance at end of period	8,449,635	5 8,463,562	8,448,832	8,458,332
RETAINED EARNINGS 41				
Balance at start of period	2,624,279		2,460,512	2,285,762
	2,624,279	2,	2,460,512	2,285,762
Transfer from reserves	137,617		137,579	85,798
Ralance at and of period	7 871 387	2 2624.279	3 680 441	2 460 512
Balance of equity at end of period	11,933,378		11,741,634	11,370,345
) 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
-				,
(a) The aggregate net amount attributable to each category of equity is:				
Surplus	109,486		82,350	88,952
Asset Revaluation gain	128,079	9 2,455,600	128,079	2,455,600
	237,565	5 2,544,500	210,429	2,544,552

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 PERIOD ENDED 30 JUNE 2009

	Note	Consolidated	dated	Parent	
CASH FLOWS FROM OPERATING ACTIVITIES		\$000	\$000	\$000	\$000
Receipts		1 0 0 0 1	7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7		1 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7
Rental receipts		302.785	258.891	302.785	258.891
Interest received		140,463	119,425	99,977	92,487
Inventory receipts on sales		131,278	211,042	131,278	211,042
Other receipts		17,529	28,317	20,640	44,474
GST receipts on sales		9,215	15,619	9,215	15,619
GST receipts from taxation authority		9,416	18,261	9,416	18,261
Developers contributions		1,768	2,790	1,768	2,790
Payments Fmployee benefits		(76.261)	(71.478)	(61.275)	(50.324)
Accommodation		(5,371)	(5,477)	(5,371)	(5,477)
Supplies & services		(29,397)	(24,596)	(29,397)	(24,596)
Finance costs paid to					
Commonwealth government WA Tracking Componition		(22,623)	(23,180)	(22,623)	(23,180)
other		(124,588)	(110,419)	(124,588)	(773)
Purchase and Development of Inventory		(140,865)	(173,081)	(140,865)	(173,081)
GST payments on purchases		(35,697)	(48,994) (2,262)	(35,697) (599)	(48,994)
New Living payments		(46,125)	(39,475)	(46,125)	(39,475)
Rental property payments		(271,978)	(219,923)	(271,978)	(219,923)
Net cash used in by operating activities	42	(41,195)	(29,351)	(63,582)	(18,978)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from the sale of non-current physical assets	<u>)</u>	71,277	57,341	71,277	57,341
Home loan repayments received Now home loans advanced	5	(4/0,303) 195,856 (1 337 535)	(413,011) 449,916 (687,355)	(4/3,344) 15	(4 4,950) 2 (5)
Other investing receipts		(1,33/,333)	(067,333)	(3)	5,000
Other investing payments Net cash used in by investing activities		(1,546,767)	(595,909)	(1,140,000) (1,544,255)	(185,000) (537,598)
CASH FLOWS FROM FINANCING ACTIVITIES					
WA Treasury Corporation Repayment of borrowings from		1,363,000	345,000	1,363,000	345,000
WA Treasury Corporation Commonwealth government		(10,053) (13,198)	(14,160) (12,903)	(10,053) (13,198)	(14,160) (12,903)
Net cash provided by financing activities		1,339,749	316,382	1,339,749	317,937
CASH FLOWS FROM STATE GOVERNMENT		10000	100	10000	100
Proceeds from grants		208,592	83,344	208,592	83,344
Net cash provided by State Government		369,452	192,169	369,452	192,169
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period		121,239 144,051	(116,709) 260,760	101,364 55.577	(46,470) 102.047
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4	265,290	144,051	156,941	55,577

NOTES TO AND FORMING PART OF THE ACCOUNTS

Australian equivalents to International Financial Reporting Standards

Jenera

the Australian Accounting Interpretations). ended 30 June 2009 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 Housing Authority (the "parent entity") and controlled entities financial statements for the year

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 effective have been early adopted by the Housing Authority for the annual reporting period ended June 2009. yet 30

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.

Ņ Summary of significant accounting policies (continued)

\bigcirc Basis of Consolidation

and presentation of the consolidated financial statements. 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 applied in the preparation of all entities that comprise the Consolidated Entity, being The Housing Authority (the "parent entity") and its controlled entities, as defined in accordance with AASB 127 "Consolidated and The consolidated financial statements have been prepared by combining the financial statements

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

<u>a</u> Legal form of Controlled Entities

- \equiv borrowers for the purchasing of owner occupied homes. The Keystart Housing Scheme includes a trust and company structure set up to enable funds to be raised through the Housing Authority at competitive rates and on lent to Keystart
- The structure comprises of:
- Management Pty Ltd has been appointed as Manager.
 Keystart Support Trust A special purpose trust used to provide financial support to the 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 - The Keystart Housing Scheme Trust established by a Deed of Trust in the State of Western
- Scheme if required.
- The Housing Authority is the sole beneficiary of this trust.
- Oakvale Capital Ltd as treasury advisor. - Keystart Bonds Ltd - A special purpose nominal capital company being the Issuer with
- support trust. The manager is Keystart Scheme Management Pty Ltd. Keystart Support Pty Ltd - A special purpose nominal capital company as trustee of the
- Keystart Support (Subsidiary) Pty Ltd A special purpose nominal capital company created to assist Keystart Support Pty Ltd in its obligations.
- 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. Keystart Scheme Management Pty Ltd - A special purpose nominal capital company created
- the Support Trust. Authority. The Housing Authority provides a support arrangement to the The financial transactions for these entities have no effect on the net profit of the Housing structure through
- \equiv In its capacity as agent, the Trust receives advances for the purpose of providing mortgages to Western Australians. The Housing Authority is the sole beneficiary of the Trust, and Keystart Loans Ltd is the trustee of the Trust. Homeswest Loan Scheme Trust - A special purpose Trust established by a Trust Deed dated 19 September 1995 to operate as an agent for the Housing Authority's home loan schemes

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ы Summary of significant accounting policies (continued)

(e) Ownership Interest

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

The Board of Directors of the Keystart group of companies comprise one Director from the

Housing Authority and seven Directors from the private sector. The ownership interest held by the Housing Authority in the Companies is as follows

Keystart Bonds Ltd : 100% of the total shareholding

Keystart Loans Ltd : 100% of the total shareholding

Keystart Support Pty Ltd : 100% of the total shareholding

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

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

Controlled entities and contribution to retained earnings

	Percentage	age	Contribution to Consolidated Entity	ition to ed Entity	Investme	Ħ.
Name	Owned	<u>م</u>	result (\$000)	\$000)	at cost (\$	<u>.</u>
	2009 2008	2008	2009	2008	2009	2008
Keystart Bonds Ltd	100	100	<u> </u>	Z =	0	0
Keystart Loans Ltd	100	100	<u>Z</u>	<u>Z</u>	6	6
Keystart Support Pty Ltd	100	100	<u>Z</u>	<u>Z</u>	2	2
Keystart Support (Subsidiary) Pty Ltd Keystart Housing Scheme Trust	100	100	<u>Z</u>	<u>Z</u> .	2	2
Profits			27,136	I		• •
Transfer from Reserve			38	52		•
Keystart Support Trust			<u>Z</u>	<u>Z</u>		• •
Homeswest Loan Scheme Trust			Z =	Z =:		• • •
						•

The Housing Authority is obligated to the Scheme in that it has given various representations and obligations to investors or other creditors to the extent that it will meet cash shortfalls and losses from the Scheme. Funding for Keystart is through the Housing Authority with no borrowings for the 2008/2009 financial year. participants are contained in a Support Agreement of the Scheme. No subsidies were required outstanding through Keystart Bonds Ltd. The Housing Authority's obligations to the various

 \bigcirc Property, Plant and Equipment

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

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). For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is

Subsequent measurement

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

5 Summary of significant accounting policies (continued)

(f) Property, Plant and Equipment (continued)

is considered to represent fair value, plus land at fair value. 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

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. 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

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.

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

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

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

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

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 using rates which are reviewed annually. benefits. Depreciation for the Consolidated Entity's assets is calculated on a straight line basis,

Major depreciation rates are:

Rental Properties Community Housing Properties Shared Equity Properties Other Properties - Commercial Properties	2009 2% 2% 3% 2%	2008 2% 2% 3% 2%
Other Properties		
- Commercial Properties	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

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

5 Summary of significant accounting policies (continued)

(h) Inventories

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

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 Housing Authority are transferred to the stock of Rental Properties at fair value as determined by is brought to account as an increase in the Asset Revaluation Reserve and the cost of the land transferred to Rental Properties represents a revaluation increment which the Valuer General at the date of practical completion. The difference between this valuation Non-Current Inventories consists of both broad hectare land and lots under development,

Joint Venture Land

Joint Venture Land represents the Housing 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 Housing Authority is shown at cost plus capitalised costs.

relation to the joint ventures in their respective classification categories. Details of the Housing Interests in joint venture operations have been incorporated in the financial statements by including the Housing 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 Authority's interests are set out in note 21.

(i) Loans and Receivables

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. uncollectable 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 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 uncollectable are written-off. The allowance for

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 Land - are carried at nominal amounts. Sales and receivables are recognised

impairment. Rent receivable are due weekly in advance. Receivables Rent from Tenants - are carried at nominal amounts due less any provision for

being collectable on vacation of property. persons for the purpose of renting properties external to the Housing Authority. Each advance is repayable in minimum fortnightly payments of \$15 with any remaining balance impairment. Rental bond assistance receivables represent advances made to qualitying Receivables Rental Bonds - are carried at nominal amounts due less any provision

Loans

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 Loans are non-derivative financial assets with fixed or determinable payments that are not quoted

Summary of significant accounting policies (continued)

(i) Loans and receivables (continued)

Recognition and Derecognition

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. Regular purchases and sales of financial assets are recognised on trade-date – the date on which

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

inputs and relying as little as possible on entity-specific inputs. same, discounted cash flow analysis, and option pricing models making maximum use of market use of recent arm's length transactions, reference to other instruments that are substantially the 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), Consolidated Entity establishes fair value by using valuation techniques. These include the

Impairment of Loans

collectable. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. a provision for impairment is made when there is objective evidence that the loan will not be 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,

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 against 'Bad and doubtful debts expense' in the income statement. for loans and advances. Subsequent recoveries of amounts previously written off are credited

(j) Derivative financial instruments and hedging

value. 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. interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair The Consolidated Entity uses derivate financial instruments to hedge its risks associated with

and liabilities and highly probable forecast transactions (cash flow hedges). The Consolidated Entity designates derivatives as hedges of the cash flows of recognised assets

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 strategy for undertaking various hedge transactions. The Consolidated Entity also documents its between hedging instruments and hedged items, as well as its risk management objective and The Consolidated Entity documents at the inception of the hedging transaction the relationship Hedged effectiveness is

5 Summary of significant accounting policies (continued)

 \subseteq Derivative financial instruments and hedging (continued)

remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability. 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 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

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

Cash Flow Hedge

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

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

(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

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.

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 expected benefit. commencement of live production of the system, on a straight line basis over the period of their Costs associated with the acquisition and development of computer systems and software

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

20%	20%	Computing development
20% - 50%	20% - 50%	Computing software
2008	2009	

(I) 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.

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Summary of significant accounting policies (continued)

'n

(m) Non-Current Assets Held For Sale

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 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 Non-current assets are classified as assets held for sale if their carrying amount is to be recovered

(n) Impairment of Assets

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. is estimated. Where the recoverable amount is less than the carrying amount, the asset is 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

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.

impairment. 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

(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.

When the sale becomes unconditional the Housing Authority retains the deposit as part of the sale process. Payables Land Deposits - are recognised on receipt of cash

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

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

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

(p) Borrowings

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

5 Summary of significant accounting policies (continued)

(p) Borrowings (continued)

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

with final instalments being due between June 2009 and June 2041. Borrowings - Commonwealth Advances. Are fixed rates and repayable on an annual basis

(q) Income

Revenue Recognition

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

- (i) Rental Property Revenue
- 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. received from the Valuer General and due consideration to regional rental markets. Rental The basis for the amount of rent to be charged is determined from market rent information The Housing Authority charges rents in accordance with section 30 of the Housing Act.
- \equiv Revenue from land sales is recognised when the contract for sale becomes unconditional
- \equiv Revenue is recognised at fair value when the Consolidated Entity obtains control over the assets comprising the contributions, usually when cash is received. Grants, donations, gifts and other non-reciprocal contributions
- (iv) Interest income is recognised as interest

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

Gains

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

(r) Insurance

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

combination of insurance policies provided by commercial insurance providers and the Western Australian Government's RiskCover fund. its residential property assets. The Housing Authority's other insurance programs continue to be a A comprehensive review of the Housing Authority's insurances was undertaken during 2008/2009. Effective from 1July 2004 the Housing Authority has adopted a self insurance policy for

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

Summary of significant accounting policies (continued)

5

(s) Provisions

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. 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 liabilities of uncertain timing and amount. The Housing Authority only recognises

(i) Employee Benefits

Annual Leave and Long Service Leave

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. the end of the balance sheet date is recognised and measured at the undiscounted amounts The liability for annual and long service leave expected to be settled within 12 months after

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. When assessing expected future payments consideration is given to expected future wage

closely as possible, the estimated future cash outflows. 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

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

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Superannuation

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

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

'n 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.

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

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 Housing Authority land. The provision represents the estimated liability at balance sheet date for future claims by the purchasers against the Housing Authority.

(t) Accrued Salaries

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

(u) Borrowing costs

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

(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.

, Summary of significant accounting policies (continued)

(v) Superannuation expense (continued)

expense 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"

(w) Leases

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. The Housing Authority has entered into a number of operating lease arrangements for buildings and vehicles where the lessors effectively retain the majority of the risks and benefits incidental to

(x) Rental Expenses

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

(y) New Living Expenses

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

(z) Comparative Figures

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

(aa) Segment Information

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

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

Rental Government Employees - providing access to rental accommodation for government

employees in regional areas. Land operations - provision of low to medium priced subdivided land for sale Australians provided by the Housing Authority and through its Keystart Housing Scheme; oans - providing realistic home ownership opportunities for low to moderate income Western-

(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

'n Summary of significant accounting policies (continued)

(ab) Financial Instruments (continued)

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

speculative purposes. 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

Keystart

VaR - Value at Risk model) in the case of interest rate risk and ageing analysis for credit risk and different types of risk to which it is exposed. These methods include sensitivity analysis (specifically rate swaps to hedge interest rate risk exposure. The Entity uses different methods to measure of the Entity. 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 beta analysis in respect of investment portfolios to determine market risk. The Entity uses derivative financial instruments such as interest rate caps and interest

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. Risk management is carried out by the Treasury Committee under policies approved by the

Market Risk

Keystart

(i) Interest Rate Risk

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

	Пe	Heage Ka	Katio Limits	S
	В	BM	Min	Max
0-1 Year		55%	0%	70%
1-2 Years		25%	0%	30%
2-3 Years	-	12.5%	0%	20%
3+ Years		0%	0%	15%

BM = Benchmark

5 Summary of significant accounting policies (continued)

(ab) Financial Instruments (continued)

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

During 2009 the Entity's borrowings at variable rates were denominated in Australian Dollars

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 economic effect of converting borrowings from floating rates to fixed rates. Under interest rate principal amounts. caps, the Entity receives funds from its cap counterparty should the floating interest rate exceed floating-to-fixed interest rate swaps and interest rate caps. Such interest rate swaps have the Based on various scenarios, the Entity manages its cash flow interest rate risk by using

(ii) Summarised Sensitivity Analysis

Keystart uses Value at Risk (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. The main risk arises when Keystart cannot pass changes in its borrowing interest rates to its loan receivables. 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 0.26% of its capital at 30 June 2009 (2008: 0.13%) which is well below the industry average at 31 March 2009 of 1.52% (2008: 1.11%)

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.

2009	09			
Historical VaR (99%, one day) By risk type Average I	Average	Minimum	Maximum	Year End
	\$'000	\$'000	\$'000	\$'000
Total VaR Exposure	675	171	1,463	501

2008	80			
Historical VaR (99%, one day) By risk type Average	Average	Minimum	Maximum	Year End
	\$'000	\$'000	\$'000	\$'000
Total VaR Exposure	262	68	524	217

Ņ Summary of significant accounting policies (continued)

(ab) Financial Instruments (continued)

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.

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

Keystart

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

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. credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with and doubtful debts and capital adequacy ratios to manage the effects of any losses. Counterparty procedures. In addition to these credit policies, Keystart maintains adequate provisions for bad 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

Housing Authority

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

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 future commitments. 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

Kovstart

ability to close out market positions. the availability of funding through an adequate amount of committed credit facilities and the Prudent liquidity risk management implies maintaining sufficient cash and marketable securities,

maintaining flexibility in funding by keeping committed credit lines available. Due to the dynamic nature of the underlying businesses, the Treasury Committee aims

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

'n 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

(ad) Capitalisation policy

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

(ae) Income tax

The Consolidated Entity is an income tax exempt body.

(af) Contributed equity

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. requires transfers in the nature of equity contributions to be designated by the Government (the Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'

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

ω Disclosure of changes in accounting policy and estimates.

Initial application of an Australian Accounting Standard

Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008. The Consolidated Entity has not applied any new Australian Accounting Standards or Australian

Future impact of Australian Accounting Standards not yet operative

and Other Pronouncements. Consequently, the Housing 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 Housing Authority plans to apply these Standards and Interpretations from their application date: The Housing Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards

- (a) 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. 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 AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised
- 000 AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101
 - AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB101
- respect to financial instruments. AASB 2009-2 'Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments (AASB 4, AASB 7, AASB 1023 and AASB 1038). This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with

4. Key sources of estimation uncertainty

Defined benefit superannuation plans

In determining the Housing Authority's ultimate cost of its defined benefit superannuation plans, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in note 37 'Provisions'.

Long service leave liability

assumptions are required to be made. The principal actuarial assumptions used are disclosed in note 37 In determining the Housing Authority's ultimate cost of its long service leave liability, actuaria

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

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

2009

Rental Public Housing \$000	Rental Government Employees \$000	Loans \$000	Land \$000	Elimination \$000	Total \$000
4,782 - 167,131 195,885 1,535 1,768 1,881 372,982	69 134,239 - 198 - 15 134,521	12 133,077 - 3,179 136,268	187,497 - 194 - 1,536 - 7,831 197,058	(37,203) - - - - - - (37,203)	192,348 (37,203) 301,576 195,885 136,346 1,768 12,906 803,626
	-	-	-	- (27.202)	-
2,702 169,824 46,125 72,245 51,463 20,574 88,801 25,416 4,704 19,637	45 98,745 - 7,703 406 9,194 10,634 258 188	136,268 - 6 109 3,193 4,417 5,142 107,052 1,019 1,193	97,226 92 - 5,291 1,857 221 9,120 253 5	(37,203) - - - - - - - - -	99,973 268,667 46,125 72,354 67,650 27,254 103,358 152,222 6,234 21,023
19,839 521,330	315 127,488	11,087 133,218	6,631 120,696	<u> </u>	37,872 902,732
(148,348) 208,091	7,033	3,050 501	76,362	(37,203)	(99,106) 208,592
59,743 <u>49,086</u>	7,033	3,551	76,362 (49,086)	(37,203)	109,486
108,829_	7,033	3,551	27,276	(37,203)	109,486

CONSOLIDATED

Rental Loans Land Elimination Total Rental Government Public \$000 \$000 \$000 \$000 **Employees** Housing \$000 \$000 INCOME Note Revenue Sales 3,354 274,575 278,543 6 614 Intersegment sales (35,476)(35,476)Rental revenue 158,238 99,200 15 193 257,646 Commonwealth grants and contributions 153,517 8 153,517 9 Interest revenue 1,555 118,144 146 116,440 Developers contributions 2,790 2,790 17,499 10 Other revenues 36,769 Total revenue 336,953 100,031 122,365 288,060 (35,476)811,933 Gains Gain on the disposal of non-current assets 1.626 2.317 3,943 2,317 Total gains 1,626 3,943 Total income 336,953 101.657 124.682 288,060 (35,476)815.876 **EXPENSES** Cost of sales 1,507 413 113,708 115,628 72,614 Rental expenses 12 142,316 18 125 215,073 New Living expenses 12 39,475 39,475 Community support expense 13 95,500 80 95,580 Employee benefits expense 4,385 14 36,889 5,142 2,314 48,730 Supplies and services 15 864 3,532 19,041 1,797 Depreciation & amortisation expense 84,373 16 73,517 7,166 3,468 222 8,903 94,672 16,804 Finance costs 17 26,101 146,480 Accommodation expenses 18 4,829 298 718 249 6,094 Loss on the disposal of non-current 11 6.065 18 6.083 assets Other expenses 19 12.880 9.269 5.126 27.570 Total expenses 458,120 95,695 114.071 142.434 810,320 Profit/(loss) before grants and subsidies grants and subsidies from government 5,556 (121.167)145,626 5.962 10,611 (35,476)Grants and subsidies from government 83,344 83,344 Profit/(loss) after grants and subsidies grants and subsidies from government (37,823)88,900 5,962 10,611 145,626 (35,476)Intersegment transfers Profit/(loss) for the period (37.823)5.962 10.611 145.626 (35.476)88.900

2008

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

		200	9		
Rental Public Housing \$000	Rental Government Employees \$000	Loans \$000	Land \$000	Elimination \$000	Total \$000
4,782 - 167,131 195,885 1,535 1,768 1,881 372,982	69 - 134,239 - 198 - 15 134,521	- 12 - 94,377 - 1,564 95,953	187,497 - 194 - 1,536 - 7,831 197,058	(37,203) - - - - - (37,203)	192,348 (37,203) 301,576 195,885 97,646 1,768 11,291 763,311
	134,521	- - 95,953	- - 197,058	(37,203)	
2,702 169,824 46,125 72,245 51,463 20,574 88,801 25,416 4,704 19,637	45 98,745 - 7,703 406 9,194 10,634 258 188	- 109 2,982 951 4,398 108,150 156 1,193	97,226 92 - 5,291 1,857 221 9,120 253 5	- - - - - - - -	99,973 268,667 46,125 72,354 67,439 23,788 102,614 153,320 5,371 21,023
19,839 521,330 (148,348)	315 127,488 7,033	2,094 120,039 (24,086)	6,631 120,696 76,362	(37,203)	28,879 889,553 (126,242)
146,348) 208,091 59,743 49,086 108,829	7,033 - 7,033 - 7,033	(23,585) (23,585)	76,362 (49,086) 27,276	(37,203)	82,350 82,350

THE	HOUS	ING AU	THORITY

THE HOUSING AUTHORITY				200	8		
		Rental Public Housing \$000	Rental Government Employees \$000	Loans \$000	Land \$000	Elimination \$000	Total \$000
INCOME	Note						
Revenue Sales Intersegment sales Rental revenue Commonwealth grants and contributions Interest revenue Developers contributions Other revenues Total revenue	6 7 8 9	3,354 - 158,238 153,517 1,555 2,790 17,499 336,953	614 - 99,200 - 146 - 71 100,031	91,005 - 22,063 113,083	274,575 - 193 - 3 - 13,289 288,060	(35,476) - - - - - - (35,476)	278,543 (35,476) 257,646 153,517 92,709 2,790 52,922 802,651
Gains Gain on the disposal of non-current assets Total gains Total income	11		1,626 1,626 101,657	2,317 2,317 115,400	288,060 - 288,060	(35,476)	3,943 3,943 806,594
EXPENSES							
Cost of sales Rental expenses New Living expenses Community support expense Employee benefits expense Supplies and services Depreciation & amortisation expense Finance costs Accommodation expenses Loss on the disposal of non-current	6 12 12 13 14 15 16 17 18	1,507 142,316 39,475 95,500 36,889 19,041 73,517 26,101 4,829 6,065	413 72,614 - 5,142 864 7,166 8,903 298	18 80 2,113 725 2,821 96,441 101	113,708 125 - 4,385 1,797 222 16,804 249 18	- - - - - - - -	115,628 215,073 39,475 95,580 48,529 22,427 83,726 148,249 5,477 6,083
assets Other expenses Total expenses Profit/(loss) before grants and subsidies	19	12,880 458,120	295 95,695	2,438 104,737	5,126 142,434		20,739 800,986
grants and subsidies from government Grants and subsidies from government Profit/(loss) after grants and subsidies	8	(121,167) 83,344	5,962 -	10,663 -	145,626 -	(35,476)	5,608 83,344
grants and subsidies from government Intersegment transfers		(37,823)	5,962	10,663	145,626	(35,476)	88,952
Profit/(loss) for the period		(37,823)	5,962	10,663	145,626	(35,476)	- 88,952

Ġ **Trading profit**

Sales

House and land packages Joint venture land Land

Less cost of land sold Land House and land packages Joint venture land

Trading Profit

7. Rental revenue

Rental amenities
Commercial properties
Community housing properties
Total rental revenue Rental properties

œ Commonwealth and State grants

Aboriginal housing Commonwealth rental grants Commonwealth grants and contributions

Crisis accommodation & community housing Total Commonwealth grants Refurbishment Stimulus

State grants and subsidies
Department of Treasury and Finance
Department of Indigenous Affairs Department of Industry and Resources Disability Services Commission Main Roads Western Australia Total State grants Department for Planning and Infrastructure

9 Interest revenue

Loan interest

Keystart secured mortgage advances

The Housing Authority loan schemes Less mortgage subsidies

Total Loan Interest

Other interest

Interest other Interest on cash at bank Total interest revenue Total other interest Interest on investments

<u>.</u> Other revenue

Assets received free of charge Bad debts recovered Total other revenues Other revenue Dividends Conveyancing fees

1.		00			•
155,145	60,882 6,884	87,379	\$000	2009	Collocudarea
243,067	101,160 10,334	131,573	\$000	2008	
166146	60,882 6,884	87,379	\$000	2009	1 210
243,067	101,160 10,334	131,573	\$000	2008	

55,172	99,973	7,416	40,236	52,321	155,145	6,884	60,882	87,379
127,439	115,628	11,121	44,815	59,692	243,067	10,334	101,160	131,573
55,172	99,973	7,416	40,236	52,321	155,145	6,884	60,882	87,379
127,439	115,628	11,121	44,815	59,692	243,067	10,334	101,160	131,573

301,576	18	2,062	4,167	295,329
257,646	6	2,102	4,018	251,520
301,576	18	2,062	4,167	295,329
257,646	6	2,102	4,018	251,520

ı

195,885	11,086	26,317	97,195	61,287	
153,517	10,915	ı	77,156	65,446	
195,885	11,086	26,317	97,195	61,287	
153,517	10,915	ı	77,156	65,446	

83,344	208,592	83,344	208,592
ı	16,170	ı	16,170
700	ı	700	1
1,124	ı	1,124	1
200	ı	200	1
136	ı	136	1
81,184	192,422	81,184	192,422

124,743	 1	_	124,742	124,742
104,903	 1	_	104,902	104,902
	 1	_	1	ı
	 1	_	1	ı

136,346	11,603	1,554	7,692	2,357
118,144	13,241	28	10,206	3,007
97,646	97,645	1,554	93,734	2,357
92,709	92,708	28	89,673	3,007

126 10,024 12,906 366 2,390 10,550 22,893 36,769 349 2,977 126 8,409 11,291 2,390 366 349 2,977 20,085 10,550 18,961 52,922

	Consolidated	PC.	Parent)†
Net (loss)/gain on disposal of non-current assets	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Costs on disposal of non-current assets				• •
Rental properties	87,871	50,486	87,871	50,486
Community housing properties	1,234	1,159	1,234	1,159
Properties plant & equipment	457	196	457	196
	101,472	64,431	101,472	64,431
Proceeds from the disposal of assets				•
Rental properties	68,102	46,158	68,102	46,158
Community housing properties	1,201	14 911	10718	14911
Properties plant & equipment	428		428	9
-	80,449	62,291	80,449	62,291
Net loss	(21,023)	(2,140)	(21,023)	(2,140)
Rental expenses				• • •
Maintenance expenses Debt collection expenses	84,372 1.174	64,558 1.161	84,372 1.174	64,558 1.161
Estate management expenses General expenses	6,113 10368	5,245 9315	6,113	5,245
Insurance expenses	11,329	10,769	11,329	10,769
Renovations & improvements	35,164	27,272	35,164	27,272
Non cancellable operating leases: - Rental properties	62,721	44,048	62,721	44,048
lotal felital expellses	/00,00/	210,073	200,007	2/0/012
New living expenses (see note 2(v))				• • •
Renovations & improvements Infrastructure expenses	44,598 1,077	37,370 1,283	44,598 1,077	37,370 1,283
Total new living expenses	46,125	39,475	46,125	39,475
Community support expense				• • • •
Aboriginal Housing (i) Community Housing (ii)	66,550 5,695	90,446 5,054	66,550 5,695	90,446 5,054
Mortgage and rental assistance program - cash assistance	109	80	109	80
Total community support expense	72,354	95,580	72,354	95,580
		- -		•

12.

 \equiv Aboriginal housing community support consists of expenses incurred in the provision of remote indigenous community housing and support programmes. 13.

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 \equiv Community housing support consists of expenses incurred in the provision of housing undertaken by community groups.

Superannuation - defined benefit plans	Superannuation - defined contribution plans	Salaries & wages
SI	າ plans	

Recoups	Administration capitalised	Less Credits:
---------	----------------------------	---------------

Total employee benefits expenses

15.

Supplies and services

Other personnel costs Travel Stationery & supplies Communication Other costs & expenses External and Internal Audit fees Motor vehicles

Lease expenses
Non cancellable operating leases:
- Motor vehicles

Total supplies and services

<u>16</u>. **Depreciation and Amortisation expense**

Depreciation

Plant & equipment	Other properties	Shared equity properties	Community housing properties	Rental properties
		erties	g properties	

Amortisation

Intangible assets Other assets Total depreciation and amortisation expense

17. Finance costs

Interest on interest-bearing liabilities Finance charges Change in time value of cash flow hedge Total finance costs
--

5 466 4 800 5 466	67,650 48,730 67,439	13,241 12,121 13,265	9,688 7,499 9,712	4,622	60,851	3,359 59 3,359	4,237	71,204 56,555 71,017	\$000 \$000 \$000	2009 2008 2009	
5,466 4,802 1.722 1.725	57,439 48,529		9,712 7,533		60,6	3,359 59		71,017 56,388	\$000 \$000	2009 2008	

22,427	23,788	25,234	27,254
1,191	636	1,191	636
1,191	636	1,191	636
21,236	23,152	24,043	26,618
1,257	1,595	1,257	1,595
420	465	632	870
9,086	9,630	11,348	12,338
100,1	0,100	0,01	0,010

103,358	206	728	1,825	628	4,345	6,156	89,470	
84,373	240	702	1,463	521	2,762	5,248	73,437	
102,614	ı	728	1,287	628	4,345	6,156	89,470	
83,726	1	702	1,056	521	2,762	5,248	73,437	

152,222	77	33	152,112
146,480	1,663	6,376	138,441
153,320	1	1	153,320
148,249	1	6,376	141,873

	<u>.</u>	21		20.	19.	18.
Non-current Land held for sale at cost (Note 2(h)) non - current Cost of acquisition and development Capitalised rates, taxes, administration and interest Joint venture land at cost (a) Total non-current inventories	Current Land held for sale at cost (Note 2(h)) current Cost of acquisition and development Capitalised rates, taxes, administration and interest Joint venture land at cost (Note 2 (h)) House and land packages at cost Total current inventories	Rental Tenants Bonds represents bond monies received by the Housing Authority from rental clients. These funds are held in trust in accordance with the Residential Tenancies Act. Joint Venture Cash is restricted for the use of joint venture operations and is controlled by the respective management groups.	Cash at bank - operational Cash at bank - superannuation Cash advances Restricted cash Rental tenants bonds Joint venture cash Total cash and cash equivalents	Doubtful debts expense Fees - Keystart Grants & subsidies Land expenses Loan scheme expenses Write down of assets classified as held for sale Employee on costs Other expenses Total other expenses	Office rental & accommodation Lease expenses Non cancellable operating leases: - Office properties Total accommodation expenses	Accommodation expenses
436,980 9,590 446,570 95,649 542,219	46,132 2,682 48,814 54,218 2,731 105,763	red by the Hou Residential Ten Id is controlled	124,122 20,700 10 144,832 12,811 17,424 30,235 175,067	4,930 7,210 5,448 747 1,306 4,479 13,752 37,872	4,970 1,264 6,234	2009 \$000
395,347 10,608 405,955 84,641 490,596	36,691 2,850 39,541 62,473 6,762 108,776	sing Author lancies Act. by the resp	20,088 20,700 12 40,800 12,088 14,657 26,745 67,545	4,385 6,111 17 3,835 752 583 3,633 8,254 27,570	4,721 1,373 6,094	2008 \$000
436,980 9,590 446,570 95,649 542,219	46,132 2,682 2,82 48,814 54,218 2,731 105,763	ity from ren Joint Ventuu ective mana	106,006 20,700 10 126,716 12,811 17,424 30,235 156,951	3,447 - 5,448 747 1,306 4,479 13,452 28,879	4,964 407 5,371	2009 \$000
395,347 10,608 405,955 84,641 490,596	36,691 2,850 39,541 62,473 6,762 108,776	m rental clients. /enture Cash management	8,132 20,700 12 28,844 12,088 14,657 26,745 55,589	4,203 - 17 3,835 752 583 3,633 7,716 20,739	4,683 794 5,477	2008 \$000

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21. Inventories (Continued)

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

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

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

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

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

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

The Housing 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 Housing Authority contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

of Housing Authority land in Beeliar. The Housing 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. The Housing Authority holds an interest in a joint venture operation named Meve for the development

net proceeds after development costs, management fees and the Authority's 17.5% has been deducted development of Housing 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 The Housing Authority holds an interest in a joint venture operation named Somerley for the

Woodrise Estate

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

The Housing Authority holds an interest in a joint venture operation named Wellard for the development of Housing Authority land in Wellard. The Housing 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 Housing Authority's 10% has been deducted.

development costs, management fees and the Authority's 35% has been deducted landholdings at Banksia Grove. The Housing 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 he Housing Authority holds an interest in the Banksia Grove joint venture for the development of its

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

JOINT VENTURE OPERATIONS		Butler	Brighton Beachside Estate	Dalyellup Beach	Ellenbrook	Seacrest	Oyster Harbour	Brookdale	Beeliar	Clarkson	Woodrise Estate	Wellard	Banksia Grove	Total
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT ASSETS														
Cash and cash equivalents	20	10,377	368	4,384	1,481	814	-	-	-	-	-	-	-	17,424
Receivables	22	4,874	-	2,834	4,298	94	722	-	-	-	-	-	-	12,822
Inventories	21	8,478	44	6,564	32,150	-	6,982	-	-	-	-	-	-	54,218
Other current assets	23			-	2,872	-		-	-	-	-	-	-	2,872
		23,729	412	13,782	40,801	908	7,704	-	-	-	-	-	-	87,336
NON-CURRENT ASSETS														
Receivables		-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	31	-	-	-	64	-	-	-	-	-	-	-	-	64
Buildings	30	1,067	-	783	476	-	-	-	-	-	-	-	-	2,326
Development costs (1)	21	27,068	-	13,253	9,047	4,287	-	1,338	-	-	195	-	-	55,188
		28,135	-	1 1,030	9,587	4,287	-	1,338	-	-	195	-	-	57,578
Total assets		51,864	412	27,818	50,388	5,195	7,704	1,338	-	_	195	-	-	144,914
CURRENT LIABILITIES														
CURRENT LIABILITIES	2.5	2.010	1	1 446	2.070	111	1 260							7.010
Payables	35	2,018	I	1,446	2,979	114	1,360	-	-	-	-	_	-	7,918
Other Liabilities	27	2 400	-	1.040	- - 020	12	142	-	-	_	-	_	-	142
Provisions	37	2,499 4,517	- 1	1,049 2,495	5,029 8,008	12 126	1,502						-	8,589 16,649
NON-CURRENT LIABILITIES		4,517	I	2,495	0,000	120	1,502	-	-	-	-	_	-	10,049
Payables and Interest-bearing liabilities	25				24									24
Provisions	33	_	_	-		_	_	_	_	_	-	_	-	24
FIOVISIONS	=				24									
Total liabilities	-	4,517	1	2,495	8,032	126	1,502							16,673
NET ASSETS	-	47,347	411	25,323	42,356	5,069	6,202	1,338			 195			128,241
1421 7,00210	-	T/,J=T/	711	23,323	72,330	3,007	0,202	1,550			175			120,271
Land (1)	21_	5,830	-	82	4,872	515	6,795	-	876	-	30	8,178	13,283	40,461

^{1.} The total of development costs (\$55.188 million) and Authority land (\$40.461 million) represents the total (\$95.649 million) joint venture land.

JOINT VENTURE OPERATIONS		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
CURRENT ASSETS													
Cash and cash equivalents	20	10,591	11	2,393	440	799	423	-	-	-	-	-	14,657
Receivables	22	5,142	117	2,533	6,909	786	209	-	-	-	-	-	15,696
Inventories	21	9,338	206	20,875	28,174	-	3,880	-	-	-	-	-	62,473
Other current assets	23	-	-	-	3,292	554		-	-	-	-	-	3,846
		25,071	334	25,801	38,815	2,139	4,512	-	-	-	-	-	96,672
NON-CURRENT ASSETS													
Receivables		-	-	-	-	2		-					2
Office Equipment	31	-	-	-	72	-		-	-	-	-	-	72
Buildings	30	362	-	1,034	336	-		-	-	-	-	-	1,732
Development costs (1)	21	27,694	-	-	8,298	4,577		-	-	-	-	_	10,505
		28,056	-	1,034	8,706	4,579	-	-	-	-	-	-	42,375
Total assets		53,127	334	26,835	47,521	6,718	4,512	_	-	-	-	_	139,047
CURRENT LIABILITIES													
Payables	35	5,396	3	1,646	1,807	334	114	-	-	-	-	-	9,300
Other Liabilities		-	-	-	-	-		-	-	-	-	-	-
Provisions	37	3,935	-	2,022	5,498	101		-	-	-	-	-	11,556
		9,331	3	3,668	7,305	435	114	-	-	-	-	-	20,856
NON-CURRENT LIABILITIES													
Payables and Interest-bearing liabilities	35	-	-	-	731	-		-	-	-	-	-	731
Provisions			-	-	-	-		-	-	-	-	-	_
			-	-	731	-		-	-	-	-	-	731
Total liabilities		9,331	3	3,668	8,036	435	114	-	-	-	-	-	21,587
NET ASSETS		43,796	331	23,167	39,485	6,283	4,398	-	-	-	-	-	117,460
Land (1)	21	6,919	-	152	5,047	524	7,394	1,325	-	30	8,517	14,164	44,072

^{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

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22.

Loans and receivables	2009 \$000	2008 \$000	2009 \$000
Current			
General	17,841	12,058	17,478
Loans to homebuyers	633,746	410,454	
Joint venture receivables	12,822	15,696	12,822
Rental and Lease bonds	16,868	11,262	16,8
Rents from tenants and other rents	17,541	14,999	17,541
	698,818	464,469	64,709
Less provision for impairment	3,385	3,218	3,385
Total receivables current	695,433	461,251	61,324

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

Movement in Provisions for Impairment

Carrying amount at end of year	Amounts written off	Charge for the year	Carrying amount at start of year
3,385	(3,280)	3,447	3,218
3,218	(3,653)	4,203	2,668
3,385	(3,280)	3,447	3,218
3,218	(3,653)	4,203	2,668

An impairment loss of \$3,447,000 (2008 \$4,203,000) has been recognised by the Housing Authority.

Impairment loss Carrying amount before deducting any impairment loss Current receivables individually determined as impaired at the balance sheet date: (266)223 (223)

Joint venture receivables General receivables Total receivables non current	Capitalised management rights Less accumulated amortisation	Non current Non-current loans and advances Keystart preferential shares (a) Loans to homebuyers (b) Loans other Commercial organisations (c) Local & statutory Authority's Less provision for impairment
19,758 2,039,993	2,163 (2,163)	2,022,210 154 19 2,148 2,020,235
22 2 17,625 1,114,863	2,162 (2,140)	2,022,210 1,097,893 154 160 19 19 2,148 858 2,020,235 1,097,214
- 22 - 2 19,758 17,625 19,758 17,625 2.039,993 1,114,863 2,579,958 1,437,845	1 1	2,022,210 1,097,893 - 2,560,000 1,420,000 154 160 154 160 19 19 19 19 2,148 858 2,020,235 1,097,214 2,560,200 1,420,218
17,625 1,437,845	1 1	1,420,000 39 160 19 - 1,420,218

Provision for impairment loss As at 30 June 2009, loans to homebuyers with a nominal value of \$247,000 (2008: \$208,000) were impaired, and written off against provision for impairment. The amount of the provision was \$2,117,000 (2008: \$858,000). The individually impaired receivables are mainly due to property abandonment and voluntary property surrender.

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

Loans and receivables (continued	22.
receivables (continu	-:
es (continued	
	es (continued

	\$000	\$000
2009 2008	2008	2009

Movement in Provisions for Impairment

Carrying amount at end of year	Amounts written off	Charge for the year	Carrying amount at start of year
2,148	(192)	1,482	858 858
858	(154)	184	828
1	1	1	1
1	1	1	1

Aging analysis of receivables past due but not impaired at the balance sheet date

	More than 1 year	More than 6 months but less than 1 year	More than 3 months but less than 6 months	Not more than 3 months
30,055	7,768	5,368	3,037	13,882
28,842	6,108	3,348	4,046	15,340
22,466	7,768	5,368	2,918	6,412
16,314	6,108	3,348	2,087	4,771

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

Outstanding balance on loans for which collateral will be repossessed Balance Provision for impairment	11,597 (1,680) 9,917	4,066 (279) 3,787	1 1 1	
Interest foregone on non-accrual and restructured loans Restructured Loans	473	230	1	1
Restructured Loans Balance without provisions	4,122 2,226	2,226	1	1

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	2009	Number	2008
Phase 1	50	4,983	26	3,543
Phase 2	ı	ı		68
	50	4,983	27	3,611

Past due loans Balance without provision

1,89	
897	
1	
808,	

22. Loans and receivables (continued)

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

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

"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 wirevised terms are included in non-accrual loans when impairment provisions are required. Loans with

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

(a) Keystart Preferential Shares

The Western Australian Treasury Corporation has provided the Housing Authority with a \$3,500 million loan facility to fund Keystart Loans Ltd. The Housing Authority has purchased redeemable preference shares in Keystart Loans Ltd to the same value as the drawn down loan facility as security over the funds. The terms and conditions of the shares reflect the terms and conditions of the loan facility. Keystart Loans Ltd. meets all pincipal, interest and other costs associated with the facility. To date \$2,560 million (June 2008 \$1,420 million) of this facility has been drawn down.

(b) Loans to Homebuyers

(a) Interest Rate Risk

interest rate is illustrated in note 2 (ab) 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

(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
The fair values and carrying values of non-current receivables of the Consolidated Entity are as follows: \$'000 \$'000 \$'000 \$'000

Loan and receivables - fair value
s - fair value
2,6
,648,265
1,098,072

200

218

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

same as the Keystart borrowers. 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

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

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

Fair collateral obtained during the period in terms of the exercising of rights under the 12,071 4,066

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

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.

 \bigcirc The Housing Authority has one interest free loan with a face value of \$128,000 (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 2009 is \$85,224.78 (June 2008 \$88,557).

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		26.									25.							24.									23.	
Non - current investments Ellenbrook Management Pty Ltd Shares (b) Total non - current other financial assets	Current Deposits at call (a) Total current other financial assets	Other financial assets	These properties are the Housing Authority's New Living and Redevelopment programs properties that form part of the rental property class that are marketed and available for immediate sale in accordance with AASB 5. Assets held for sale are held at fair value less selling costs.	Closing balance Rental properties	Rental properties	lotal assets classified as held for sale Rental properties		Rental properties Less impairment	Assets reclassified as held for sale	Opening Balance Rental properties	Non-current assets classified as held for sale	Total Derivatives	Total non current derivative financial instrument assets	Non-Current assets Interest rate caps	Total current derivative financial instrument assets	Interest rate swaps	Interest rate caps	Derivative financial instruments	Total other current assets		Joint venture	Lease rentals	Prepayments Insurance premiums		Interest Keystart investments	Accrued revenue Interest on cash at bank	Other current assets	
24 24	90,233 90,233		Redevelopmen ble for immediat	1,435	44,750	46,185	41,740	43,046 1,306	; -,-; ; -,-;	4 445		3	ω	ω	1	1	ı		9,298	8,581	2,872	5,700	9	717	, ;	717	\$000	Consolidated 2009
24	76,518 76,518		t programs p e sale in acc	4,445	27,366	31,811	23,427	24,010 583) . () . ()	x x x 4		4,272	2,554	2,554	1,718	89	1,629		8,734	8,225	3,846	4,371	∞	509	(509	\$000	ted 2008
24 24	1 1		properties th ordance wit	1,435	44,750	46,185	41,740	43,046 1,306	; ; ;	4 445		1	ı	ı	1	ı	I		17,900	8,581	2,872	5,700	9	9,319	8,602	717	\$000	Parent 2009
24			at form n AASB 5.	4,445	27,366	31,811	23,427	24,010 583		8 3 8 4		1	1	ı	1	ı	1		21,396	8,225	3,846	4,371	œ	13,171	12,662	509	\$000	

26. Other financial assets (continued)

- (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 90,233 90,233 76,518 76,518

(b) Interest is held in the following company.

Name	Principal Activities	lype of shares	shares share class held		received (\$000)	received Shares at (\$000) cost (\$000)
			2009	2008		
			%	%		••
Ellenbrook Management Pty Ltd Real estate	Real estate	Ord.	47.14	47.14	<u>Z</u>	24
	development					

	Consolidated	dated	Parent	ent
	2009	2008	2009	2008
7. Rental properties	\$000	\$000	\$000	\$000
Rental properties at fair value				
Improvements	4,640,350	4,640,350 4,415,826 4,640,350		4,415,826
Land	6,140,865	6,192,583	6,140,865 6,192,583 6,140,865 6,192,583	6,192,583
	10,781,215	10,608,409	10,781,215 10,608,409 10,781,215 10,608,409	10,608,409
Less accumulated depreciation	3,513	2,777 3,513	3,513	2,777
	10,777,702	10,605,632	10,777,702 10,605,632 10,777,702 10,605,632	10,605,632
Leasehold improvements at cost	224	225	224	225
Less accumulated depreciation	147	144	147	144
	77	81	77	81
Total rental properties	10,777,779	10,605,713	10,777,779 10,605,713 10,777,779 10,605,713	10,605,713

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2009

2008

2009

2008

Parent

Consolidated

28. **Community housing properties**

Crisis accommodation properties at fair value **Improvements**

Community housing properties at fair value Land **Improvements**

Joint charity projects at fair value Land **Improvements**

Indigenous urban housing at fair value **Improvements**

Less accumulated depreciation:

Crisis accommodation

Community housing

Joint charity projects

Indigenous urban housing

Total community housing properties

29. Shared equity properties

Shared Equity Properties at fair value **Improvements**

Less Accumulated Depreciation:

Total shared equity properties

\$000	\$000	\$000	\$000
57,694	56,678	57,694	56,678
104,601	103,131	104,601	103,131
162,295	159,809	162,295	159,809
140037	120177	140027	120 177
164,040	124,542	164,040	124,542
304,877	263,719	304,877	263,719
0000	7	7	2
39,647	48,912	39,647	48,912
136,454	133,020	136,454	133,020
4,154	4,319	4,154	4,319
6,121	6,393	6,121	6,393
10,275	10,712	10,275	10,712
613,901	567,260	613,901	567,260
104	14	104	14
721	553	721	553
2,125	2,421	2,125	2,421
51	ı	51	I
3,001	2,988	3,001	2,988
610,900	564,272	610,900	564,272

ı			
1,191	502,046	323,959	178,087
574	334,830	224,546	110,284
1,191	502,046	323,959	178,087
574	334,830	224,546	110,284
	574 1,191	334,830 502,046 334, 574 1,191	224,546 323,959 224, 334,830 502,046 334, 574 1,191

30. Other properties

2009 \$000

2008 \$000

2009 \$000

2008 \$000 Consolidated

Parent

Other properties at fair value Offices

Improvements Land

Commercial

Improvements Land

Joint venture buildings

Less accumulated depreciation: Offices

Joint venture buildings

Leasehold improvements at cost Less accumulated depreciation:

GROH vacant land at fair value

Total other properties

31. Plant and equipment

Plant & equipment at cost
Air conditioning
Commercial vehicles
Computing facilities & equipment
Furniture & fittings
Office machines & equipment
Joint venture office equipment
Plant & equipment

Less accumulated depreciation:
Air conditioning
Commercial vehicles
Computing facilities & equipment

Furniture & fittings
Office machines & equipment
Joint venture office equipment
Plant & equipment

Total plant and equipment

86,793	31,251	437	240	677	55,105	405	404	_	ı	55,510	2,730	5,783	3,728	2,055	46,997	34,554	12,443
73,741	25,576	187	134	321	47,978	381	375	6	ı	48,359	2,107	6,166	4,240	1,926	40,086	31,133	8,953
86,793	31,251	437	240	677	55,105	405	404	_	ı	55,510	2,730	5,783	3,728	2,055	46,997	34,554	12,443
73,741	25,576	187	134	321	47,978	381	375	6	ı	48,359	2,107	6,166	4,240	1,926	40,086	31,133	8,953

5,243	7,704	6,109	8,594
6,867	7,894	8,224	9,790
	77	64	77
	61	53	61
	960	1,079	1,131
300	280	372	363
4	5,648	5,854	7,290
	162	179	162
	706	623	706
12,110	15,598	14,333	18,384
106	106	106	106
	125	125	125
2,014	2,854	2,225	3,105
	323	493	472
00	10,805	9,970	13,191
236	207	236	207
	1,178	1,178	1,178

32. Property, plant and equipment reconciliation 2009

CONSOLIDATED

2008

Rental Properties \$000	Community Housing Properties \$000	Shared Equity Properties \$000	Other Properties \$000	Plant & Equipment \$000	Buildings under Construction \$000	Total \$000		Rental Properties \$000	Community Housing Properties \$000	Shared Equity Properties \$000	Other Properties \$000	Plant & Equipment \$000	Buildings under Construction \$000	Total \$000
10,605,713	564,272	334,256	73,741	6,109	193,497	11,777,588	Carrying amount at start of year	8,198,307	437,159	206,702	53,082	4,309	144,998	9,044,557
129,666	44,973	110,537	12,649	4,376	285,063	587,264	Additions	144,633	46,381	92,748	7,015	3,366	200,443	494,586
157,599	28,204	80,281	1,425	-	(267,509)	-	Transfers	144,561	4,233	3,040	110	-	(151,944)	-
(94,551)	(1,692)	(12,255)	(5,118)	(325)	-	(113,941)	Disposals	(57,276)	(1,551)	(12,652)	(3,489)	(1,686)	-	(76,654)
(43,081)	-	-	-	-	-	(43,081)	Classified as held for sale	(23,975)	-	-	-	-	-	(23,975)
111.611	(18.705)	(7.680)	4.748	-	-	89.974	Revaluation	2,272,315	83,280	47,118	17,410	-	-	2,420,123
							increments (a)							
(89,178)	(6,152)	(4,284)	(652)	(1,566)		(101,832)	Depreciation	(72,852)	(5,230)	(2,700)	(387)	120	_	(81,049)
10,777,779	610,900	500,855	86,793	8,594	211,051	12,195,972	Carrying amount at	10,605,713	564,272	334,256	73,741	6,109	193,497	11,777,588
							end of year							

2009 PARENT 2008

Rental Properties \$000	Community Housing Properties \$000	Shared Equity Properties \$000	Other Properties \$000	Plant & Equipment \$000	Buildings under Construction \$000	Total \$000		Rental Properties \$000	Community Housing Properties \$000	Shared Equity Properties \$000	Other Properties \$000	Plant & Equipment \$000	Buildings under Construction \$000	Total \$000
10,605,713	564,272	334,256	73,741	5,243	193,497	11,776,722	Carrying amount at start of year	8,198,307	437,159	206,702	53,082	3,858	144,998	9,044,106
129,666	44,973	110,537	12,649	3,813	285,063	586,701	Additions	144,633	46,381	92,748	7,015	2,545	200,443	493,765
157,599	28,204	80,281	1,425	-	(267,509)	-	Transfers	144,561	4,233	3,040	110	-	(151,944)	-
(94,551)	(1,692)	(12,255)	(5,118)	(325)	-	(113,941)	Disposals	(57,276)	(1,551)	(12,652)	(3,489)	(1,686)	-	(76,654)
(43,081)	-	-	-	-	-	(43,081)	Classified as held for sale	(23,975)	-	-	-	-	-	(23,975)
111,611	(18,705)	(7,680)	4,748	-	-	89,974	Revaluation increments (a)	2,272,315	83,280	47,118	17,410	-	-	2,420,123
(89,178)	(6,152)	(4,284)	(652)	(1,027)	-	(101,293)	Depreciation	(72,852)	(5,230)	(2,700)	(387)	526	-	(80,643)
10,777,779	610,900	500,855	86,793	7,704	211,051	12,195,082	Carrying amount at end of year	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.

⁽a) Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at balance sheet date.

2009

2008

2009

2008

Consolidated

<u>3</u>

Intangible assets		\$000	\$000 \$000	
Computing software at cost	9,504		8,968	8,968 5,221
Less accumulated amortisation	8,005		7,261	7,261 4,050
	1,499		1,707	1,707 1,171 1,432
Computing development at cost	11,127		10,793	11,127
Less accumulated amortisation	9,912		9,722	9,722 9,912
	1,215		1,071	1,071 1,215
Total intangible assets	2,714		2,778	2,778 2,386 2,503
Intangible assets reconciliation				
Carrying amount at start of year	2,778		2,708	2,708 2,503
	869		1,146	1,146 610
	1		147	147 -
Amortisation expense	(933)		(929)	(929) (727)
Carrying amount at end of year	2,714		2,778	2,778 2,386

34. Other non-current assets

Total other non-current assets	Less accumulated amortisation	Loan broker fees	Other assets at cost
1	ı	ı	
4,862	12,917	17,779	
ı		ı	

35. **Payables**

Total current payables	Trade creditors	Rental tenants bonds	Rental properties water consumption	Joint venture creditors	Contractors retention monies	Current
49,451	19,652	12,811	1,535	7,918	7,535	
49,451 54,118	23,421	12,088	1,704	9,300	7,605	
49,451 54,119	19,652	12,811	1,535		7,535	
54,119	23,422	12,088	1,704	9,300	7,605	

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

394,125	345,609 394,125	Amounts carried forward to following financial year.
90,215	216,756	Construction paid
791,962	510,383	Cost of services.
477,500	678,623	Payments made by the Commonwealth for IOT services.
798,802	394,125	Amounts carried forward from previous financial year.
\$	\$	
2008	2009	

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

Total non-current payables Joint venture creditors Non - current

24	24
731	731
24	24
731	731

36. Borrowings

_	١	
ξ		
5		
₹		
•		

Borrowings

State nominated funds
WA Treasury Corporation

Commonwealth advances

Total current borrowings

Non - current

Borrowings

State nominated funds

WA Treasury Corporation

Commonwealth advances

Total non-current borrowings

Total borrowings

2009	2008	2009	2008
\$000	\$000	\$000	\$000
4,392	4,203	4,392	4,203
32,343	39,471	32,343	39,471
9,004	8,996	9,004	8,996
45,739	52,670	45,739	52,670

3,801,197 3,755,458 3,275,845 212,945 266,668 2,455,748 2,403,078 1,910,070 271,060 221,948 3,801,197 3,755,458 3,275,845 266,668 212,945 2,455,748 2,403,078 1,910,070 271,060

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 5.54% which is the Commonwealth bond rate. (June 2008, 6.44%)

Consolidated

\$000	2009	amount
\$000	2008	ying nt
\$000	2009	Aggregate N Value
\$000	2008	Aggregate Net Fair Value

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Borrowings - State nominated

Borrowings - WATC

Borrowings - Commonwealth advances

2,360,663	3,739,145	2,455,748	3,801,197
195,150	202,617	230,944	221,949
1,944,714	3,295,892	1,949,541	3,308,188
220,/99	240,636	2/5,263	2/1,060

Parent

\$000	\$000	\$000	\$000
2008	2009	2008	2009
Aggregate Net Fair Value	Aggregate N Value	rrying unt	Total carrying amount

Borrowings - State nominated Borrowings - WATC

Borrowings - Commonwealth advances

3,308,188 3,801,197 221,949 271,060 1,949,541 2,455,748 275,263 230,944 3,295,892 3,739,145 240,636 202,617 2,360,663 1,944,714 220,799 195,150

																				37.
Total non-current provisions	Joint venture provisions	Development levies (note 2s(ii))	Employment on-costs	Other		Superannuation	Long service leave	Employee benefits	Non - Current	Total current provisions	Joint venture provisions	Employee benefits on-costs	Other		Annual leave	Long service leave	Employee benefits	Current		Provisions
35,629		2,866	224		32,539	28,466	4,073			21,004	8,589	647		11,768	5,604	6,164		\$000	2009	Consolidated
34,096		1,199	188		32,709	29,287	3,422			21,669	11,556	527		9,586	4,756	4,830		\$000	2008	dated
35,629		2,866	224		32,539	28,466	4,073			21,004	8,589	647		11,768	5,604	6,164		\$000	2009	Parent
34,096		1,199	188		32,709	29,287	3,422	• •	••	21,669	11,556	527	•	9,586	4,756	4,830		\$000	2008	nt

Long service leave liabilities have been established by actuarial assessment dated 16 July 2009. 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 4.56%.

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(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 5,604 4,756 5,604 4,756

0 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:

More than 12 months after balance sheet date Within 12 months of balance sheet date 10,237 4,073 6,164 8,252 3,422 4,830 10,237 6,164 4,073 8,252 4,830 3,422

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'.

Consolidated

Parent

\$000

\$000 2008

\$000 2009

\$000

2008

871

871 715

715 752

2009

37. **Provisions (continued)**

Carrying amount at end of year	Payments	Additional provisions recognised	Carrying amount at start of year	Employment on-costs	Movement in Provisions

(4,002)

(3,354)

(4,002)

(3,354)

871

715

871

715

4,158

3,317

4,158

3,317

752

Development levies

Jnused provision derecognisec	Additional provisions recognise	Carrying amount at start of year
	Unused provision derecognised	Additional provisions recognised Unused provision derecognised

(1,594)

(1,199)

(1,594)

(1,199)

(610)

(610)

2,866

1,199

2,866

1,199

3,261

3,261

1,199 2,866

3,008

3,008

1,199

2,866 1,199

1,199

Joint venture provisions

Carrying amount at end of year	Payments	Additional provisions recognised	Carrying amount at start of year
--------------------------------	----------	----------------------------------	----------------------------------

(11,456)

(13,664)11,137

(11,456)

(13,664)11,137

8,589

11,556

8,589

11,556

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11,556

14,083 11,556

11,556

14,083

8,589

11,556

8,489

8,589

8,489

Defined benefit superannuation plans

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

are as follows:	The amounts recognised in the income statemen
	ome statement

ent	Pension Scheme	cheme	Pre-transfer benefit - Gold State Superannuatior Scheme	nsfer fit - itate nuation me
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
	1,229	1,086	463	1,076
	1,593	(1,887)	(229)	(59)
_	2,822	(801)	234	1,017

The amounts recognised in the balance sheet are as follows:

Net actuarial losses/(gains) recognised

Interest cost

Total included in Employee benefits expense

21,402	21,402	
21,010	21,010	
7,064	7,064	
8,277	8,277	

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

·	Pension Scheme	cheme	Pre-transfer benefit	r benefit
			Gold State Superannuation Scheme	tate luation ne
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Liability at the start of the year	21,010	24,216	8,277	8,294
Current service cost	1	1	1	1
Interest cost (unwinding of the discount)	1,229	1,086	463	1,076
Net actuarial losses/(gains) recognised	1,593	(1,887)	(229)	(59)
Benefits paid	(2,430)	(2,405)	(1,447)	(1,034)
Liability at the end of the year	21,402	21,010	7,064	8,277
ion of the fair value of plan assets is as follows:				
Fair value of plan assets at the start of the year	1	1	1	ı
Employer contributions	2,430	2,405	1,447	1,034
Benefits paid	(2,430)	(2,405)	(1,447)	(1,034)
Fair value of plan assets at the end of the year	ı	1	1	,

Reconciliation of the fair value

Fair value of plan assets at the end of the year	Benefits paid	Employer contributions	Fair value of plan assets at the start of the year
1	(2,430)	2,430	ı
1	(2,405)	2,405	1
ı	(1,447)	1,447	ı
	(1,034)	1,034	

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

					Historic summary				
Experience adjustments arising on plan liabilities: Pension scheme Pre-transfer benefit - Gold State superannuation Scheme	Deficit	Pre-transfer benefit - Gold State superannuation Scheme: Present value of unfunded obligation Fair value of plan assets	Fair value of plan assets Deficit	Pension scheme: Present value of unfunded obligation	mary	Future pension increases	Future salary increases	Discount rate	
3,153 161	7,064	7,064	21,402	21,402		4.50%	4.50%	5.34%	2009
355 430	8,277	8,277	21,010	21,010		2.50%	4.50%	6.64%	2008
563 94	8,294	8,294	24,216	24,216		2.50%	4.50%	6.06%	2007
1,303 (254)	8,655	8,655	23,285	23,285		2.50%	4.50%	5.81%	2006

37. Provisions (Continued)

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: salary growth and average market value of the schemes' assets when advising the Government on employer 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.

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 \$2,551,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2010.

Gold State Superannuation Scheme

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

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. The employer contribution rate for 2008/09 for contributory members was 12% (2007/08: 12%) of a member's

becomes payable on the payment of the benefit to the member. 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 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 In respect of those members who transferred their membership from the Pension Scheme, the employer

year ending 30 June 2010. Employer contributions of \$663,000 are expected to be paid to the Gold State Superannuation Scheme for the

38. Other liabilities

0 7 1
9,511 9,236

39. Contributed equity

Total current other liabilities

Joint venture liabilities Unearned income **Administrat**

Accrued exp

Current

Closing balance	Other contributions by owner	Capital contributions	Opening balance

Consolidated		Parent	
2009 2008		2009	2008
\$000 \$000	Ī	\$000	\$000
9,511 9,236		6,143	4,181
9,511 9,236		6,143	4,181
142	1	142	ı
7,818 7,312		7,818	7,312
17,471 16,548		14,103	11,493
<u> </u>		<u> </u>	220 001
_		160,860	108875
- 2,775		ı	2,775
612,361 451,501		2,361	451,501
	JOI ;		,501 612,361

Consolidated 2009 2008 \$000 \$000

Parent 2009 \$000

2008 \$000

41.				40.
Retained earnings Opening balance Transfer from asset revaluation reserve upon disposal Transfer from interest assistance lowstart reserve Net profit for the year Total retained earnings	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 Transfer from income statement Closing balance Total Reserves Total Reserves The reserve was established to fund the forgone interest portion of reconstructed Keystart Lowstart home 4,383 2,303 - (4,383 2,303 - (4,389) 2,080 - (4,389) 2,080 - (6) 4,383 - (6) 4,383 2,8448,832 8,458,33	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 Transfer to retained profits Closing balance Reserve 847 899 - (38) (52) - 809 847 -	Revaluations recognised during the year were in respect of: Rental properties - current Community housing properties - current Shared equity properties - current Other properties - current Land transferred to rental properties Transferred to retained earnings Revaluation amount of rental properties - sold Revaluation amount of properties held for sale - sold Revaluation amount of other properties - sold Revaluation amount of shared equity properties - sold Revaluation amount of shared equity properties - sold	Reserves (i) Asset Revaluation Reserve Balance brought forward from prior year Transferred to retained earnings Revaluations during the year Closing balance
2,624,279 2,624,279 137,579 38 109,486 2,871,382	tion of recor 4,383 (4,389) (6) 8,449,635	nd decremer 847 (38) 809	111,574 (19,318) (7,680) 5,360 38,143 128,079 (64,421) (63,450) - (597) (839) (839) (8,272)	\$000 8,458,332 (137,579) 128,079 8,448,832
2,449,529 2,449,529 85,798 52 88,900 2,624,279	2,303 2,080 4,383 8,463,562	1ts on the rev 899 (52) 847	2,272,316 83,280 47,118 17,410 35,476 2,455,600 (42,203) (35,251) - (302) - (8,042) (85,798)	\$000 6,088,530 (85,798) 2,455,600 8,458,332
2,460,512 2,460,512 137,579 - 82,350 2,680,441	ystart Lowst	valuation of	111,574 (19,318) (7,680) 5,360 38,143 128,079 (64,421) (63,450) (63,450) (839) (839) (8,272)	\$000 8,458,332 (137,579) 128,079 8,448,832
2,285,762 2,285,762 85,798 - 88,952 2,460,512	art home	non-	2,272,316 83,280 47,118 17,410 35,476 2,455,600 (42,203) (35,251) - (302) - (8,042) (85,798)	\$000 6,088,530 (85,798) 2,455,600 8,458,332

Reconciliation of cash flows from operations with	2009	2008	2009	2008
profit for the period	\$000	\$000	\$000	\$000
Net Profit	109,486	88,900	82,350	88,952
Non - cash items:				
Depreciation & amortisation expense	105,965	87,102	102,614	83,725
Doubtful debts expense	3,447	4,173	3,447	4,203
(Profit)/loss on disposal of non-current assets	22,518	2,287	21,035	2,134
Cash items:				
Grants & subsidies and from government	(208,592)	(83,344)	(208,592)	(83,344)
(Increase)/decrease in assets:				
Receivables	(342)	(19,474)	10,024	(19,520)
Inventories	(62,219)	(79,134)	(62,219)	(79,134)
Other assets	1,878	(18,232)	1,878	(748)
Increase/(decrease) in liabilities:				
Provisions	(3,578)	(8,473)	(3,578)	(8,473)
Premiums on financial instruments	4,270	2,110	1	1
Payables	3,637	12,110	7,124	10,603
Net GST payments	(17,665)	(17,376)	(17,665)	(17,376)
Net cash flows (used in) provided by operating activities	(41,195)	(29,351)	(63,582)	(18,978)

43. Purchase of non-current physical assets

Total purchase of non-current physical assets	Properties	Office machines & equipment	Computing facilities & equipment	Buildings under construction
476,365 415,811 475,544 414,936	185,739	336	4,229	286,061
415,811	185,739 210,621 185,739	302	4,176	200,712
475,544	185,739	331	3,413	286,061
414,936	210,621	302	3,301	200,712

4 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:

	Joint venture cash	Rental tenants bonds	Deposits at call	Cash at bank - superannuation	Cash at bank - operational
265,290	17,424	12,811	90,233 76,518	20,700	124,122
144,051	14,657	12,088	76,518	20,700	20,088
265,290 144,051 156,941 55,577	17,424	12,811 12,088 12,811 12,088	ı	20,700	106,006
55,577	14,657	12,088	1	20,700	8,132

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Remuneration of accountable authority and senior officers

45.

Remuneration of Members of the Accountable Authority

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

\$000	\$000
2008	2009
nt	Parent

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

	2009	2008
\$120000 - \$130,000		1
\$150,001 - \$160,000	1	
\$210,001 - \$220,000		1
\$280,001 - \$290,000	1	
	2	2

The superannuation included here represents the superannuation expense incurred by the Housing 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

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

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superannuation, non-monetary benefits and other benefits received or due and receivable for the financial year falls within the following bands:

6	7		
ı		\$180,000	\$170,001 -
_	_	\$160,000	\$150,001 -
_	2	\$150,000	\$140,001 -
2	_	\$140,000	\$130,001 -
1	_	\$120,000	\$110,001 -
_	1	\$110,000	\$100,001 -
_	1	\$50,000	\$40,001 -
1		\$30,000	\$20,001 -
2008	2009		

The superannuation included here represents the superannuation expense incurred by the Housing 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:

Fees for the Auditor General for auditing the Financial Statements and Performance Indicators

Fees for the Auditor General for Commonwealth reporting

280	263	368	356
7	7	7	7
273	256	361	349

47. Commitments for expenditure

At June 30 2009 the expenditure commitments are as follows:

(a) Capital expenditure commitments

Within 1 year

Later than 1 year & not later than 5 years

The capital commitments include amounts for the following:

Dwelling construction & upgrades

Land development and redevelopment

Crisis accommodation program

Joint venture land development

New living

Local government & community housing programs

(b) Other expenditure commitments

Within 1 year

The other expenditure commitments include amounts for

the following:

Loans to Home Buyers

	1	123,476	248,789
		172/76	240 700
1		123,476	248,789
1		123,476	248,789
173,653	173	218,073	173,653
32,410	32	10,423	32,410
1,567		11,406	1,567
16,895	16	37,100	16,895
579		2,904	579
2,643	2	7,414	2,643
119,559	119	148,826	119,559
173,653	17:	218,073	173,653
2,442	N)	1,978	2,442
171,211	171	216,095	171,211

Expenditure commitments have increased by \$80.89m, from the previous year. The increase in commitments predominately relates to increased loan approvals for Keystart loan scheme.

result of additional funding from the Commonwealth Stimulus package, there will be an expected increase in the housing construction commencements for 2009/10. GROH capital commitments and remote housing market which has notably reduced the construction expenditure and programme numbers. As a has been a significant decrease in land and property sales in 2008/09 as a result of the decline in the WA Dwelling construction and upgrades capital commitments has decreased from the previous year. The Housing Authority relies on land revenue streams to fund a majority of its construction program. There communities have increased due to additional funding.

Committed carry over for Land Development, has declined from the previous year due to the current market conditions and project delays deferring commencement to 2009/10. New Living Development commitments have also decreased, projects have been deferred in South Hedland, Kununurra and New

The decrease in Joint Venture development expenditure commitment is a result of reduction in buyer activity during the course of the year, which has resulted in projects being deferred until market conditions improve. Projects are still progressing in Dalyellup, Butler, Ellenbrook and Oyster Harbour.

Committed carry over for Community Housing has increased as a result of the commencement of a large number of projects under the Strategic Community Housing Investment Program (SCHIP). The Community Housing sector in partnership with the Department of Housing will play an increasing role in the delivery of growth in social housing provided.

The increase in capital commitments for Loans to Homebuyers is due to a higher demand from home buyers of Keystart for loans for established properties and constructed since June 2008. The FirstStart loan scheme is making it affordable for moderate income families seeking home ownership.

(c) Lease commitments

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

Consolidated

Parent

2009 \$000

2008 \$000

2009 \$000

2008 \$000

ental property leases:				
ease commitments on non cancellable operating leases are:				
/ithin 1 year	39,663	43,063	39,663	43,063
ater than 1 year & not later than 5 years	56,067	69,679	56,067	69,679
ater than 5 years	4,579	8,648	4,579	8,648
	100,309	121,390	100,309 121,390 100,309 121,390	121,390
lotor vehicle leases:				
ease commitments on non cancellable operating leases are:				
/ithin 1 year	1,009	872	1,009	872
ater than 1 year & not later than 5 years	382	247	382	247
	1 001	1 1 1 0	1 201	1201 1110 1201 1110

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La Mi

\$000	\$000	\$000	\$000
2008	2009	2008	2009
Parent		Consolidated	Con

47. Commitments for expenditure (continued)

Office property leases:

Lease commitments on non cancellable operating leases are:

Later than	WICHIEL YE
1 vear &	d
& not later	
ater th	
than 5	
vears	

Later than 5 years	Later than I year & not later than 5 years

2,697	35	1,134	1,528
97 1,706			
	47	928 6	731 7
1,425 1,6	35	617 9	773 7
1,693	47	928	718

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 Housing Authority reported one suspected contaminated site to DEC. This site has yet to be classified. The Housing 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 from the Contaminated Sites Management Account to undertake further investigative work or to meet relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the Housing Authority may apply for funding remediation costs that may be required

Litigation in progress

defended The Housing Authority has been joined in legal actions involving asbestos related illness. The estimated value of these claims against the Housing Authority is \$300,000, liability is being denied and any legal claim will be

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

The Housing Authority, for the year ended 30 June 2009, incurred Cashiers Shortages totalling \$245.80 (June 2008 \$1491) all of which have been funded by the Housing Authority. Reportable thefts in 2008/2009 was \$60,006 (June 2008 \$8,559), of which \$250 has been recovered. Bad Debts written off by the Accountable Authority in the year ended 30 June 2009 totalled \$3,279,001 (June 2008 \$3,652,969).

Bad Debts recovered totalled \$365,679 (June 2008 \$349,052.)

50. Gifts of public property

In the year ended 30 June 2009 the Housing Authority made a cash donation of \$5,000 and donated Lot 899 Westfield Rd Seville Grove valued at \$175,000 to Habitat for Humanity for a nominal fee of \$1.

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:

2,168,096	2,486,242	2,488,068	2,486,242	Total financial liabilities
1,704	1,535	1,704	1,535	- rental property water consumption
12,103	12,811	12,103	12,811	- rental deposits and tenant bonds
41,043	38,677	41,042	38,677	- general
				Payables
239,825	230,944	230,944	230,944	- Commonwealth advances
1,594,136	1,927,012	1,927,012	1,927,012	- WATC
279,285	275,263	275,263	275,263	- State nominated
				Borrowings
				(ii) Financial Liabilities
1,550,115	2,798,233	1,730,803	3,000,756	Total financial assets
ı	ı	4,272	ω	Interest rate caps
19	19	19	19	- loans to local and statutory parties
160	154	160	154	- loans to commercial organisations
39	27	1,507,489	2,653,835	- loans to homebuyers
10,672	16,278	10,672	16,278	- rental and lease bonds
12,432	14,806	12,432	14,806	- rent from tenants and other
45,610	43,106	45,610	43,106	- land debtors
5,594	6,892	6,086	7,255	- general
1,420,000	2,560,000	1	1	- preferential shares
				Receivables
1	ı	76,518	90,233	Short term deposits
55,589	156,951	67,545	175,067	Cash and cash equivalents
				(i) Financial Assets
\$000	\$000	\$000	\$000	
2008	2009	2008	2009	
Parent		Consolidated	Cor	

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	rate risk	
		-1%		+1%	%
	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
(i) Financial Assets					
Cash and cash equivalents	175,067	(1,750)	(1,750)	1,750	1,750
Short term deposits	90,233	(902)	(902)	902	902
(refer to note 2 (ab))	۷,000,700	(20,00)	(20,007)	20,00	20,00
Interest rate caps (notional principal amount)	324	(3,240)	(3,240)	3,240	3,240
(ii) Financial Liabilities					
Borrowings - State nominated *	271,060	1	ı	1	ı
- WATC floating	1,235,000	12,350	12,350	(12,350)	(12,350)
- Commonwealth advances *	221,949	1 1	1 1	1 1	
Total Increase/(Decrease)	3,780,964	(20,101)	(20,101)	20,141	20,141
			Interest rate risk	rate risk	
		-1%	6	+1%	%
2008	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
(i) Financial Assets					
Cash and cash equivalents	67,545	(675)	(675)	675	675
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) Interest rate swaps (notional principal amount)	490,000 50,000	(4,900) (500)	(4,900) (500)	4,900 500	4,900 500
(ii) Financial Liabilities					
Borrowings					
- State nominated *	2/5,263	1	ı	1	ı
- WATC floating	1,295,000	12,950	12,950	(12,950)	(12,950)
- WATC fixed *	632,012	1	1	ı	,
- Commonwealth advances *	230,944				-
Total Increase/(Decrease)	2,433,219	4,602	4,602	(4,602)	(4,602)

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

		-1%	8	+1%	%
2009	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
(i) Financial Assets					
Cash and cash equivalents	156,951	(1,569)	(1,569)	1,569	1,569
preferential shares	2,560,000	(25,600)	(25,600)	25,600	25,600
(ii) Financial Liabilities					
Borrowings					
- State nominated *	271,060	ı	ı	1	ı
- WATC floating	1,235,000	12,350	12,350	(12,350)	(12,350)
- WATC fixed *	2,052,955	1	ı	1	1
- Commonwealth advances *	221,949	1	1	1	1
Total Increase/(Decrease)	3,780,964	(14,819)	(14,819)	14,819	14,819
			Interest rate risk	rate risk	
		-1%	6	+1%	%
	Carrying amount	Profit \$000	Equity \$000	Profit \$000	Equity \$000
2008	1000				
(i) Financial Assets	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			1 1 1	1 1
preferential shares	1.420.000	(14.200)	(14.200)	14.200	14.200
Borrowings					
- State nominated *	275,263	1	1	ı	ı
- WATC floating	1,295,000	12,950	12,950	(12,950)	(12,950)
- WATC fixed *	632,012	1	1	1	1
- Commonwealth advances *	230,944	1	1	1	1
Total Increase/(Decrease)	2 433 219	(1 805)	(1 205)	1 205	1 205

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			Co	ontractua	l Maturity	/ Dates		
	Within 1 year	1 - 2 years	2-3 years	3 - 4 years	4 - 5 years	More than 5 years	Adjustment for discounting	Total carrying amount
2009	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(ii) Financial Liabilities								
Borrowings								
- State nominated	16,590	16,590	16,590	16,590	16,590	418,585	230,475	271,060
- WATC	2,454,758	529,117	173,796	475,727	179,523	4,220,662	4,745,628	3,287,955
- Commonwealth advances	18,854	18,587	18,312	18,030	17,752	251,081	120,667	221,949
Payables								
- general *	38,677	-	-	-	-	-		38,677
- rental deposits and tenant bonds **	12,811	-	-	-	-	-		12,811
- rental property water consumption	1,535	-	-	-	_	-		1,535
Total financial liabilities	2,543,225	564,294	208,698	510,347	213,865	4,890,328	5,096,770	3,833,987
2008								
(ii) Financial Liabilities								
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
Total financial liabilities	1,045,189	568,340	374,325	125,990	316,524	1,527,435	1,469,735	2,488,068

^{*} Payables general includes an amount of \$13.169 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.

51 Financial instrument disclosures (continued)

Liquidity risk analysis **Contractual Maturity Dates PARENT** Within 1 - 2 2 - 3 3 - 4 4 - 5 More **Adjustment** Total for carrying 1 year **years years years years** than 5 discounting amount years 2009 \$000 \$000 \$000 \$000 \$000 \$000 \$000 \$000 (ii) Financial Liabilities Borrowings - State nominated 16.590 16,590 16,590 16,590 16,590 418,585 230,475 271,060 - WATC 4,745,628 3,287,955 2,454,758 529,117 173,796 475,727 179,523 4,220,662 - Commonwealth advances 18,587 18,312 18,030 17,752 18,854 251,081 120,667 221,949 **Payables** - general * 38,677 38,677 - rental deposits and tenant bonds ** 12,811 12,811 - rental property water consumption 1,535 1,535 2,543,225 564,294 208,698 510,347 213,865 4,890,328 5,096,770 3,833,987 Total financial liabilities 2008 (ii) Financial Liabilities Borrowings 16,590 16,590 - State nominated 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 18,854 18,587 18,312 18,030 268,836 19,231 130,906 230,944 **Payables** - general * 41,043 41,043 - rental deposits and tenant bonds ** 12,103 12,103 - rental property water consumption 1.704 1.704 1,045,189 568,340 374,325 125,990 316,524 1,527,435 1,469,735 2,488,068 Total financial liabilities

^{*} Payables general includes an amount of \$13.169 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 2008/2009 AND ACTUAL OPERATING RESULTS FOR 2008/2009

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.

* Cost of Sales 180,172 99,119 (81,053) Cost of sales under budget position of \$81.05 million is linked to land sales, which has decreased as a result of buyer uncertainty to enter the real estate market during the year. Also selling expenses were
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Actual Variation

EXPLANATORY STATEMENT OF FINANCIAL RESULTS

52(a). COMPARISONS OF ESTIMATES 2008/2009 AND ACTUAL OPERATING RESULTS FOR 2008/2009 (continued)

*	*		*
Supplies and Services The parameter of \$3.17 million is mainly due to increased expenditure.	Accommodation Expenses Accommodation expenses exceeded budget during the year due to increased costs in leasing and the maintenance of Housing Authority offices. Inter entity expenditure charges to Building Management Works were also higher	Community support remains significantly under the original budget, comprising of \$71.84 million for Community Housing and \$52.68 million for Remote Indigenous Housing. The intended transfer of public housing assets to be assigned to the community housing providers, is now to be completed in 2009/10 for Community Housing. Expenditure in the Remote Indigenous programs was underspent due to a range of factors from native title disputes, delays caused by weather and negotiations with the Federal government.	Community Support
20,614	4,863		202,281
23,788	5,371		72,354
3,174	508		72,354 (129,927)

*	*
Depreciation and Amortisation Expense Depreciation and amortisation actual expenses increased by \$18.56 million due to rise in property values over the period determined by the Valuer Generals Office.	Supplies and Services The variance of \$3.17 million is mainly due to increased expenditure for staff expenses relating to GROH housing expenses for government officers housed in regional areas. Contributing also, higher costs incurred for contract employees and unbudgeted expense for computing expenses for assets under \$5,000.
66,060	20,614
83,726	23,788
17,666	3,174

	*
Other expenses comprises of a combination of budgets that are over the original budget. Significant items include, increases in land holding expenses (\$2.59 million) relating to higher charges incurred for local authority rates on vacant land. Other professional services is over expensed by (\$6.77 million) due to additional costs for ICT outsourcing of Information Services and increase in Aboriginal Housing consultant expenditure. Offsetting these items, settlement expenditure is \$0.86 million under budget.	Other expenses
	18,161
	28,879
	10,71

EXPLANATORY STATEMENT OF FINANCIAL RESULTS

52(a). COMPARISONS OF ESTIMATES 2008/2009 AND ACTUAL OPERATING RESULTS FOR 2008/2009 (continued)

* The over budget position of \$75.28 million is predominately due to an additional \$60 million of borrowings for strategic land purchase for future land development. This was approved subsequent to the formulation of the original budget.	Grants and subsidies from State Government have varied by the following:	The Housing Authority is currently evaluating existing service delivery methods and will be reviewing the budget requirement in 2009/10.	*)	
	113,308	225	\$000	
	208,592	ı	\$000	
	95,284	(225)	\$000	
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EXPLANATORY STATEMENT OF FINANCIAL RESULTS

52(b). COMPARISONS OF ACTUAL OPERATING RESULTS FOR 2008/2009 WITH THOSE OF THE PRECEDING YEAR

Details and reasons for significant variations between actual operating results for 2008/2009 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.

* Community support expenses has decreased by \$23.226 million as a result of underspending, principally due to Native Title tenure restrictions on constructing houses in remote communities, large project spillage due to weather, inclusive of late invoices from contractors. Program funds have been reallocated to areas other than maintenance and village construction expenditure during the 2008/09 financial year.	 New Living expenses has increased by \$6.650 due to an increase in improvements to properties. 	* Rental expenses have increased by \$53.594 million predominately due to an increase in maintenance expenses on public housing of \$19.813 million to preserve assets of the Housing Authority which includes expenditure of the Commonwealth Stimulus Package. An increase in minor improvements of \$7.892 million. Local authority rates and Water Corporation rates led to an increase of \$4.720 million in rates expense. GROH lease costs increased by \$18.673 million due to a tightening of the rental market and an increase in the number of properties.	* Costs of sales has decreased by \$16.509 million due to a reduction in the sales revenue due to a dramatic fall in the demand for land due to the current economic climate.	Expenses have varied by the following:	* Other revenues have decreased by \$41.631 million due mainly to property assets of \$10.550 million being received free of charge last financial year. Refund of GST for prior years, land sales of \$9.717 million received last financial year and Keystart did not distribute a dividend this year. Last year we received \$20.084 million from Keystart.	 Developers contributions have decreased by \$1.022 million due to reduction of contributions from community groups. 	* Commonwealth grants and contributions increased by \$44.536 million predominately due to increased funding of \$8.497 million for the Commonwealth Stimulus package, \$26.317 million for the Commonwealth refurbishment package and increase of funds of \$20.144 million for public housing and a decrease in funds for indigenous programs.	* Rental revenue increased by \$43.930 million predominately 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 a full years impact of the increase.	* Sales revenue has decreased by \$88.097 million due to a dramatic fall in the demand for land due to the current economic climate.	Revenues have varied by the following:	an the actual amount for the preceding year.
72,354	46,125	268,667	99,119		11,291	1,768	198,053	301,576	154,970	4000	Actual 2009
95,580	39,475	215,073	115,628		52,922	2,790	153,517	257,646	243,067	4000	Actual 2008
(23,226)	6,650	53,594	(16,509)		(41,631)	(1,022)	44,536	43,930	(88,097)	4000	Variation \$000

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52(b). COMPARISONS OF ACTUAL OPERATING RESULTS FOR 2008/2009 WITH THOSE OF THE PRECEDING YEAR (continued)

	* Othe incre Hous	* Loss due of re costs	* Finar borr	* Depr	* Emp This Auth with salar supe for a			
State grants have increased due to increased funding for Community Housing of \$58.000 million to enable the sector to increase its housing capacity. An increase in remote indigenous communities funding for the delivery of essential services of \$24.437 million and an increase in public housing of \$42.811 million predominately for stock	 Other expenses have increased by \$8.140 predominately due to an increase in computing costs to KAZ group for the outsourcing of the Housing Authority's computing services Grants and subsidies from State Government have varied by the following: 	Loss on disposal of non-current assets increased by \$18.883 million due to a buyer's market causing the sale prices to reduce on the sale of rental and shared equity properties and an increase in the selling costs and an increase in demolition property values and numbers.	Finance costs have increased by \$5.071 million due to an increase in borrowings for home loans and the first start shared equity scheme.	Depreciation and amortisation expenses increased by \$18.888 million predominately due to the fair value of properties.	Employee benefits expense has increased by \$18.910 million. This is the first full year effect of the restructuring of the Housing Authority and the filling of positions during 2007/2008, combined with the salary increase across the public sector has increased the salaries by \$13.020 million. There was an increase in the amount of superannuation paid of \$5.391 million and an increase of \$3.5 million for annual leave. All these increases were factored into the budget.			
208,592	28,879	21,023	153,320	102,614	67,439	\$000	2009	Actual
83,344	20,739	2,140	148,249	83,726	48,529	\$000	2008	Actual
125,248	8,140	18,883	5,071	18,888	18,910	\$000		Variation

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Housing Authority Annual Report 2008-09

Audit and Risk Management

Audit Committee

The audit committee was reconstituted in February 2009 and is now a three-member advisory committee comprising of members of the corporate executive. The committee 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 three times during the year.

Internal Audit Function

In accordance with the requirements of the *Financial Management Act 2006*, the Management Review and Audit Branch operates as an independent appraisal unit within the Authority.

In addition to internal audit services, the branch also has scope for management review processes as permitted under the Act. This has broadened the focus of internal audit to include strategic and operational risks as well as business improvement.

Comprehensive audit plans that address key business risk areas are developed annually helping the Housing Authority implement its strategies.

Delegation of Authority

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

Section 13 of the Act, however, allows the Accountable Authority to delegate any of its 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 Government Regional Officers' Housing.

A delegation framework and a comprehensive register have been developed to record formal delegations that empower officers with the appropriate authority to approve and negotiate matters on behalf of the Housing Authority.

Risk Management Function

The Housing Authority continues to apply risk assessment to a broad range of activities including specific initiatives, innovations and project plans so that appropriate risk management strategies can be developed.

Other Developments

- Regional managers are prioritising environmental risks likely to impact on business plans and then developing appropriate mechanisms to manage them;
- in late 2008 the Authority developed an Emergency Management Plan outlining guidelines, framework and operating procedures to deal with a wide range of hazards including cyclones, floods, bushfires and earthquakes and to protect its employees, clients and assets. An Emergency Management Committee has been established to support the Authority's emergency management arrangements; and
- the Housing Authority is developing a business continuity plan to enable it to deliver its critical business services during a crisis. The plan will prepare the Authority to respond to any event that may result in injury, property damage, business interruption, poor performance, financial loss and/or impact on its image and reputation.

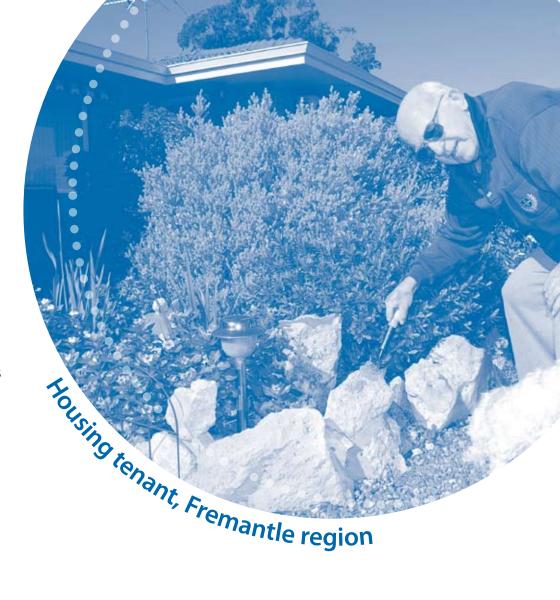
Other Financial Disclosures

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 Landgate. 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 were in occupation before 12 July 1997, pay 23 per cent of their assessable household income in rent, and 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 not assessed for rent.



Public Housing Rental Statistics

Rental Waiting List by Customer Type	2008-09	2007-08	2006-07 2005-06	2005-06	2004-05
Family	11,437	9,209	8,639	7,750	7,495
Senior Single	2,887	2,446	1,946	1,928	1,771
Senior Couple	878	896	793	372	306
Singles	6,526	4,381	4,060	3,730	3,553
TOTAL	21,728	16,932	15,438	13,780	13,125

Rental Waiting List by Bedroom Entitlement	2008-09	2007-08	2006-07	2005-06	2004-05
2 Bedroom family	5,577	4,464	4,278	3,907	3,904
3 Bedroom family	4,201	3,426	3,165	2,805	2,770
4 Bedroom family	1,283	1,021	939	818	691
5+ Bedroom family	376	298	257	220	130
Senior Single	2,887	2,446	1,946	1,928	1,771
Senior Couple	878	896	793	372	306
Singles	6,526	4,381	4,060	3,730	3,553
TOTAL	21,728	16,932	15,438	13,780	13,125

New Tenancies by Customer Type	2008-09	2007-08 2006-07	2006-07	2005-06	2004-05
Family	1,743	1,787	1,900	1,950	2,233
Senior Single	572	583	660	698	622
Senior Couple	231	219	245	139	194
Single	660	715	822	917	1,022
TOTAL	3,206	3,304	3,627	3,704	4,071

Rents	2008-09	2007-08	2006-07	2005-06	2004-05
Rebated	27,618	27,703	26,279	26,951	27,307
Full Rent	6,781	5,989	7,119	5,949	5,754
TOTAL	34,399	33,692	33,398	32,900	33,061

Tenant Income Sources	2008-09	2007-08	2006-07	2005-06	2004-05
Age Pension	24.2%	24.6%	23.5%	24.0%	23.7%
Disability Support Pension	22.0%	21.9%	20.8%	21.0%	20.5%
Parenting Payment Single	11.8%	12.6%	13.8%	15.5%	16.7%
Newstart Allowance	7.4%	6.7%	6.0%	6.2%	6.5%
Veteran Services	1.4%	1.6%	1.7%	1.8%	2%
Low Wage Income	6.8%	8.0%	5.9%	6.0%	5.7%
Other	6.6%	7.0%	7.0%	7.4%	7.5%
Full Rent	19.7%	17.8%	21.3%	18.1%	17.4%

Rental Arrears	2008-09	2007-08	2006-07	2005-06	2004-05
Average Arrears per Account	\$35.15	\$37.52	\$17.09	\$15.44	\$15.49
Percentage of Accounts in Arrears	9.8%	11.8%	9.0%	9.0%	8.46%

⁻ continued on next page

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Rental Stock by Bedroom Number	2008-09	2007-08	2006-07	2005-06	2004-05
Bedsitter	176	186	198	225	267
1 Bedroom	8,331	8,231	8,075	7,925	7,935
2 Bedroom	10,729	10,439	10,187	9,942	9,860
3 Bedroom	13,140	13,251	13,180	13,264	13,686
4 Bedroom	2,863	2,830	2,742	2,668	2,653
5+ Bedroom	561	536	497	476	469
TOTAL	35,800	35,473	34,879	34,500	34,870

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34.870	34.500	34.879	35.473	35.800	TOTAL
17,681	17,841	18,302	18,684	18,874	Medium-High Density ¹
4,556	4,446	4,454	4,519	4,578	Duplex
12,633	12,213	12,123	12,270	12,348	House
2004-05	2005-06	2006-07	2007-08	2008-09	Rental Stock by Dwelling Type

Building Commencements² by Customer Type	2008-09		2007-08 2006-07	2005-06	2004-05
Family	242	615	485	535	541
Singles	18	169	99	159	167
Seniors	50	101	109	159	181
TOTAL	310	885	693	853	889

Land Production 2008-09 2007-08 2006-07 2005-06 2004-05
Lots Produced ³ 1,332 2,554 2,975 3,283 2,838

Notes:

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

- Medium-High Density: Townhouses, Flats and Apartments.

 Commencements: Letter of Acceptance, Excludes Purchase Housing (homes built for sale). Includes Spot Purchase (acquisitions)
- Lots produced include land development and redevelopment, estates improvement and joint ventures.

homebuyers. mainly of the construction and purchase of new dwellings, land acquisition and development, and loans to The value of the Authority's 2008-09 capital works programs were estimated at \$1.27billion, made up

Details of estimates (as published in the 2008-09 Budget Papers) and actual expenditure across the capital works programs are shown in the table below.

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

Major Capital Projects

	Estimated			
Program	Cost (\$'000)	Actual (\$'000)	Variance (\$'000)	Explanation
Community Housing	4,811	2,726	-2,085	Variance occurred as two major construction projects in Butler and Middle Swan were delayed due to unforeseen land issues. These projects will proceed in 2009/10.
Computer Hardware and Software	4,528	3,413	-1,115	
Construction and Purchase of Houses	211,959	140,565	-71,394	Downturn in market conditions due to the global economic crisis led to a reduction in the projected land sales revenue at the midyear review. This impacted negatively on the Authority's cash position and led to a review of all non-contracted construction projects and a reduction in proposed commencements for the year.
Crisis Accommodation	4,176	4,489	313	
GROH Construction and Purchase	76,092	68,379	-7,713	The program was significantly larger than in previous years following the completion of a number of projects in high demand locations across the Pilbara and Kimberley in response to the recent resources boom. The remaining expenditure has been fully committed and will be expended next financial year.
Urban Renewal – New Living (Estate Improvement Land Redevelopment)	35,862	21,373	-14,489	Variance due to reduced lot production in line with the down turn in market conditions.
Land				
Acquisition	78,075	34,741	-43,334	The acquisition budget was revised downwards during the midyear review process due to the market driven reduction in land sales revenue.
Land Acquisition (GROH)	11,034	9,156	-1,878	
Buildout Building Costs	9,520	0	-9,520	The program was put on hold at the mid-year review due to the fall in housing demand.
Development	92,695	62,362	-30,333	Variance due to reduced lot production in line with the down turn in market conditions.
Holding Costs	145	182	37	
Redevelopment	578	1,097	519	
Solar Cities	2,613	0	-2,613	The project has been on hold while negotiating hand over of the initiative to Western Power.

	624,026	1,267,811 1,891,837 624,026	1,267,811	TOTAL
	115	331	216	Other
	-685	1,315	2,000	Offices and Shops
income. Existing projects were reviewed and deferred.				
sales and the resultant reduction in the Department's				
The budget was reduced due to the downturn in land	-2,450	830	3,280	MinorWorks
deposit requirements of Keystart.				
current deposit requirements of banks and the lower				
738,773 Increase in lending due to widening gap between the	738,773	1,338,000	599,227	Keystart Scheme**
Variance due to increased demand.	71,878	202,878	131,000	Shared Equity Loan Schemes*
				Loans to Homebuyers

First Start Scheme – Shared Equity which was disaggregated in the 2008-09 Budget Papers. *Comprises Goodstart Scheme (including Access Home Loan scheme for people with disabilities, Aboriginal Home Ownership Scheme) and

Commentary on the Authority's 2008-09 Capital Works Program

papers The following comments provide a reconciliation of actual completions to those forecasted in the budget

As published in the 2008-09 Budget Papers, the Authority planned a program of 984 dwelling unit completions for social housing. As shown in the table on page 32 of the Annual Report, the Authority completed 981

1,332. The variance was because of reduced lot production in line with the downturn in market conditions. The Authority's land development activities were expected to yield 3,182 lots in 2008-09. Actual yields were

deposit requirements of Keystart. This is assisting first homebuyers with an affordable home loan option. source of finance to assist Western Australians into home ownership with 5,344 loans provided. The increase in Keystart was expected to provide over 4,000 new loans in 2008-09. Keystart continued to provide an alternative lending was due to the widening gap between the current deposit requirements of the banks and the lower

Governance Disclosures

Subsidiaries

Support (Subsidiary) Pty Ltd. Keystart is managed by a Board of Directors controls Keystart Bonds Limited, Keystart Scheme Management Pty Ltd, Keystart Support Pty Ltd, and Keystart Keystart acts as trustee for the Keystart Housing Scheme Trust and the Homeswest Loan Scheme Trust. It also Keystart Loans Limited ('Keystart') is a special purpose nominal company controlled by the Housing Authority.

Directors' Indemnity Insurance

Keystart against Liabilities under the Corporations Act 2001. Statutory Corporations (Liability of Directors) Act 1996. This incorporated indemnification of Board of Directors of paid to indemnify the commissioners and board members against liabilities under Sections 13 and 14 of the and the two Authorities in accordance with the Statute of Limitations. An insurance premium of \$69,916 was Boards on 1 July 2006, an insurance policy has remained in force to protect past commissioners, board members Following the abolition of the State Housing Commission and the Government Employees' Housing Authority

^{**} Refers to settled advances

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 section 175ZE of the *Electoral Act 1907*, the Authority has incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

- Total expenditure for 2008-09 was \$1.31 million.
- Expenditure was incurred in the following areas:

Area	Total Expenditure	Agency/Organisation	Expenditure
		Think Creative	\$5,874
Advertising agencies	\$219,239	Linc Integrated	\$213,365
Market research organisations	Nil		
Polling organisations	Nil		
Direct mail organisations	\$59,151	Salmat	\$59,151
		Media Decisions	\$97,879
Media advertising organisations	\$1,028,323	Mitchell and Partners	\$292,981



Communications and Marketing staff, head office

Disability Access and Inclusion Plan Outcomes

The Disability Access Inclusion Plan (DAIP) will deliver the Western Australian Council of Australian Governments Care Coordination Program, a partnership with the Department of Health. It aims to deliver public housing to people with mental illness alongside clinical care and psychosocial support. The provision of clinical care and psychosocial support will be managed by the Department of Health to support people maintain their tenancy.

The Authority is committed to ensuring that its functions, facilities and services are accessible and inclusive for all members of the community, regardless of ability, disability, ethnicity, gender, age or other perceived difference.

The Authority has reviewed the DAIP, and has made a number of changes that will assist in its implementation. They include:

 the Authority and the Mental Health division will become partners under the Western Australian Commonwealth of Australian Government Care Coordination Housing Initiative to deliver increased public housing for people with mental illness with clinical and psychosocial support;

 barriers to access are identified via feedback from employees and then prioritised and reviewed on an ongoing basis to ensure compliance with Building Codes, Australian Standards;

• all Authority information includes 'available in alternative format on request' notation and to accommodate low income earners 'texting' has been introduced as an economical way to contact the Authority's Disability Services Coordinator for information on services;

- staff, contractors and agents will undergo compulsory training in access and inclusion as they provide a direct service to the public. Disability and Mental Health Awareness courses have now been combined to deliver a better understanding for staff on the challenges faced by people with disabilities;
- the final amendments are being undertaken with Techniworks, an on-line training company, to complete the on-line training and information package for staff, outlining the DAIP; and
- the Authority is investigating the possibility of Techniworks preparing a DVD training package for the Authority's agents and contractors.



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 Records and Information Management Accredited Training Plan began training for records staff in April 2009. It utilises courses in tertiary institutions and accredited Australian National Training Authority trainers to provide training specifically for staff members in record and information management roles. The outcomes of the Housing Authority Recordkeeping and Information Management training for this period are:

Course Title	% Enrolled	% Started	% Completed
Recordkeeping Awareness Training	47	9	38
Recordkeeping Awareness Refresher Training	34	8	26
TRIM System Training	42	13	29
Business Classification	49	10	38
FOI and Information Requests	33	7	26

Future plans include:

- induction to Recordkeeping and Information Management in the Authority;
- security Classification of Information;
- managing Vital Records; and
- record and Information Management Practitioner (Process) Training.

Ministerial Directives

No Ministerial directives were received during 2008-09.



Government Policy Requirements

Corruption Prevention

A Fraud and Corruption Policy Reporting Framework was developed in August 2008 for the notification of fraudulent activity.

Detection and prevention of fraud, corruption and misconduct is addressed under specific business units' risk management activities.

The Authority has appropriate risk management policies in place that incorporate strategies to minimise the risk of fraud, misconduct and corruption. This includes policies and guidelines on:

- information access;
- information security access controls;
- official hospitality;
- conflict of interest;
- privacy and confidentiality;
- staff induction;
- · gifts and benefits; and
- segregation of duties in relation to payments and other internal controls etc.

A Misconduct Project Office was established in September 2008 to review the Authority's management of integrity and misconduct matters using the Corruption and Crime Commission framework *Misconduct Resistance: an Integrated Governance Approach to Protecting Agency Integrity.* To increase the awareness of integrity and ethical matters, the Authority is developing an on-line training program to be released to all staff during 2009.

Substantive Equality

The Authority is reviewing its practices in line with the Government's *Policy Framework for Substantive Equality* and is committed to achieving substantive equality in services to meet the needs of the different Indigenous and ethnic groups that are our diverse client base.

The Authority is also continuing to implement the recommendations from the Equal Opportunity Commission's *Finding A Place* report of 2004, which correspond with the principles of the substantive equality policy. Since July 2008, the Authority has been represented on the Section 80 Implementation and Monitoring Committee, liaising with representatives of government and non-government agencies on housing services for town-based Indigenous people. This has been a constructive involvement, allowing the Authority to maintain communications with a number of peak bodies while a Housing Advisory Round Table was established.

Each of the Authority's business unit's operations will be reviewed in line with this process, including assessment of:

• written policies and prescribed practices;

- · staff training needs; and
- collection and analysis of statistical information.

New policies and initiatives also undergo an assessment to determine their impact on people from diverse ethnic backgrounds. In 2008-09, a number of practices were developed or reviewed, with a focus on ensuring equitable access to the public housing waiting list and understanding of the Authority's services. Achievements in this area have included:

- Waiting List Management policy and practice relating to waiting list management were amended to overcome difficulties arising from communication issues;
- Policy on Proof of Identity has been reviewed to increase flexibility for clients previously unable to access housing as their circumstances prevent them from producing certain forms of ID;
- **Communication -** the quality of written communication is being revisited to ensure the tone, level of information and accessibility is easier for people with limited English literacy; and
- **Staff Knowledge** a Multicultural Awareness Training Course, raising skills in cross-cultural communication and the understanding of issues faced by clients from culturally diverse backgrounds has become a mainstream training program for frontline staff.

Where We Are Located

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.housing.wa.gov.au 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) 9345 9655

Midland 21 Old Great Northern Hwy 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 6 Daping Street Katanning 6317 Tel: (08) 9891 1800

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

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Merredin 44 Mitchell Street Merredin 6415 Tel: (08) 9041 1744

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Karratha

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South Hedland

Cnr Tonkin & Brand Sts South Hedland 6722 Tel: (08) 9140 2187 Fax (08) 9140 2267

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COUNTRY HOUSING AUTHORITY

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