



Government of **Western Australia**  
Department of **Housing**

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# Housing Authority

## 2009-10 Annual Report

### More than a roof and four walls



# Statement of Compliance

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## FOR THE YEAR ENDED 30 JUNE 2010

To the Hon Bill Marmion MLA Minister for Housing.

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Housing Authority for the financial year ending 30 June 2010.

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

Grahame Searle



Director General

## Front Cover

Australia's Governor General, Her Excellency Quentin Bryce, hosted a morning tea in Melbourne recently, attended by twelve Halls Creek participants in the Girls from Oz Project. The project team's work with the Halls Creek community is an initiative of the Department's Better Life Project, and aims to engage young Aboriginal women and girls through the performing arts.

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## Director General's Overview

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### A pathway to opportunity

Within Housing, we aim to achieve our major goal of helping more Western Australians into affordable housing – whether that involves public and community housing, private rental assistance or helping people realise their dream of home ownership.

Our biggest opportunity centres on delivering the State and Federal social housing stimulus packages, creating projects of unprecedented magnitude for the Housing Authority. We have risen to the challenge and are on target to deliver 2,803 new dwellings and a substantial number of refurbishments by the end of 2010.

For instance, in the area of Aboriginal housing, the Authority delivered 89 new homes in remote communities, 78 of which were connected to services, by the required deadline and on budget. This was well above the target of 75 houses to be built by 30 June 2010. In recognition of this feat, the Federal Government awarded Western Australia a \$4 million bonus. WA was the only State to meet the original targets.

These 89 homes were delivered despite several adverse conditions: a delivery program severely affected by unexpectedly wet weather; road closures during the peak delivery time; and a shortage of trades people to complete installations.

In addition to the delivery of the new homes, 150 refurbishments were completed.

Creating Aboriginal employment opportunities was a key component of this program, and the Aboriginal employment target of 20 percent participation was exceeded across the construction and refurbishment programs.

Some 313 properties were also delivered under Stage One of the Federal Government's Nation Building Economic Stimulus Plan, thus also meeting the required targets.

A range of factors continue to increase the demand for social housing. These include the increased cost of housing, supporting community living for people with disabilities and other disadvantages, and an ageing housing stock.

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

In this economy, the housing market remains tumultuous and has a major flow-on to all of the Authority's services from affordable land development to public rental, bonds and home ownership. To lessen the impact on Western Australians, we are looking at new ways of doing business, as well as continuously strengthening and improving our existing programs.

To this end, the Authority is deploying some innovative solutions such as Housing Direct. Housing Direct is a new central communication point for the Authority, clients and suppliers that has continued to expand and has improved our efficiency in delivering services to tenants and contractors. Although it is a relatively new initiative, Housing Direct is on the right track. As mentioned elsewhere in this report, it has already won two State awards as judged by the Australian Teleservices Association.

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The Authority is also maximising the value from our land assets by pursuing innovative partnerships with the private sector. These partnerships will deliver a mix of affordable traditional social housing, affordable rental and home ownership.

The 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 previously experienced in the rental market.

In this reporting year, the Authority has increased its lot yield from 1,332 to 1,953 lots enabling increased sales of 2,243 lots. The Authority continues to perform well in that affordable land segment with 89 percent of sales below the median price.

Our level of activity in the first home buyer sector is also very pleasing. Keystart played a crucial role in allowing more Western Australians to own their own home, approving 5,493 loans worth \$1.74 billion during the year, exceeding everyone's expectations.

While the Authority manages some 36,000 residential tenancies, there remains a growing waiting list for social housing and the Authority has had to search beyond traditional methods to find solutions to reduce that list.

We have forged new partnerships with community housing organisations (CHOs) throughout the State as a way of delivering new housing economically.

At 30 June 2010, there were 6,222 units being managed by CHOs, compared to 4,500 units in 2006.

WA is, of course, a big State. And we have had a big year with regards to providing housing for the government employees who work across WA. In fact, it's been a period of record activity with regards to government employee housing.

We now provide rental accommodation to more than 5,000 government employees and manage more than 5,000 units of government employee housing. This includes quality transportable houses that continue to provide alternatives to government workers such as the teachers, police and child protection workers who ensure pivotal services in rural communities.

As well as working to help people from all walks of life find homes, we are conscious of seeing that our tenants in public housing are not adversely affected by incidents of antisocial behaviour. We have introduced a range of measures to address such concerns and the Antisocial Behaviour Intervention Team which we started as a trial in 2008-09 has been extended to a second region.

We will continue to keep an eye on issues as this to try to ensure that ultimately all Western Australians have a safe and comfortable place to call home.



Grahame Searle

# Operational Structure

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The Housing Authority 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.

## Enabling Legislation

It 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 to Western Australians experiencing housing need.

The Housing Authority operates through the Department of Housing under one administrative structure. It is accountable to Parliament through the Minister for Housing.

## Legislation Administered

The Department of Housing, through the Housing Authority, assists the Minister for Housing in administering the following portfolio legislation:

- *Housing Act 1980*
- *Government Employees' Housing Act 1964*
- *Country Housing Act 1998*
- *Housing Loan Guarantee Act 1957 (Repealed 10 July 2010)*
- *Housing Societies Act 1976 (Repealed 10 July 2010)*

## Responsible Minister

For the implementation and administration of housing legislation, the Housing Authority and the Department of Housing are responsible to the Hon Bill Marmion BE MBA MLA, Minister for Commerce; Science and Innovation; Housing; Minister Assisting the Treasurer.

## Changes to Legislation Administered

### *Housing Societies Repeal Act 2005*

- The *Housing Societies Repeal Act 2005* 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 1957* and the *Housing Societies Act 1976*. All housing societies operating under the *Housing Societies Act 1976* have now been wound up and the proclamation is expected to occur early in the next financial year.

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### Aboriginal Housing Legislation Amendment Act 2010

- On 22 June 2010, the *Aboriginal Housing Legislation Amendment Act 2010* (Amendment Act) was proclaimed to come into effect on 1 July 2010. The Amendment Act will amend the *Housing Act 1980* and the *Aboriginal Affairs Planning Authority Act 1972*. This legislation will establish a new framework to facilitate ongoing housing reforms in remote Aboriginal communities and meet Federal Government requirements. The Amendment Act will not affect current land tenure and will not create an interest in the land. The framework will consist of a protocol and the following five agreements:
- A *Housing Management Agreement (HMA)*, which must be in place before the Housing Authority can assume management of the letting and leasing of housing on Aboriginal land on behalf of an Aboriginal entity.
- An *Agreement to Construct* between the Housing Authority and the relevant Aboriginal entity is required to cover the construction of new housing at a specific location. This new housing will then be managed under an HMA.
- A *Tenancy Agreement* will then establish the legal rights and responsibilities of the Housing Authority and the Aboriginal tenant.
- A *Service Level Agreement* is the agreement the Housing Authority will use to engage contractors to carry out obligations such as property maintenance under the HMA Tenancy Agreements.
- A joint venture or other arrangement will enable the same range of activities on freehold land owned by an Aboriginal entity.

Aboriginal communities are not obliged to enter into Housing Management Agreements. The Housing Authority will conduct negotiations to determine the wishes of community residents with an interest in the land.

The Authority has established the 'Ascertaining the Wishes of Aboriginal Inhabitants' protocol to cover the need for negotiations with stakeholders in communities to determine the wishes of those with an interest in the land. Native Title representatives and the Aboriginal Lands Trust will also be involved in the negotiation process, and community meetings will form an important part of the process.

Prior to this legislation, a Memorandum of Understanding served as an interim arrangement to enable the Authority to manage housing on the Aboriginal Lands Trust estate.

The implementation of the Amendment Act is a requirement of the National Partnership Agreement on Remote Indigenous Housing, a 10-year program established under the Council of Australian Governments reforms in 2008 to deliver up to 4,200 new houses and refurbish up to 4,800 existing houses nationally in remote Aboriginal communities.

### Joint Ventures

The new legislation will enable the Housing Authority to enter into any type of joint venture. Existing legislation imposes restrictions on the types of joint venture arrangements into which the Authority can enter. The Authority is working closely with the Department of Treasury and Finance to develop an arrangement that complies with the new provisions in the Amendment Act.



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### Our Vision

Opening Doors.

### Our Mission

Working in partnership to build economic and social prosperity by enabling Western Australians to have a place to call home.

### Our Role

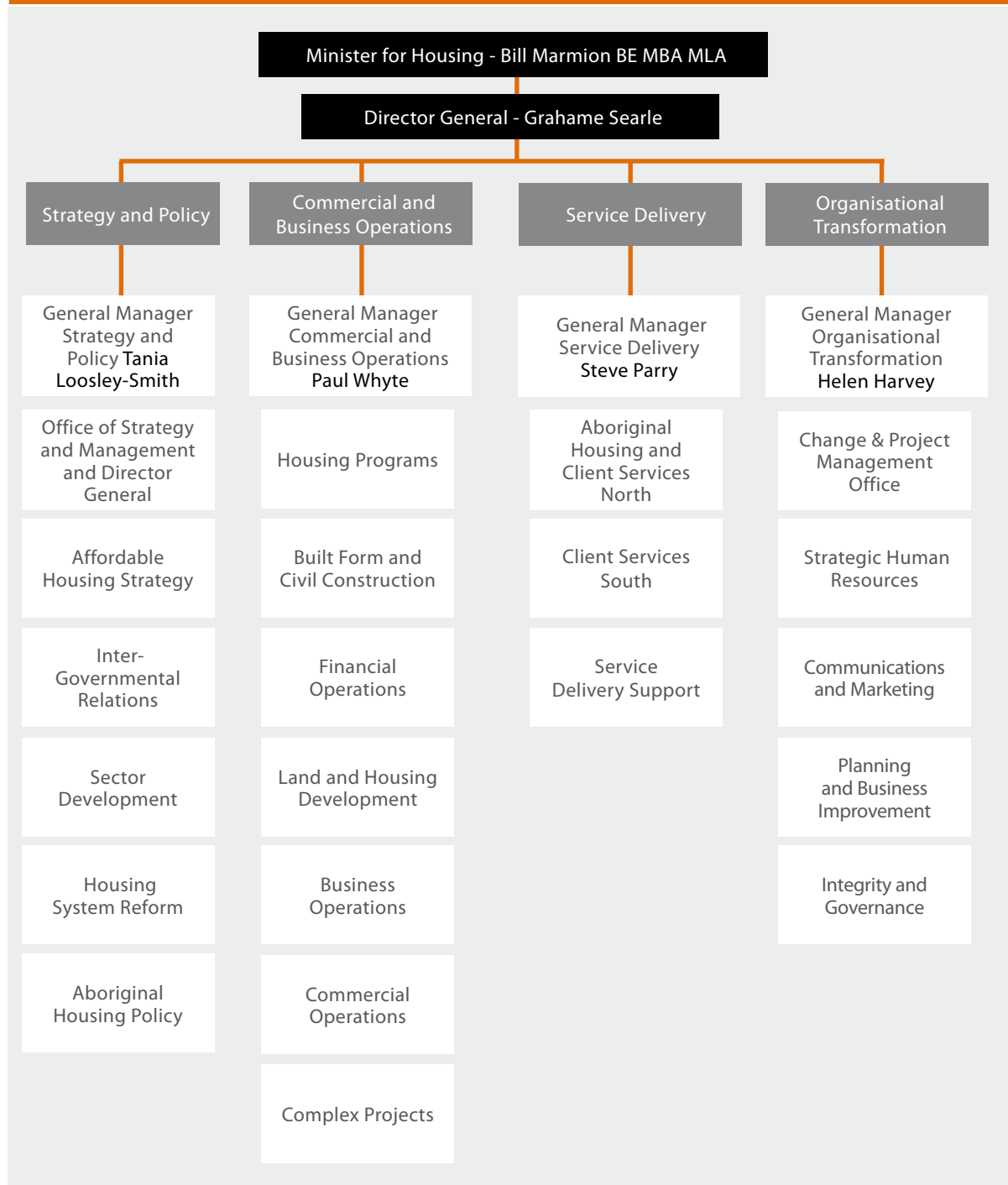
We have more than 1,000 staff working across the State to help achieve the goal of building a better community. The primary role of the Authority is to provide and support housing for Western Australians who cannot otherwise afford their own homes. The Authority does this by offering affordable land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

We are firmly focused on assisting people progress from homelessness to home ownership.

# Organisational Structure

The Authority achieves its goals through four core areas:

## Structure



## Executive profiles

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*In 2008, Grahame was appointed Director General of the Department of Housing with responsibility for reforming the way public housing is delivered in Western Australia.*



Grahame Searle  
Director General

### Grahame Searle

In the decade from 1998 to 2008, Grahame Searle was responsible for transforming the Department of Land Administration from a traditional public service agency to Landgate, a statutory authority with its own board, a commercial focus, and a record of innovation acknowledged nationally and internationally.

In 2009, Grahame was appointed Director General of the Department of Housing with responsibility for reforming the way public housing is delivered in Western Australia.

The focus is now on forging new and innovative ways to meet the increasing demand, including new partnerships with community housing organisations across the State. His vision of 'Opening Doors' is accompanied by a mission statement of 'working in partnership to build economic and social prosperity, thus enabling Western Australians to have a place to call home'.

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*Steve is responsible for driving and overseeing a portfolio focused on Housing Service Delivery and Aboriginal Housing Services.*



**Steve Parry**  
*General Manager,  
Service Delivery*

### **Steve Parry**

Steve Parry was appointed General Manager, Service Delivery, in January 2010, and has significant experience in senior positions within the Authority. Steve has a background in the key areas of Service Delivery, Housing Management, Aboriginal Housing and Infrastructure Delivery, and a track record of leading the organisation through a period of change.

As General Manager, Service Delivery, Steve is responsible for driving and overseeing a portfolio focused on Housing Service Delivery and Aboriginal Housing Services. The combined portfolio is responsible for managing and maintaining 35,950 public housing homes, 5,254 government regional employees' homes and 2,395 homes in remote Aboriginal communities.

Steve has been closely involved in major housing initiatives in recent years, including facilitating the implementation of the government stimulus package, aimed at delivering 2,953 dwellings. Steve was responsible for the successful rollout of the Indigenous National Partnership Agreement program and delivered on the key construction, refurbishment and associated targets in 2009-10.

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*Helen has worked  
in a range  
of industries  
including IT,  
mining, health,  
and tertiary  
and executive  
education.*



Helen Harvey  
General Manager,  
Organisational  
Transformation

### **Helen Harvey**

Helen's background is in organisational change management, organisational development and human resource management. She has worked in a range of industries including IT, mining, health, and tertiary and executive education. Since 2007, she has been leading organisational change management teams in the introduction of new multinational enterprise systems.

Helen started with the Authority in August 2009. She is responsible for strategic human resource management, project and change management, business planning and improvement, integrity and governance, and communications and marketing. The Organisational Transformation division is focusing on values, leadership, project management and risk, strategic and business planning, communication and better systems and processes for the Authority and its clients.

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*In August 2008, Tania joined the Department of Housing and was appointed General Manager of the Strategy and Policy division in December 2009.*



**Tania Loosley-Smith**  
*General Manager,  
Strategy and Policy  
Division/Deputy  
Director General*

### **Tania Loosley-Smith**

Tania has a broad range of experience across the government, non-government and private sectors gained over 25 years. This includes senior roles spanning policy and strategy development, organisational change, strategic planning, inter-governmental relations, stakeholder management and program development.

In August 2008, Tania joined the Housing Authority and was appointed General Manager of the Strategy and Policy division in December 2009.

This new division is responsible for shaping and managing strategy and policy across all facets of affordable, social and public housing provision, including land, development planning, housing, Aboriginal housing policy, market development and innovation, and policy and reform work within the local and federal arenas.

Tania is the Western Australian housing representative on the Policy and Review Working Group and the Housing Ministers' Advisory Committee.

Tania was selected in the inaugural WA cohort of the Australian and New Zealand School of Government (ANZSOG) Executive Masters in Public Administration. She joined the public service in 1994 and has worked in the Disability Services Commission and Landgate.

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*Paul holds a Bachelor of Commerce and Master of Business Administration, and is a Certified Practising Accountant.*



**Paul Whyte**  
*General Manager,  
Commercial and  
Business Operations*

### **Paul Whyte**

Paul has a wide experience in the private and public sector. Prior to joining the Housing Authority in September 2009, he was Acting Chief Executive Officer at Landgate and held the permanent position of Executive Director, Business Development.

Paul was with Landgate (formerly the Department of Land Information and before that, the Department of Land Administration) from 2001.

Prior to this, Paul was a member of the Corporate Executive at the Valuer General's Office.

He has held the position of policy adviser to the Western Australian Treasury Corporation and has worked in the private sector as a management consultant and managing director of a number of successful established and start-up businesses.

Paul holds a Bachelor of Commerce and Master of Business Administration, and is a Certified Practising Accountant.

# Performance Management Framework

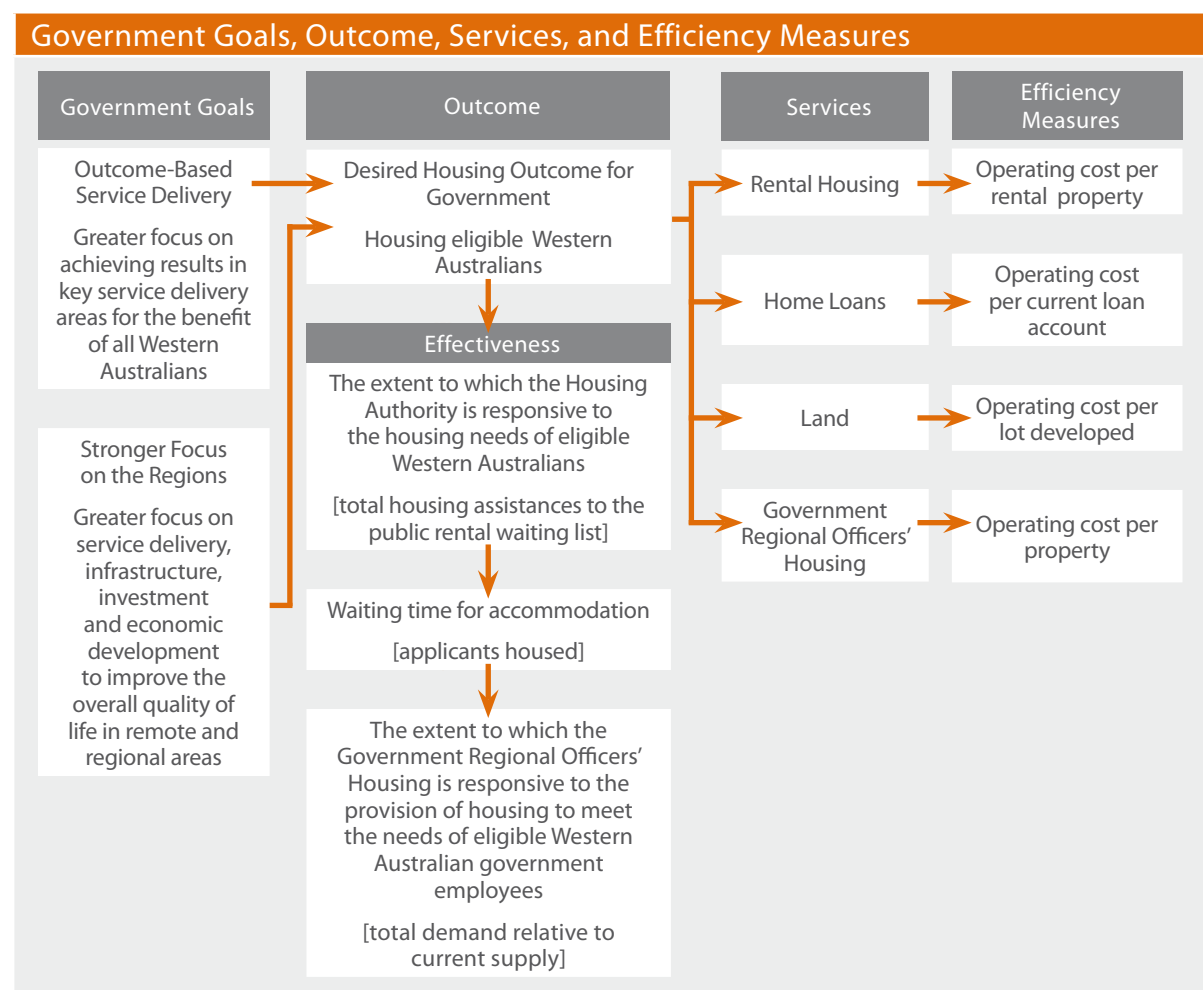
## Outcome-Based Management Framework

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 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 through Government Regional Officers' Housing (GROH) 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 illustrates our key outcome, services and performance indicators for the community of Western Australia.



## Changes to Outcome-Based Management Framework

The Housing Authority's Outcome-Based Management Framework did not change during 2009-10.



## Agency Performance Summary

### Actual Results versus Budget Targets

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				
	2009-10 Target (\$'000)	2009-10 Actual (\$'000)	Variation (\$'000)	Explanation
Total cost of services	1,130,679	1,072,534	58,145	Total cost of services was lower as program expenditure was pushed out to 2010-11 due to delays in finalising contracts.
Net cost of services	228,663	29,255	199,408	Increased income from rent, interest and the Keystart dividend decreased the net cost of services.
Total Equity	13,298,238	11,700,015	1,598,223	Equity is less than anticipated due to a decrease in property market valuations and as construction projects completions were pushed out to 2010-11.
Net increase (decrease) in cash held	(8,081)	217,194	225,275	Payments for construction projects were pushed out to 2010-11.

### Summary of Key Performance Indicators

#### Effectiveness Indicator 1:

		Actual		Target	Reason for variance
		2008-09	2009-10	2009-10	
The extent to which the Housing Authority is responsive to the housing needs of eligible Western Australians.	Total housing assistances	19,431	22,378	15,706	The ratio 1.03 improved on the target of 0.72. The major contributors to the increase in housing assistances were bond assistance loans and home loans.
	Public rental waiting list at June previous financial year	16,932	21,728	21,672	
	Ratio	1.15	1.03	0.72	

### Effectiveness Indicator 2:

Waiting times for accommodation – applicants housed.		Actual		Target	Reason for variance
		2008-09	2009-10	2009-10	
	Average	91	93	93	The median wait times increased by 9 weeks compared with the target for 2009-10. The increase in waiting times has been affected by a reduction in the number of people vacating public rental housing.
	Median	63	72	63	

### 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.		Actual		Target	Reason for variance
		2008-09	2009-10	2009-10	
	Demand	5,225	5,227	-	Increased growth across some regions and decline in others resulted in a small increase in the total number of properties supplied. The State Government's Royalties for Regions program continued to drive business activity.
	Supply	4,902	4,944	-	
	Ratio	94%	95%	95%	

### Service 1 – Rental Housing

#### Efficiency Indicator 1:

Operating Cost per Rental Property		Actual		Target	Reason for variance
		2008-09	2009-10	2009-10	
	Nominal Rental Cost	\$11,624	\$12,505	\$11,149	Increase largely due to rental expenses including maintenance, insurance, local government and water authority rates. There was an increase in depreciation and amortisation, supplies and services, accommodation expenses and other expenses.

## Service 2 – Home Loans

### Efficiency Indicator 2:

		Actual		Target	Reason for variance
		2008-09	2009-10	2009-10	
Operating Cost per Current Loan Account	Nominal Loan Cost	\$1,520	\$1,330	\$1,696	Decrease was due to an increase in the number of current active loans in 2009-10.

## Service 3 – Land

### Efficiency Indicator 3:

		Actual		Target	Reason for variance
		2008-09	2009-10	2009-10	
Operating Cost per Lot Developed	Nominal Land Cost	\$17,616	\$14,231	\$12,235	Mainly due to 1,953 lots yielding in 2009-10, compared to an original budget of 2,158 and partly due to a marginal increase in operating costs of 5.26%.

## Service 4 – Government Regional Officers' Housing

### Efficiency Indicator 4:

		Actual		Target	Reason for variance
		2008-09	2009-10	2009-10	
Operating Cost per Property	Nominal Property Cost	\$24,651	\$26,899	\$23,806	Attributed to increases in rental expenses and depreciation.

# Agency Performance

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## Report on Operations

### Social Housing Stimulus Packages

The Federal Government announced the National Partnership Agreement (NPA) on the Nation Building and Jobs Plan in February 2009 to provide an economic stimulus to support economic growth and jobs.

This initiative significantly increases the supply of social housing through new construction and the refurbishment of existing stock.

The initiative consists of two elements:

#### (a) New Construction

- i. Stage 1 saw the Authority deliver construction of 313 new dwellings, with all of these completed in 2009-10.
- ii. Stage 2 which provided funding for 1,755 new social housing dwellings (some of which were identified through a competitive process to identify suitable opportunities in the market), with the majority of these commencing in 2009-10. The Department is on track to meet its targets, with the Commonwealth specifying that 1,374 of the new dwellings in Stages 1 and 2 reach practical completion by 31 December 2010.

#### (b) Repair and Maintenance

The sum of \$40,488,000 was allocated for repairing and maintaining existing public housing stock in WA.

The Department's target under the scheme was to refurbish 448 dwellings by 30 June 2010. Within the budget allocation, the Department delivered 1,376 refurbishments, including removal of asbestos from 265 dwellings providing each of the dwellings with up to an additional 25 years of serviceable life.

In addition 9,149 building condition assessment reports were undertaken through this program.

#### State Stimulus – Social Housing

To provide immediate support to the housing and construction industry and reduce pressure on the social housing system in Western Australia, the State Government provided significant funding for housing construction in Perth and regional Western Australia. Expenditure of \$116 million was brought forward, building upon the injection of \$30 million of additional capital funding that the Government provided to the Department of Housing in December 2008. The State's housing stimulus package is delivering 735 new social housing dwellings in metropolitan and regional areas at a cost of \$146 million, with most of these commencing in 2009-10.

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## Strategy and Policy

The newly formed Strategy and Policy division will shape and manage future directions for affordable and social housing, lead policy and sector development, and initiate and oversee reform within the local and federal spheres.

Working in collaboration with a wide range of stakeholders, some of the major outcomes to be delivered include:

- Developing a State-wide affordable housing strategy;
- Creating new policy options, pathways and market-based solutions to help address the demand for social housing;
- Initiating and leading innovation in social housing financing and delivery models;
- Driving the growth of social housing stock and a high-performing government and non-government sector;
- Shaping and negotiating national reform priorities and funding arrangements; and
- Providing strategic advice to Government and the Director General.

Strategy and Policy is also responsible for the federal agreement between the Commonwealth and its States and Territories – the National Affordable Housing Agreement and the three National Partnership Agreements (NPA) to meet Council of Australian Government (COAG) targets.

In order to achieve its goals, Strategy and Policy has been structured into five sections:

1. Inter-Governmental Relations;
2. Housing System Reform;
3. Affordable Housing;
4. Market Development; and
5. Aboriginal Housing.

### Inter-Governmental Relations

The key role of the Inter-Governmental Relations branch is to develop and oversee policy and inter-government arrangements for Western Australia. It is involved in initiatives to address the Council of Australian Government reforms, National Partnership Agreements and the National Affordable Housing Agreement.

The Authority is managing the Housing Advisory Round Table (HART), which focuses on strategic policy. The HART provides external stakeholders with input into the Commonwealth National Affordable Housing Agreement (NAHA) and other NPAs.

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Major achievements for 2009-10 include:

- A Homelessness Implementation Plan was signed in July 2009. This plan supports the delivery of the National Partnership Agreement on Homelessness.
- The Authority contributed to the delivery of a report by housing ministers to COAG in November 2009 which detailed progress on the delivery of the COAG reform agenda. This will assist in re-orienting policies and services aimed at improving outcomes for people in social housing.
- A new national agreement with the Australian Housing and Urban Research Institute was reached, continuing the commitment to policy development based on sound research.
- Renegotiation of the National Partnership Agreement on Remote Indigenous Housing to include the COAG requirement for contestable funding allocations between the States and the Northern Territory.

### Housing System Reform

Housing System Reform is focused on developing and reforming the Government's current housing provision across the public, community and government regional officers' housing sectors.

Major achievements for 2009-10 include:

- Development and implementation of the disruptive behaviour management strategy – A comprehensive strategy that is improving the Authority's response to disruptive behaviour caused by public housing tenants.
- Introduction of a streamlined housing appeals process – Designed to refocus the Authority's appeals system towards an administrative review rather than an adversarial model. Combined with improved staff training, it is expected this will result in improved decision making, fewer appeals and greater transparency for clients.
- Transitional housing model – In conjunction with the Commonwealth and Wunan Foundation, the Authority has begun developing a transitional housing model to help Aboriginal people in employment or training in the East Kimberley to make the transition from public housing to private rental or home ownership.
- New Community Housing Agreement – To prepare for the anticipated freehold transfer of assets to the community housing sector, the Authority has developed a new Community Housing Agreement that establishes a consistent and comprehensive legal framework to regulate community housing in Western Australia and give confidence to third party investors in the sector.
- Review of Government Regional Officers' Housing – Following a request from the Economic and Expenditure Reform Committee, the Authority commissioned a review into the financial arrangements of Government Regional Officers' Housing. The review will guide future reforms to the delivery of housing services for government employees throughout regional Western Australia.

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- Regional housing provider Mid West/Gascoyne – Following an expression of interest process, Community Housing Limited was selected as the community housing provider for this region. Community Housing Limited is in the process of establishing an office and staff in Geraldton.
  - Community housing forums – Forums to inform community housing providers about the registration, sector development and community housing models continued. Initial forums were held in Geraldton and the Goldfields, and a follow-up forum was held in Albany.
  - During 2009-10, the registration of 22 community housing organisations under the National Community Housing Standards and the WA regulatory code resulted in three growth providers, 10 preferred providers and nine third tier registered providers.

### Affordable Housing Strategy

The Affordable Housing Strategy unit was established in 2009-10 to address growing concerns about affordable housing for low-to-moderate income earners. The unit develops strategic policy and facilitates initiatives to improve the availability of affordable housing, as well as helping people make the transition from one style of housing to another.

Major achievements for 2009-10 include:

- Housing 2020 – In response to the Social Housing Taskforce Report submitted to the State Government in June 2009, the unit facilitated the development of a proposed directions statement entitled Housing 2020: Future Directions for Affordable Housing. This statement signalled the Government's response to the taskforce report and the intended actions and priorities to address the affordable housing challenge.
- Strategy Development – The Social Housing Taskforce Report and Housing 2020 statement were both subsequently released for public consultation in October 2009, as part of the process towards the development of a whole-of-government State Affordable Housing Strategy. A draft strategy is due to be finalised and provided to the Minister for Housing in the second half of 2010. It is intended that the final strategy will be forwarded for Cabinet consideration. The strategy positions the Authority as the lead agency to collaborate with State and local government agencies, the not-for-profit housing sector and the private sector to increase the range of housing solutions for low-to-moderate income households in WA. It aims to achieve a target of 20,000 more affordable dwellings by 2020.
- NRAS Participation – The National Rental Affordability Scheme (NRAS) continued this year. In 2009-10, the Commonwealth and State Governments jointly assessed 10 Western Australian NRAS applications across Rounds 2 and 3, culminating in 1,458 successful incentive allocations for dwellings intended to be constructed by 30 June 2012. These new dwellings will be built primarily across metropolitan Perth including Success, Northbridge, Armadale and in the south-eastern suburbs. More than 200 dwellings will be built in the South-West regions of Western Australia.

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- Pilbara Housing Study – The Authority commissioned a Pilbara housing needs study, in partnership with the Pilbara Development Commission. The study – undertaken by SGS Economics and Planning – quantifies the demand for housing in the Pilbara to 2015, with a particular focus on affordable and key worker housing.
  - Shared Equity Home Loans Scheme – Four of the Authority’s shared equity home loan products were reviewed and consolidated. This involved changing eligibility and lending criteria for people with disabilities, sole parents, public housing tenants and Aboriginal borrowers, and streamlining and simplifying the application process. An additional \$25 million in funding was also injected into the scheme, enabling the equity cap to be increased to \$100,000 (from \$75,000). This adjustment was aimed at increasing the number of people eligible for the scheme.
  - Private Rental Brokerage Scheme – A detailed study was undertaken into the establishment of a Private Rental Brokerage Scheme. A three-year trial scheme will provide 240 private rental dwellings at 20 percent below market rent, to be managed by a not-for-profit housing provider. The trial will be implemented in 2010-11.
  - Demand model – Work has commenced on developing a detailed housing demand database, with the aim of establishing a ‘single source of truth’ for housing information. The project is being undertaken in partnership with Curtin University and the help of the Australian Bureau of Statistics.

### Market Development and Design

The newly established Market Development and Design team is responsible for researching and developing the strategies and policies required to create a viable housing market to deliver increased affordable housing. The main objective of this team is to help establish a sustainable non-government housing sector across Western Australia. The team will focus on:

- Developing a strategy for the community housing sector in Western Australia, including a stand alone strategy that will focus on facilitating the growth of affordable housing through this sector;
- Developing a strategy to identify opportunities and stakeholders to stimulate development of affordable housing in the non-government or private sector; and
- Working with key stakeholders across the Housing Authority to coordinate and plan the deployment of innovative capital raising vehicles and delivery mechanisms.

Major achievements for 2009-10 include:

- Progressing the development of the Community Housing Growth Strategy, with finalisation of the strategy expected early in the 2010-11 financial year.
- Delivering the request for proposal for the Transfer of Freehold Title of Social Housing Initiative Dwellings to community housing organisations which will transfer up to 559 dwellings to larger community housing organisations in return for growth in the total number of social and affordable housing dwellings.



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## Aboriginal Housing Policy

The role of Aboriginal Housing Policy is to develop strategic policy to provide vision and direction in housing and housing-related services for Aboriginal people in Western Australia.

Key objectives are to provide improved social housing and private rental housing, and promote home ownership opportunities for Aboriginal people; as well as provide advice to improve essential and municipal services to Aboriginal communities in WA.

Major achievements during 2009-10 include:

- Enactment of the *Aboriginal Housing Legislation Amendment Act 2010*;
- Development of a new legal framework to support new housing construction, housing management and maintenance in remote Aboriginal communities;
- Support in negotiating and implementing the commitments in the *National Partnership Agreement on Remote Indigenous Housing*;
- Policy advice and support for essential services program development and implementation (e.g. the Remote Area Essential Services Program and the Town Reserves Regularisation Program); and
- Coordinating WA's input to the national municipal and essential services audit to support negotiations with the Commonwealth Government on future service and funding responsibilities.

## Built Form and Civil Construction

### Housing Construction

During the year, the Authority project managed the construction of houses for community housing organisations, public housing, government employees, the Health Department and Aboriginal people on remote communities.

Key programs and specific projects which either commenced or completed in the year included:

- National Partnership on Remote Indigenous Housing

The Commonwealth target of 75 was exceeded, with 78 houses completed.

The target of 150 refurbishments was also achieved. The 20 percent local Aboriginal training and employment target was also exceeded.

- East Kimberley Development Package

This \$50 million funding package requires the Authority to construct 100 dwellings in Wyndham and Kununurra, with projects to be completed by the end of 2011. During the year, construction of 28 properties commenced.

- Halls Creek Better Life Project

Work commenced on 15 dwellings for Public Housing as part of this major initiative.

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#### ■ Mental Health

Two major multi-storey projects were completed: the 16-bed development in Fremantle and the 34-bed development in Perth. These projects were undertaken at the request of the Department of Health.

#### ■ Stimulus Stage 1

This first group of projects (out of a total of 313 dwellings) were completed by 30 June 2010 in compliance with the funding requirements of the Commonwealth Government.

#### ■ Fitzroy Swimming Pool

Following the successful construction of six swimming pools in remote Aboriginal communities, the Authority was engaged to build the Fitzroy Crossing pool which was completed in March 2010 at a cost of \$3.86 million.

#### ■ Community Housing

Work commenced on a 49-unit complex in Fitzgerald Street, Perth, which will be managed by Foundation Housing.

Another significant project involves 11 dwellings to be built at the historic Sister Kate's facility in Queens Park. For 50 years, Sister Kate's was home to hundreds of Western Australian children and the new dwellings will be occupied by former residents.

## Bond Assistance

In 2009-2010, a total of \$13,597,303 was spent on 12,491 Private Rental and Bond Loans. This included rent in advance, the Private Rental Aboriginal Assistance Loan scheme and re-imbursements to tenants of pre-paid bonds against a \$13 million budget and expected demand of 11,521 loans. The variance of \$597,303 and 970 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 2006-07 and 2007-08 years has turned and there are more properties available for rent.

### Expenditure on bond loans

The total expenditure and number of new bond loans include:

- \$8,685,508 to 12,181 people to access the private rental market by providing interest-free bond loans against a budget of \$8,560,000 and 11,250 bond clients;
- \$4,560,677 to 11,329 people to cover the required two weeks' rent in advance against a budget of \$4,113,000 and 10,012 applicants. The variation from budget of \$447,677 and 1,317 applicants shows a strong demand for the two weeks' rent in advance;

- \$290,414 to cater for 256 clients to cover reimbursement to tenants of pre-paid bonds compared to a budget of \$251,500 and a demand of 176 applications. The variance indicates 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
- \$60,705 to 54 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 \$75,000 to cater for 95 clients.

### Bond Loan Accounts

In 2009-10, approximately 20,337 bond loans were managed with a value of \$15,767,239. Of these:

- \$8,675,230 was repaid during the year against a target of \$7.4 million; and
- \$5,280,606 loan repayments were made through direct deductions from Centrelink against a budget of \$4.25 million.

### 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 \$100,689,377 was spent on maintenance and planned works to rental properties during 2009-10. This includes:

- \$37,539,593 on day-to-day maintenance against a budget of \$30,417,738 for responsive works;
- \$19,356,159 on vacated properties against a budget of \$15,309,745 for responsive works;
- \$10,363,795 on refurbishments and improvements against a budget of \$8,425,000 to improve assets;
- \$18,590,122 on planned and cyclical works against a budget of \$19,982,089 to extend the life of the assets;
- \$6,559,683 on estates maintenance against a budget of \$6,859,300 to maintain grounds and gardens at housing complexes; and
- \$8,280,025 to renew or replace damaged items through insurance funding against a budget of \$8,145,128.

The Authority also spent \$853,459 on repairs to 2,136 public housing properties damaged during the fierce storm that struck the Perth metropolitan area on 22 March 2010.

During the year, the Authority adopted a new head contractor model for delivering maintenance services for its dwellings. Under the new model, an overall maintenance contractor is appointed for each of the 10 housing regions in Western Australia. The head contractor will be the single point of contact for all repairs and maintenance issues in each region. In effect, this will reduce the number of maintenance contracts managed by the Authority from 705 to just 10. The new model, which comes into effect from 1 July 2010, is expected to reduce the cost of maintaining the Authority's properties by more than \$20 million over three years.

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## Appeals

The Authority's appeals process was reviewed in 2009. The major objectives of this review were:

- To improve the effectiveness and efficiency of the housing appeals mechanism;
- To clarify the purpose and role of the housing appeals mechanism within the community;
- To require appellants to request a review of the decision making process rather than simply disagreeing with the decision; and
- To improve decision making practices and processes and the accountability of assessments.

As a result, the previous three-tier system was reduced to two by abolishing the independent Public Housing Review Panel (Tier 3). The independence and transparency of the new two-tier system will be ensured by increasing independent representation on the Regional Appeals Committee (Tier 2), from one to two community representatives.

Due to this restructure, the appeals statistics reported for this year are not comparable to previous years.

The number of appeals concluded at Tier 2 under the previous system and since implementation of the new system in November 2009 is as follows:

Tier 2 Appeals 2009-10				
System	Partly successful	Successful	Unsuccessful	Total Tier 2 Appeals
Restructured System July '09 Oct. '09 (old format)	3	4	8	15
Nov '09 - June '10 (new format)	73	175	240	488
Total (includes both formats)	76	179	248	503

It should be noted that the number of Tier 2 appeals has declined due to a more rigorous internal review process at Tier 1, which aims to resolve appeals before they escalate to the next level.

## Housing Direct

Major achievements for 2009-10 include:

- The Housing Direct contact centre was established in late June 2009. It provides customers in two regional areas with a centralised maintenance contact service. It was successfully rolled out to the remaining eight regions in 2009-2010. In addition, Housing Direct became the main contact point for callers to the Authority's Homeless Advisory Service in November 2009. The centralisation of these two services has resulted in better deployment of staff, with staff being available for callers to either service.
- Housing Direct and manager Libby Atkins won the 2010 State awards for 'Best Call Centre' (for fewer than 50 FTEs) and 'Call Centre Manager of the Year' in the awards held by the Australian Teleservices Association (ATA).

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- During the year, appointments for all key positions were finalised with new training and induction programs developed for the workforce. The proportion of part-time positions in Housing Direct was also increased so that more staff were available during busy periods to improve customer service and reduce waiting times.
  - During 2009-10, staff received approximately 110,000 maintenance-related phone calls and 4,227 phone calls to the Homeless Advisory Service, resulting in 71,000 outbound phone calls. Housing Direct was also the Authority's main contact point for customers needing urgent maintenance as a result of the storms that hit the Perth metropolitan area on 22 March 2010.
  - The service assisted people with information using the daily bed count, referring people to appropriate service agencies and the Authority's regional offices to access accommodation. The service is available 24 hours a day, with the Salvation Army Crisis Care service handling after-hour calls. In 2009-10, the Salvation Army Crisis Care service received 366 after-hour calls.
  - Overall, 2009-10 has been a period of consolidation and refinement with regards to new business processes and systems. It also saw the introduction of new quality management and performance development frameworks as well as staff engagement strategies.
  - Internet services for reporting non-urgent maintenance were introduced in order for customers to report these types of issues 'anytime – anywhere'. Foyer phones were introduced in a number of offices to provide customers with an alternative to attending counters.

While staffing to meet the volume of incoming calls has been a challenge, Housing Direct has worked closely with the North Metropolitan regional office to develop staff exchange strategies that have benefited both business units.

### Antisocial Behaviour Intervention Team

In May 2009, the Department began piloting the new Antisocial Behaviour Intervention Team in the South East Metropolitan Region to better address antisocial behaviour in public housing tenancies.

The team works with tenants to address ongoing or escalating antisocial behaviour by:

- Identifying the causes of the problems and establishing options to deal with the problems;
- Putting in place, in conjunction with the tenant, an appropriate action plan that might include required support services; and
- Communicating with the tenant to ensure awareness of the consequences if there is no meaningful change in tenant behaviour.

In 2009-10, the pilot was extended to the South Metropolitan Region. Since its inception there, the teams have had 119 referrals. Thirty-three are current cases, 80 have been successfully dealt with, four withdrew from the process due to non-engagement with support agencies, and two tenants declined to get involved with the team.

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### Disruptive Behaviour Management Strategy

The Authority introduced a new Disruptive Behaviour Management Strategy in November 2009 as a means of safeguarding the community from antisocial behaviour. To meet its responsibilities to the neighbours of tenants who cause problems on an ongoing basis, the Authority is sometimes required to take firmer action. The strategy will ensure the community no longer has to tolerate tenants disturbing the peace or comfort of their neighbours.

Stronger action will now be taken for repeated instances of antisocial behaviour, which may include evicting tenants who are given opportunities to modify their behaviour and refuse to change. Under the strategy, the Authority considers both the severity of a tenant's behaviour and how frequently it is occurring. Legal action will be considered where a tenant who has been warned about their behaviour causes serious disruption to neighbours in three separate instances over a six-month period. Behaviour that causes damage or threatens the health or safety of neighbours will result in immediate action, which can include eviction.

To 30 June 2010, the Authority has dealt with 457 substantiated complaints of antisocial behaviour with eight of those resulting in eviction.

### Community Housing

The Authority works with community housing organisations, not-for-profit housing companies, community organisations and local government to provide social and affordable rental housing.

### Community Housing Accommodation

As at 30 June 2010, a total of 6,222 units of accommodation across the State were being managed by community housing organisations under the various programs detailed below. This represents a net growth of 570 units from the previous year.

Community Housing Accommodation Options	Units
Crisis Accommodation Program: Residential premises for people in housing crisis, such as women's refuges, night shelters, and emergency accommodation for youth.	546
State Community Housing Investment Program: Long-term housing, aimed at attracting equity contributions from community housing organisations to meet the housing needs of people on the Authority's public rental waiting list.	568
Joint Venture Housing Program: Enables organisations that have resources to contribute to the development of rental accommodation options for people on low incomes.	1,975
Lease for Life Joint Ventures: In a resident-funded joint venture, organisations and the Authority pool their resources to provide low-income housing to seniors in Western Australia. Eligible applicants are able to purchase a lease for life under this option.	143
Community Housing Program: Community-managed rental housing for people on low-to-moderate incomes.	909
Community Disability Housing Program: Provides community-managed accommodation options for people with disabilities who require support to live independently in the community.	1,372
Lodging House Accommodation: A room (or part of the premises) available for occupation for rent, with the permission of the owner.	103
Public Housing Leasing Program: Public housing stock managed through community housing growth providers.	465
Mental Health Strategy: The Authority has entered into an agreement with the Department of Health to construct units of accommodation for mental health clients.	141

### Growth and Investment

The community housing capital works programs resulted in work commencing on 269 units and 200 units completed in 2009-10.

A further 432 units of public rental housing were leased to community housing organisations to manage through the Public Housing Leasing Program (PHLP) and through the Community Disability Housing Program (CDHP).

### Outsourcing Program

In 2009-10, the Authority commenced a program of outsourcing projects with the not-for-profit community.

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Major projects include:

- A multi-storey building in Lime Street, East Perth, which will be managed by St Bartholomews House, with a project budget of more than \$29 million. The complex will accommodate up to 148 people, including seniors and homeless people. Commercial space is also incorporated in the design. Construction will commence in 2010-11.
- A 'Foyer' project in Leederville. Foyer is an international model for addressing youth homelessness which integrates education, employment opportunities, health and community services. The project is in the design phase and will accommodate up to 100 youths. This project is funded under the National Partnership Agreement on Homelessness and will be managed by Foundation Housing Ltd.

### Commitments to Disability Services Commission

The Authority has purchased 34 homes for people with disabilities who have support funding from the Disability Services Commission to help them live independently. A further commitment to provide 26 homes from social housing stock is being delivered.

The Authority is committed to provide three properties for young people residing in aged care facilities. One six-bedroom property is being designed in Kalgoorlie and another four-bedroom property is being designed in Derby. A further property is earmarked for Broome.

The Government's election commitment to provide five respite facilities State-wide is being delivered. One respite facility has been purchased in Broome, with land identified for three further facilities to be built in Rockingham, Gosnells and Clarkson. The fifth facility is earmarked for the Wheatbelt region.

### Commitments to the Mental Health Commission

The Authority has allocated 25 units in the north metropolitan area and 25 units in the south metropolitan area to complete its commitment under the Mental Health Strategy to provide 50 beds for the Non-Government Organisation Supported Accommodation Expansion program. These units are new constructions and are being allocated as they are completed.

During 2009-10, the Authority also purchased an additional two properties for \$715,000 under the previous Independent Living program.

### Community Housing Information Management System (CHIMS)

The new Community Housing Information Management System has been developed to manage community housing projects, providers and properties. The system entails project proposal assessment, project delivery, asset management, and the regulation and compliance assessments of providers.

### Waiting List Management

People on the public rental housing waiting list are being allocated to other community housing providers to help them find accommodation more quickly. An estimated 561 people on the waiting list found accommodation through community housing options in 2009-10.



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## Aboriginal Housing

### National Partnership Agreement on Remote Indigenous Housing

The National Partnership Agreement on Remote Indigenous Housing is a COAG agreement worth an estimated \$496 million up to 30 June 2013. At the December COAG meeting, the Agreement was varied to introduce a competitive bids process for the States.

The Authority met or exceeded all its targets under the National Partnership Agreement on Remote Indigenous Housing for 2009-10. These include:

- New construction (target of 75 new houses), achieved 78 houses for a cost of \$36 million;
- Refurbishment (target of 150 houses), achieved 150 houses upgraded for a cost of \$23.6 million;
- Legislative amendments to the *Housing Act 1980* and the *Aboriginal Affairs Planning Authority Act* to enable the Housing Authority to manage housing on Aboriginal land – achieved by 1 July 2010;
- Submission of a capital works bid for funding for 2010-12 completed by the end of May 2010;
- Employment-Based Accommodation – successful agreement to additional resources to complete and operate facilities in Halls Creek, Broome and Derby;
- Developed and implemented a Property and Tenancy Management Plan; and
- Commenced a reform process for Indigenous community housing organisations to improve standards of housing.

### New construction, refurbishments and employment and workforce development

The Authority used factory-built housing and innovative tendering practices to deliver the work on time, as well as providing 36 percent Aboriginal employment, well above the average required.

The NPARIH budget includes \$18.2 million to establish employment-related accommodation facilities in regional and remote Western Australia and the Commonwealth has mandated a 20 percent Aboriginal employment benchmark. In the first three months of delivery, Housing has achieved an average 36 percent Aboriginal employment rate and at May 2010, 121 Aboriginal people were employed in NPARIH construction projects.

### Employment-based accommodation

Halls Creek – Burks Park: new Aboriginal workers' accommodation is situated within a 45.921 ha designated sanctuary within the Burks Park pastoral station. To date, \$2.4 million has been spent on the construction of the 24-bed hostel that is due for completion in 30 September 2010. This is part of an overall commitment to provide 100 employment and training-related beds in the Kimberley – which is now part of the National Partnership Agreement on Remote Indigenous Housing.

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## Housing Management Services

Property and Tenancy Management: over five years, \$66.628 million will be spent on maintenance and repair work to remote Aboriginal houses. The target is to have 100 percent of houses with tenancy management, rent collection and tenant support services in place. Housing is currently managing 2,395 houses within 130 communities.

## Direct Management

In January 2009, the Housing Authority adopted a new way of delivering Housing Management Services to remote Aboriginal communities by directly managing the properties using Authority staff. At the end of the 2009-10 financial year, Direct Management now manages 1,013 properties in 33 communities across the State.

## Contract Services

The Housing Authority currently engages five regional service providers (RSPs) across the State to provide comprehensive housing management services to 1,351 houses across 96 communities. The RSPs are Aboriginal corporations with boards largely made up of representatives from local Aboriginal communities. The Contract Services section conducts bi-annual compliance audits and capacity-building visits. This strong Service Agreement management has resulted in improved tenancy management outcomes.

In addition, the Contract Services section managed many Grant Agreements to assist funding to Aboriginal tenancy advocacy services, urban Indigenous community housing organisations, and positional grants to improve the capacity, governance, sustainability and management of communities to manage and maintain their housing stock.

## Tenancy support programs

The Authority funded eight service providers and four communities throughout the State to deliver the In-home Practical Support program. This \$1.5 million program provided tenancy support to Aboriginal families and individuals in an effort to improve Aboriginal housing in remote, regional and urban areas. It does this through practical assistance, informal counselling or advice, group activities, linking people into available community resources, support networks and other programs.

Under the terms of the NPARIH, all prospective tenants moving into a new residence will be offered the New Living Skills (NLS) program which will provide support training as part of tenancy management. NLS will be a comprehensive induction to the property which will include a welcome kit and follow-up visit should the tenant require further support.

## RUAH Aboriginal Tenancy Support Service

The Authority engages RUAH Community Services for the delivery of an intensive tenancy support service aimed at helping former residents of the Gngarra Nyoongah Community and Cullacabardee Community make the transition into Housing Authority tenancies across the metropolitan area. The support service is delivered to 15 households nominated by the Authority, with 10 households receiving a high level of support and the remaining five receiving a medium-high level of support.

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### Make Good Reform

This is a component of the National Partnership Agreement on Remote Indigenous Housing to upgrade housing owned and managed by urban Indigenous Community Housing Organisations. It is contingent on their agreeing to work towards registration as a community housing provider under the WA Community Housing Regulatory Framework.

Some \$92.84 million has been provided to WA to be spent prior to 30 June 2013. These funds will be used to repair and refurbish an estimated 420 urban Aboriginal community housing properties. Stage 1 will target 70 properties with an estimated completion date of 30 November 2010. Scoping for the balance of the properties (Stage 2) has commenced.

### Infrastructure and Essential Services

The Government has continued to fund the Remote Area Essential Services Program (RAESP) with a budget of \$22.9 million in 2009-10. The RAESP provides a cyclical maintenance and breakdown service for power, water and wastewater infrastructure in 91 remote Aboriginal communities in WA (approximately 11,000 people). During the year, almost 3,600 microbiological and 230 chemical water samples were taken. This testing resulted in the program meeting the 95 percent success rate benchmark set by the Department of Health. An emergency repairs service to non-RAESP Communities to the value of \$900,000 was also provided.

### Essential Services and Capital Works

The Authority administered an \$18.8 million essential services capital works program funded through the NPARIH, to provide infrastructure upgrades in remote Aboriginal communities. The Authority also undertakes capital essential services and infrastructure projects supporting new housing and development projects in remote Aboriginal communities.

Major infrastructure upgrades managed through Essential Services include:

- Balgo power network upgrade
- Bayulu water treatment upgrade
- Kalumburu sewer upgrade
- Karalundi sewer upgrade
- Kiwirikurra power network upgrade
- Ngalinkadji's new water source
- Warburton power upgrade
- Bidyadanga service extension for subdivision
- Burks Park service compound.

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### Audit of Essential Services

In 2009, the Housing Authority completed an audit of essential services assets in 105 Aboriginal communities in Western Australia which included power, water and wastewater infrastructure. The Commonwealth is completing a national audit as part of negotiations between the State and the Commonwealth on future service delivery models and funding requirements, as well as to improve the existing essential services asset management database.

Other achievements:

- Completion of the Fitzroy Crossing swimming pool. This project has provided a quality recreational facility at a cost of \$3.86 million which is greatly appreciated by local children.
- The Authority installed 2,275 new residual current devices and replaced 1,843 in 990 properties.

### Aboriginal Town-based Communities

Power regularisation has now been completed in 13 town-based communities throughout the Town Reserve Regularisation Program (TRRP).

Work is currently underway to commence water service regularisation in two communities in readiness for this component of the TRRP program to expand in 2010-11.

Power supply has been regularised to 12 town-based Aboriginal communities at a cost of \$6.3 million, with Horizon Power assuming responsibility for the ongoing service.

The Water Corporation has now completed detailed engineering reports to regularise the water services at five communities at a cost of approximately \$500,000.

## 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 2009-10.

Carryover completions reflect units that commenced in a previous financial year but were still under construction or refurbishment as at 30 June 2010. Carryover expenditure shows the committed funds required to complete those units still under construction or refurbishment as at 30 June 2010.

Construction, Spot Purchase, Refurbishment & Bed-Sitter Conversions					
	Commenced	Completed	Expenditure (\$m)	Carryover Completions	Carryover Expenditure (\$m)
<b>Construction and spot purchase</b>					
<b>Public Rental Housing</b>					
General Rental	2,153	610			
Community Disability Housing Program	53	50			
Mental Health Strategy	2	50			
Joint Venture	31	7			
House and Land for Sale	0	0			
<b>Sub Total</b>	<b>2,239</b>	<b>717</b>	<b>271.647</b>	<b>1,891</b>	<b>292.983</b>
<b>Aboriginal Housing</b>					
Aboriginal Housing – Urban	0	0	0	0	0
Aboriginal Housing – Communities	93	87	31.859	40	13.854
<b>Sub Total</b>	<b>93</b>	<b>87</b>	<b>31.859</b>	<b>40</b>	<b>13.854</b>
<b>Community Housing</b>					
Community Housing Program	4	3	1.569	2	0.050
Crisis Accommodation Program	7	13	3.206	0	0.042
State Community Housing Investment Program	227	177	50.119	306	30.138
<b>Sub Total</b>	<b>238</b>	<b>193</b>	<b>54.894</b>	<b>308</b>	<b>30.231</b>
<b>Total</b>	<b>2,570</b>	<b>997</b>	<b>358.399</b>	<b>2,239</b>	<b>337.068</b>

**Cont..... Construction, Spot Purchase, Refurbishment & Bed-Sitter Conversions**

	Commenced	Completed	Expenditure (\$m)	Carryover Completions	Carryover Expenditure (\$m)
Refurbishment and bed-sitter conversions					
Public Rental Housing					
Refurbishments	1,028	1,357	34.789	0	0.185
Bed-sitter Conversions	1	1	2.032	14	0.958
<b>Sub Total</b>	<b>1,029</b>	<b>1,358</b>	<b>36.821</b>	<b>14</b>	<b>1.143</b>
New Living (Retained Properties)					
Refurbishments	149	199	23.840	105	5.894
Bed-sitter Conversions	0	0	0	0	0
<b>Sub Total</b>	<b>149</b>	<b>199</b>	<b>23.840</b>	<b>105</b>	<b>5.894</b>
Aboriginal Housing– Communities					
Refurbishments	174	168	22.918	26	11.409
<b>Sub Total</b>	<b>174</b>	<b>168</b>	<b>22.918</b>	<b>26</b>	<b>11.409</b>
Community Housing					
Community Housing Program	16	0	0.339	16	0.169
Crisis Accommodation Program	4	4	0.100	0	0
<b>Sub Total</b>	<b>20</b>	<b>4</b>	<b>0.439</b>	<b>16</b>	<b>0.169</b>
<b>Total</b>	<b>1,372</b>	<b>1,729</b>	<b>84.018</b>	<b>161</b>	<b>18.616</b>
<b>Grand Total</b>	<b>3,942</b>	<b>2,726</b>	<b>442.417</b>	<b>2,400</b>	<b>355.683</b>

**Notes**

1. Expenditure on Public Rental Housing and Aboriginal Urban Housing excludes capitalised administration costs.
2. Expenditure on Public Rental Housing bed-sitter conversions includes other upgrade works.
3. Expenditure on Aboriginal Communities Refurbishments includes other works.
4. Community Housing Program and Crisis Accommodation Program Refurbishments include other upgrade and maintenance works.
5. Figures include activity from all funding sources including Commonwealth and State Stimulus packages.

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## Land and Housing Development

Through the development and sale of land holdings, the Authority:

- Maintains land affordability through supply;
- Provides a return to the Housing Authority to help fund other social housing programs; and
- Retains lots for social and community housing programs.

These objectives are met via the following programs:

- Urban Redevelopment program – infill development programs in existing suburbs;
- Urban Renewal program – redevelopment of existing, high public housing presence locations to provide more sustainable suburbs; and
- Broad-acre land development – land development programs conducted either in-house or in partnership with the private sector.

### Supply of Affordable Land

During 2009-10, the Authority was able to increase its lot yield by 47 percent – from 1,332 to 1,953 lots. Correspondingly, with an improving market condition, sales increased by nearly 60 percent – from 1,420 to 2,243 lots.

The Authority continues to meet its objective of providing affordable land with an increase in lots produced in the lower quartile of land affordability. In 2009-10, 35.1 percent of lots sold were in the lower quartile and 89.4 percent at or below the median price.

#### Lot Sales in the Lower Quartile

	2008-09 Actuals	2009-10 Actuals	2009-10 Budget
Lots*	446	638	
Percentage	32.9%	35.1%	30%

#### \* Note

Only individual residential sales are taken into account

### Return to the Authority

The Authority is an integrated provider of land and housing focusing on lower- and moderate-income families. In 2009-10, the various land transactions provided a net return of \$107.9 million back to the Housing Authority. This dividend provided part of the funding to assist the Authority to carry out its social housing activities. This return was significantly greater than the preceding year due to a marked improvement in the market.

### Lots Retained

Part of the objectives of the Authority's land activities is to retain lots for use in its public housing program. During 2009-10, 143 lots were retained from its various joint ventures, Urban Development and Urban Renewal programs. These parcels of land will result in approximately 402 dwellings. Many of these lots have been utilised to fulfil the State's obligations under the Commonwealth and State stimulus programs.

## Land and Housing Development performance at a glance 2009-10

Revenue by Program			
	2008-09 Actuals	2009-10 Actuals	2009-10 Budget
Joint Ventures	\$87.38m	\$133.163m	\$160.107m
Urban Renewal	\$15.90m	\$46.068m	\$34.898m
Urban Development and Redevelopment	\$46.76m	\$63.196m	\$56.033m
<b>Total</b>	<b>\$150.04m</b>	<b>\$242.427m</b>	<b>\$251.038m</b>

Development Expenditure by Program			
	2008-09 Actuals	2009-10 Actuals	2009-10 Budget
Joint Ventures	\$44.89m	\$44.747m	\$76.125m
Urban Renewal	\$24.35m	\$12.076m	\$32.049m
Urban Development and Redevelopment	\$25.59m	\$20.031m	\$24.562m
<b>Total</b>	<b>\$94.83m</b>	<b>\$76.854m</b>	<b>\$132.736m</b>

Sales			
	2008-09 Actuals	2009-10 Actuals	2009-10 Budget
Joint Ventures	1,096	1,679	1,522
Urban Renewal	74	268	204
Urban Development and Redevelopment	250	296	311
<b>Total</b>	<b>1,420</b>	<b>2,243</b>	<b>2,037</b>

Yield			
	2008-09 Actuals	2009-10 Actuals	2009-10 Budget
Joint Ventures	931	1,199	1,405
Urban Renewal	47	312	244
Urban Development and Redevelopment	354	442	449
<b>Total</b>	<b>1,332</b>	<b>1,953</b>	<b>2,098</b>

### \* Note

The Urban Redevelopment program reports yields on the number of Dwelling Units (DUES).



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## Land Development Programs

### Joint Ventures

The Joint Venture program continues to deliver outstanding project development and affordable housing throughout Western Australia. By collaborating with our industry partners, the Authority continues to build capacity and capital to help build more economically, socially and ecologically sustainable communities.

During 2009-10, the Authority's joint venture developments in Banksia Grove, Brighton, Ellenbrook and Wellard received valuable industry recognition for excellence in affordable development, community planning and other areas.

Development yields at Banksia Grove, Ellenbrook and Butler were behind budget mainly due to delays experienced in subdivision clearances being issued. This delayed the issuing of titles, resulting in a total of 206 lot yields below budget.

### Future Joint Ventures

#### Harrisdale

The Harrisdale joint venture agreement was executed this year. This development will include 250 lots, and provide a potential yield of approximately 640 residential dwellings and 40 mixed businesses.

#### Henley Brook

Cabinet granted approval for the Housing Authority to enter into a joint venture agreement with Brookfield Multiplex. The site is located approximately 20 kilometres north of the Perth CBD. The development of approximately 225.7 hectares of land will include approximately 2,777 lots in combined landholdings and also provide for future commercial services. The project, named Whiteman Edge, supports the Government's commitments to land supply, including those of affordable housing, first home buyers and social housing.

#### Hammond Park

Cabinet granted approval for the development of 14.83 hectares of Housing Authority land at Hammond Park, located approximately 25 kilometres south-west of the Perth CBD within the City of Cockburn. The Authority, through a joint venture agreement with Gold Estates, will develop and market some 415 lots in Hammond Park, with first lots due for release in late 2010.

### Urban Renewal and Development

#### New North

The New North project continued to progress its property refurbishment program with consistent sales achieved. Land sales were also in high demand, with all lots at Hainsworth Mews, Girrawheen, selling very quickly. A total of 79 lots were released at Hainsworth Mews and prices were capped to complement the Government's First Home Owners Grant. All lots were sold on the day of release.

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### **Brownlie Towers, Bentley**

The external upgrade of the Brownlie Towers in Bentley was completed in December 2009. The major external upgrade for Blocks A and B included the installation of four new lifts, new roofs, wall cladding, hydraulic services, a fire alarm system, balustrades, rendering of walls in the lift foyers, car parking and landscaping.

### **South Hedland**

The South Hedland New Living Urban Renewal project continued its successful program of land development, property refurbishment, community development and infrastructure upgrades which are helping revitalise the township. Land and property sales continued to be very strong with newly developed lots and refurbished homes in high demand and selling quickly. The project was instrumental in assisting the community to win a number of Tidy Town awards.

### **Queens Park**

Quattro, 'The New Queens Park', produced further excellent land sales reinforcing the popularity and quality of the new subdivision. Three further stages were released to the market. All were sold on release with a high number of purchasers being first home owners and owner-occupiers.

### **Kinsella Court, North Beach**

This project involved progressively refurbishing and upgrading the occupied 96-apartment Kinsella Court public rental housing complex. The project was completed during 2009-10.

### **Halls Creek**

Planning approval was received to create individual titles for the Yardgee Community. A total of 22 properties were created and will now be developed with a view to providing home ownership to existing tenants.

### **Swan View**

The Authority completed the subdivision of the former Blackadder Road school site in Swan View. A total of 48 residential lots were created, with 45 available for sale.

### **Beaconsfield**

The Authority completed the decontamination and subdivision of its Curedale Street landholding in Beaconsfield. A total of 32 lots were created, with five lots to be allocated for social housing and 27 lots offered for auction in early 2010-11.

### **Kwinana**

A total of 107 lots were created in Stages 6 and 9 at Belgravia Central, Bertram, and all lots were priced to complement the Government's First Home Owners Grant. In disposing of these lots, incentives such as landscaping, fencing and early construction rebate were provided. A further 109 lots are being developed and will be offered for sale to the general public in the latter part of 2010.

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## Land Acquisitions and Planning

### Land Acquisitions

The Authority acquired land worth \$47.1 million in 2009-10 primarily for immediate social housing requirements together with a number of strategic sites earmarked for future needs.

Some \$10.5 million was spent acquiring sites for rental housing construction in the joint venture project areas of Ellenbrook, Brighton (Butler), Banksia Grove and Wandina (Geraldton). The major acquisition was a 5.9-hectare site from the Brighton joint venture to be used for a retirement village.

Much of the land acquired by the Authority was through other government agencies. A site of 25 hectares in South Hedland was acquired from the Department of Regional Development and Lands. Sites to the value of \$9.3 million were purchased from LandCorp, being in Joondalup, Kununurra, Karratha, Cervantes and Halls Creek. Through the Property Asset Clearing House, the Authority spent \$3 million purchasing sites in Kalgoorlie, Newman, Manjimup and Highgate. Sites were acquired from Main Roads WA in Bayswater, Butler, Stirling, Greenmount and West Perth to the value of \$5 million. Land at Queens Park and High Wycombe was bought from the WA Planning Commission.

### Land Planning

Major projects which advanced through the planning phase included:

- Keralup – The Authority has completed a series of detailed studies and formulated a draft district structure plan. A request for the land to be rezoned to urban/urban deferred is being prepared;
- Kiara – This site has been rezoned urban and is now subject to the preparation of an outline development plan;
- Karloo (Geraldton) – The land has been rezoned to ‘development zone’ and the Authority is now proceeding with a local structure plan;
- Stratton/West Stratton – Outline development plans have been lodged for council approval;
- Tuart Brook (Bunbury) – A local structure plan has been lodged for council approval;
- Southern River – A local structure plan has been lodged for council approval; and
- Bentley (Brownlie Towers precinct) – A master plan for the precinct has been completed forming the basis for a local structure plan to be prepared.

Major achievements and Awards for 2009-10

### Housing Affordability Fund

In January 2009, the Authority submitted four proposals for funding under the Housing Affordability Fund (HAF). This is a Commonwealth initiative providing grants to assist in the provision of affordable housing. The Authority was successful in all four proposals, with grants totalling \$16.23 million being approved.

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The developments to benefit are Golden Bay (\$1.93 million), Henley Brook (\$6.9 million), Harrisdale (\$4 million) and Beachlands (\$3.4 million). Funding will allow early development of these sites by assisting with infrastructure costs such as sewer extensions and road construction. In addition, qualifying purchasers on lower to moderate incomes will also benefit from the grant in the form of a rebate to be passed on after settlement.

### Awards

During the year, several of the Authority's developments won awards.

### Banksia Grove

2009 – UDIA Awards for Excellence Finalists – Affordable Development and Urban Renewal

2009 – UDIA Young Professional of the Year – Jeremy Cordina

### Brighton (Butler)

2010 – UDIA National Award for Affordable Development

2010 – UDIA WA's Most Affordable Development

### Ellenbrook

2009 – UDIA WA Judges Award for Excellence – Contempo Display Village

### Wellard

2009 – Premier's Australia Day Award: Best Community Initiative for the Ngulla Community Nursery

2009 – Australian Marketing Institute (Western Australia) Award for Marketing Excellence: Consumer Insight

REIWA Awards for Excellence: Innovation Award

## Property sales for public housing

Seventeen high value State Government homes were sold and raised \$16,243,500 for public housing. The sales realised an average of \$955,500 per house. Funds are to be reinvested in public housing, including purchasing or building new properties. The High Value Property Strategy is one of the Authority's initiatives to address the problem of the growing public housing waiting list.

The policy identifies State-owned properties of high market value and well above the median house price.

In addition, 16 sales to tenants occurred during the financial year totalling \$4,255,176.

Two GROH properties were also sold to tenants, raising \$507,500.

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## 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 again exceeded expectations. During 2009-10, Keystart helped 5,493 Western Australians into home ownership and injected a record level of finance (\$1.74 billion) 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 home buyers with an affordable home loan option.

Major achievements for 2009-10 include:

### Keystart low deposit loan

The Keystart low deposit loan helps Western Australians to purchase 100 percent of a property.

- A total of 5,048 new loans for first home owners amounting to \$1.62 billion;
- \$747 million approved to purchase 2,541 established homes during the year;
- \$993 million approved for new constructions, involving 2,952 new building commencements that provided more jobs for Western Australians; and
- \$231 million approved for regional Western Australia, assisting 877 families.

### First Start shared equity scheme

This scheme assists people on low-to-moderate incomes own their own homes. Borrowers obtain a Keystart loan and provide a deposit to purchase a minimum 75 percent share of a property, with the Authority purchasing the remaining share. Clients can increase their share when their financial circumstances permit.

- The scheme ceased taking applications on 30 June 2009 but there were a number of loans in the pipeline. As a result, First Start assisted 388 home buyers obtain final approval during 2009-10.

### GoodStart shared equity scheme

This scheme assists public housing rental tenants and non-first home buyers own their own homes.

- During the year, GoodStart assisted 34 Housing Authority rental tenants and applicants on the Authority's rental waiting list into home ownership at a cost of \$5,738,400.

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### Access shared equity scheme

This scheme helps people with disabilities to purchase a home.

- This scheme assisted 64 families with disabilities into home ownership at a cost of \$9,441,600.

### Aboriginal shared equity scheme

This scheme assists Aboriginal and Torres Strait Islanders.

- The Aboriginal scheme helped 60 families make the transition from renting to home ownership at a cost of \$14,567,158.

## Country Housing Authority (CHA)

Keystart has undertaken, to the extent possible under the law, all the operational and administrative activities of the CHA on the CHA's behalf. Under this arrangement, the CHA remains the Accountable Authority for discharging all responsibilities under the *Country Housing Authority Act 1998*.

In 2009, the CHA board delegated to Keystart the power to perform CHA's securities and conveyancing activities, including the use of its common seal.

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## Government Regional Officers' Housing

The primary focus of this program is to improve the quality and supply of government employee housing. The program plays a vital role in attracting and retaining key government workers in regional and remote communities.

The 2009-10 year was a period of record activity, with the delivery of unprecedented numbers of new properties. This housing was delivered through capital acquisitions and leasing programs. An extensive refurbishment program was also undertaken.

### Property management

Rental accommodation is provided to more than 5,000 government employees throughout the State. As at 30 June 2010, the Authority managed a total of 5,254 units of government employee housing. Of these, 3,007 units were owned by the Authority and 2,247 units were leased from the private market. Leases represent approximately 42.8 percent of GROH's rental portfolio.

### Capital works and acquisitions

In 2009-10, a total \$127 million was spent with a carryover commitment of \$50.6 million as at 30 June 2010.

Procurement of 296 properties commenced, and 200 units of accommodation were completed. In addition, \$12.7 million was spent to buy 65 vacant blocks of land to support the housing procurement program.

Expenditure for Capital Works and Acquisitions 2009-10	
	\$ million
Housing procurement	112
Vacant land acquisitions	12.7
Capitalised administration fees	2.3
Total	\$ 127 million

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### Royalties for Regions: Housing Our Workforce

Under the WA Government's Royalties for Regions program, the Authority was granted \$200 million to deliver 400 new units of government employee housing between May 2009 and June 2011.

As of 30 June 2010, a total of \$106.5 million had been spent and a further \$46.70 million committed. A total of 331 dwellings have been commenced and 144 were completed. The table below shows the number of dwellings commenced and completed in each region.

Construction commencements and completions		
Region	Commenced	Completed
Great Southern	30	17
South West	15	4
Goldfields	31	12
Mid West Gascoyne	32	12
Pilbara	76	23
Kimberley	96	45
Wheatbelt	51	31
Total Units	331	144

The Royalties for Regions program is expected to continue to drive business activity in 2010-11 and will deliver both additional and replacement housing stock.

### Refurbishment program

In 2009-10, a total of \$9.6 million, against a budget of \$9.1 million, was spent on property refurbishments to improve homes and extend their economic life.

### Sales

Properties that are no longer needed to meet the demand for government employee housing, or which have reached the end of their economic life, are often sold. Funds generated from the sales program are used to improve the quality of stock through constructing new housing and refurbishing older stock.

A total of 49 dwellings were sold in 2009-10 for \$6.79 million, against a budget of \$5.20 million. This included two tenant sales valued at \$507,500. Additionally, one vacant lot of land was sold at a value of \$10,000.

### Housing in the North West

Demand for government employee housing remains strong in the North West and the Authority is investigating numerous avenues to deliver additional housing. In 2009-10, a total of 53 dwellings were commenced in the Pilbara, and 74 in the Kimberley. These include dwellings at Karratha (33), Broome (21), Kununurra (15) and Newman (13).



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As well as that, 44 dwellings were completed in the Pilbara region and 54 in the Kimberley. These include Tom Price (16), Newman (14), Broome (18) and Karratha (12).

### West Kimberley Regional Prison Project

The West Kimberley regional prison being built in Derby will significantly increase the need for government services and government housing within the town. The Authority is working to provide the needed housing in readiness for the opening and is working with client agencies to forecast and satisfy their housing needs.

### Housing in remote locations

The Authority provides government employee housing to support the provision of essential services in regional and remote locations across the State. This housing is particularly important in remote locations which have a limited housing supply and lack a rental market. Understandably, the availability and quality of accommodation for government employees is a key element in attracting and retaining staff in remote areas. In 2009-10, the Authority delivered new properties to several remote locations, including Balgo Hills, Bidyadanga and Warmun.

### Summary of GROH Housing Procurement Activity in 2009-10

Region	District	Commencements	Completions	Housing under Construction
Goldfields	Esperance	5	5	
	Grass Patch	1		1
	Kalgoolie	14	10	4
	Laverton	10		10
	Leonora	1	1	
	Norseman	1		1
	Wiluna	3		3
	<b>Goldfields Total</b>	<b>35</b>	<b>16</b>	<b>19</b>
Kimberley	Balgo Hills	1	1	
	Bidyadanga		1	
	Broome	21	18	5
	Derby	13	18	6
	Fitzroy Crossing	8		15
	Halls Creek	6		6
	Kununurra	15	10	10
	Looma			3
	Warmun	1	1	
	Wyndham	9	5	9
	<b>Kimberley Total</b>	<b>74</b>	<b>54</b>	<b>54</b>
Mid West/Gascoyne	Burringurrah			3
	Carnamah		1	
	Carnarvon	8	2	6
	Eneabba	1	1	
	Exmouth	3	3	
	Geraldton	7	3	
	Jurien Bay	5	2	3
	Meekatharra	2	2	
	Morawa			2
	Mount Magnet	1		1
	Mullewa	2		2
	Northampton	2		2
	Three Springs	1	1	
	<b>Mid West/Gascoyne Total</b>	<b>32</b>	<b>15</b>	<b>19</b>

Continued.... Summary of GROH Housing Procurement Activity in 2009-10

Region	District	Commencements	Completions	Housing under Construction
Pilbara	Karratha	33	12	33
	Lawson	1		1
	Newman	13	14	13
	Port Hedland		2	
	Tom Price	4	16	4
	Walnut Grove	2		2
<b>Pilbara Total</b>		<b>53</b>	<b>44</b>	<b>53</b>
Great Southern	Albany	6	6	
	Cranbrook	2	2	
	Denmark	2	2	
	Dumbleyung	1	1	
	Gnowangerup	1		
	Katanning	3	3	3
	Kojonup	2		2
	Kukerin	1		1
	Lake Grace	2		2
	Mount Barker	10	8	2
	Pingrup	2		2
	Tambellup	1	1	
	Wellstead	1		1
<b>Great Southern Total</b>		<b>34</b>	<b>23</b>	<b>13</b>
South West	Augusta	1	1	
	Boyup Brook	2	2	
	Bridgetown	1		1
	Busselton	1	1	
	Harvey	4	1	3
	Manjimup	4		4
	Northcliffe	1		1
	Pemperton		1	
	Walpole	2		2
<b>South West Total</b>		<b>16</b>	<b>6</b>	<b>11</b>

Continued.... Summary of GROH Housing Procurement Activity in 2009-10

Region	District	Commencements	Completions	Housing under Construction
Wheatbelt	Beacon		1	
	Beverley	2	2	
	Boddington	1	1	
	Brookton	1	1	
	Bruce Rock	3	1	2
	Corrigin	2		2
	Cunderdin	5	1	4
	Dowerin	1		1
	Gingin	1	1	
	Goomalling	2	2	
	Kalannie		2	
	Kellerberrin		1	
	Kulin	1	1	
	Lancelin	1	1	
	Meckering	1	1	
	Merredin	1	1	
	Moora	6	4	6
	Narrogin	6	5	1
	Northham	3	3	
	Pingelly	3	4	
	Southern Cross	3	3	
	Tammin		1	
	Wagin	2	2	
	Wickepin	1	1	
	Williams	3		3
	Yerecoin	2	2	
	York	1		1
Wheatbelt Total		52	42	20
Grand Total		296	200	189

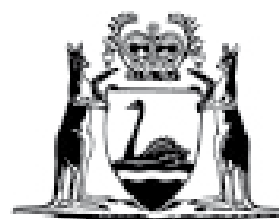
## Significant Issues Impacting the Agency

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- With demand increasing for social housing, the Government has implemented a policy of identifying high value Housing Authority properties for sale with the intent to reinvest these sale funds in the purchase of extra homes in more sustainable and less expensive suburbs, to assist more Western Australians into affordable housing. A total of 17 properties have been sold and settled under the initiative, at a total value of \$16.2 million. Ten properties have been spot purchased so far with proceeds from the initiative, at a total cost of \$4.3 million.
- The availability of affordable housing will continue to be an issue for people on low-to-medium incomes.
- During 2010-11, strong economic growth is expected to fuel greater demand for housing, which will place renewed pressure on house prices and with interest rates returning to normal levels, the cost of mortgage repayments for home owners will increase. This is likely to see growing demand for affordable housing and an increase in the social housing waiting list.
- The Government is helping to address the affordability issue through the development of a new State Affordable Housing Strategy which will focus on strengthening social housing, improving the supply of affordable housing options in the wider market and supporting the transition of people through the housing system.
- The Government is committed to initiatives to increase land supply and is actively progressing measures, such as joint venture land development opportunities, to assist with land supply in the metropolitan area. Such proposals support growth and community creation through the provision of private and social housing in proximity to employment opportunities and transport links.

# Disclosures and Legal Compliance

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## Auditor General's Opinion

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia  
HOUSING AUTHORITY  
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2010

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Authority and the consolidated entity for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

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

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

### Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

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

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Housing Authority

Financial Statements and Key Performance Indicators for the year ended 30 June 2010

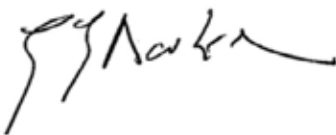
Audit Opinion

In my opinion,

(i) the financial statements are based on proper accounts and present fairly the financial position of the Housing Authority and the consolidated entity at 30 June 2010 and their financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;

(ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and

(iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2010.



GLEN CLARKE

ACTING AUDITOR GENERAL

14 September 2010

## Certification of Financial Statements

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### Certification of Financial Statements

The accompanying financial statements of the Housing Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2010 and the financial position as at 30 June 2010.

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



Grahame Searle

*Director General*

*Accountable Authority*

*2 September 2010*



Lorne O'Mara

*Chief Finance Officer*

*2 September 2010*



## Financial Statements

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The Housing Authority and Controlled Entities Statement of Comprehensive Income for the Year Ended 30 June 2010

	Note	Consolidated		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
INCOME					
Revenue					
Sales	6	244,711	155,145	244,711	155,145
Rental revenue	7	321,187	301,576	321,187	301,576
Commonwealth grants and contributions	8	296,536	195,885	296,536	195,885
Interest revenue	9	208,517	136,346	148,024	97,646
Developers' contributions		3,391	1,768	3,391	1,768
Other revenue	10	12,623	12,906	11,053	11,291
TOTAL INCOME		1,086,965	803,626	1,024,902	763,311
EXPENSES					
Expenses					
Cost of sales	6	143,707	99,973	143,707	99,973
Rental expenses	12	302,192	268,667	302,192	268,667
New Living expenses	12	39,829	46,125	39,829	46,125
Community support expense	13	130,741	72,354	130,741	72,354
Employee benefits expense	14	67,434	67,650	67,255	67,439
Supplies and services	15	30,370	27,254	27,063	23,788
Depreciation & amortisation expense	16	113,247	103,358	112,642	102,614
Finance costs	17	190,893	152,222	190,860	153,320
Accommodation expenses	18	7,167	6,234	6,043	5,371
Loss on disposal of non-current assets	11	19,137	21,023	19,137	21,023
Other expenses	19	43,261	37,872	34,084	28,879
TOTAL EXPENSES		1,087,978	902,732	1,073,553	889,553
Loss before grants and subsidies from State Government		(1,013)	(99,106)	(48,651)	(126,242)
Grants and subsidies from State Government	8	117,040	208,592	117,040	208,592
PROFIT FOR THE PERIOD	5(i)	116,027	109,486	68,389	82,350
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	39	(721,236)	(13,927)	(721,215)	(9,500)
Gains/losses recognised directly in equity	40	-	-	-	-
Total other comprehensive income		(721,236)	(13,927)	(721,215)	(9,500)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(605,209)	95,559	(652,826)	72,850

Refer note 5 'Schedule of income and expenses by service'

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

The Housing Authority and Controlled Entities Statement of Financial Position as at 30 June 2010

	Note	Consolidated		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
ASSETS					
Current assets					
Cash and cash equivalents	20	408,438	175,067	374,146	156,951
Inventories	21	102,941	105,763	102,941	105,763
Loans and receivables	22	893,265	695,433	86,109	61,324
Other current assets	23	24,644	9,298	46,059	17,900
Non-current assets classified as held for sale	25	2,820	1,435	2,820	1,435
Other financial assets	26	80,081	90,233	-	-
Total current assets		1,512,189	1,077,229	612,075	343,373
Non-current assets					
Inventories	21	592,379	542,219	592,379	542,219
Loans and receivables	22	3,336,653	2,039,993	3,997,711	2,579,958
Derivative financial instruments	24	-	3	-	-
Other financial assets	26	24	24	24	24
Rental properties	27	10,360,456	10,777,779	10,360,456	10,777,779
Community housing properties	28	669,667	610,900	669,667	610,900
Shared equity properties	29	527,491	500,855	527,491	500,855
Other properties	30	80,921	86,793	80,921	86,793
Plant & equipment	31	10,289	8,594	8,084	7,704
Buildings under construction	32	265,633	211,051	265,633	211,051
Intangible assets	33	3,682	2,714	3,066	2,386
Total Non-Current Assets		15,847,195	14,780,925	16,505,432	15,319,669
TOTAL ASSETS		17,359,384	15,858,154	17,117,507	15,663,042
LIABILITIES					
Current Liabilities					
Payables	34	39,509	49,451	39,509	49,451
Borrowings	35	76,517	45,739	76,517	45,739
Provisions	36	23,916	21,004	23,916	21,004
Other current liabilities	37	16,965	17,471	14,470	14,103
Total current liabilities		156,907	133,665	154,412	130,297
Non-current liabilities					
Payables	34	24	24	24	24
Borrowings	35	5,227,090	3,755,458	5,227,090	3,755,458
Provisions	36	35,966	35,629	35,966	35,629
Total non-current liabilities		5,263,080	3,791,111	5,263,080	3,791,111
TOTAL LIABILITIES		5,419,987	3,924,776	5,417,492	3,921,408
NET ASSETS		11,939,397	11,933,378	11,700,015	11,741,634
EQUITY					
Contributed equity	38	1,065,962	612,361	1,065,962	612,361
Reserves	39	7,728,399	8,449,635	7,727,617	8,448,832
Retained earnings	40	3,145,036	2,871,382	2,906,436	2,680,441
TOTAL EQUITY		11,939,397	11,933,378	11,700,015	11,741,634

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

The Housing Authority and Controlled Entities Statements of Changes in Equity for the Year Ended 30 June 2010

	Note	Consolidated		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
Balance of equity at start of period		11,933,378	11,539,342	11,741,634	11,370,345
<b>CONTRIBUTED EQUITY</b>	38				
Balance at start of period		612,361	451,501	612,361	451,501
Capital contribution		359,601	160,860	359,601	160,860
Other contributions by owner		94,000	-	94,000	-
Balance at the end of period		1,065,962	612,631	1,065,962	612,361
<b>RESERVES</b>	39				
Balance at start of period		8,449,635	8,463,562	8,448,832	8,458,332
(Loss)/profit from asset revaluation		(563,609)	128,079	(563,609)	128,079
Transfer from statement of comprehensive income		-	(4,389)	-	-
Transfer to retained earnings		(157,627)	(137,617)	(157,606)	(137,579)
Balance at end of period		7,728,399	8,449,635	7,727,617	8,448,832
<b>RETAINED EARNINGS</b>	40				
Balance at start of period		2,871,382	2,624,279	2,680,441	2,460,512
		2,871,382	2,624,279	2,680,441	2,460,512
Transfer from reserves		157,627	137,617	157,606	137,579
Profit for the period		116,027	109,486	68,389	82,350
Balance at end of period		3,145,036	2,871,382	2,906,436	2,680,441
Balance of equity at end of period		11,939,397	11,933,378	11,700,015	11,741,634
Total income and expense for the period (a)		(447,582)	237,565	(495,220)	210,429
(a) The aggregate net amount attributable to each category of equity is:					
Surplus		116,027	109,486	68,389	82,350
Asset Revaluation loss		(563,609)	128,079	(563,609)	128,079
		(447,582)	237,565	(495,220)	210,429

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

# The Housing Authority and Controlled Entities Statement of Cash Flows for the Year Ended 30 June 2010

	Note	Consolidated		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Commonwealth grants and contributions		296,536	195,885	296,536	195,885
Rental receipts		321,219	302,785	321,219	302,785
Interest received		214,392	140,463	129,910	99,977
Inventory receipts on sales		225,139	131,278	225,139	131,278
Other receipts		17,955	17,529	17,973	20,640
GST receipts on sales		5,579	9,215	5,579	9,215
GST receipts from taxation authority		10,965	9,416	10,965	9,416
Developers contributions		3,391	1,768	3,391	1,768
Payments					
Employee benefits		(86,101)	(76,261)	(62,155)	(61,275)
Accommodation		(6,043)	(5,371)	(6,043)	(5,371)
Supplies & services		(33,509)	(29,397)	(33,509)	(29,397)
Finance costs paid to					
- Commonwealth government		(22,049)	(22,623)	(22,049)	(22,623)
- WA Treasury Corporation		(151,823)	(124,588)	(151,823)	(124,588)
- Other		(394)	(410)	(394)	(410)
Purchase and Development of Inventory		(190,763)	(140,865)	(190,763)	(140,865)
GST payments on purchases		(36,661)	(35,697)	(36,661)	(35,697)
GST payments to taxation authority		(525)	(599)	(525)	(599)
New Living payments		(39,829)	(46,125)	(39,829)	(46,125)
Rental property payments		(310,315)	(271,978)	(310,315)	(271,978)
Other Payments		(166,840)	(95,620)	(166,840)	(95,618)
NET CASH FROM/(USED) IN OPERATING ACTIVITIES	41	50,324	(41,195)	(10,194)	(63,582)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from the sale of non-current physical assets		96,026	71,277	96,026	71,277
Purchase of non-current physical assets	42	(507,298)	(476,365)	(505,092)	(475,544)
Home loan repayments received		284,920	195,856	3	15
New home loans advanced		(1,757,293)	(1,337,535)	(7)	(3)
Other investing receipts		-	-	-	-
Other investing payments		-	-	(1,420,000)	(1,140,000)
NET CASH USED IN INVESTING ACTIVITIES		(1,883,645)	(1,546,767)	(1,829,070)	(1,544,255)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings					
- WA Treasury Corporation		1,521,554	1,363,000	1,521,554	1,363,000
Repayment of borrowings from					
- WA Treasury Corporation		(22,341)	(10,053)	(22,341)	(10,053)
- Commonwealth government		(13,396)	(13,198)	(13,396)	(13,198)
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,485,817	1,339,749	1,485,817	1,339,749
CASH FLOWS FROM STATE GOVERNMENT					
Capital Contribution		359,601	160,860	359,601	160,860
Royalties for regions funds		94,000	-	94,000	-
Proceeds from grants		117,040	208,592	117,040	208,592
NET CASH PROVIDED BY STATE GOVERNMENT		570,641	369,452	570,641	369,452
Net increase in cash and cash equivalents		223,137	121,239	217,194	101,364
Cash and cash equivalents at the beginning of the period		265,290	144,051	156,941	55,577
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	43	488,427	265,290	374,135	156,941

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

## NOTES TO AND FORMING PART OF THE ACCOUNTS

### 1. Australian Accounting Standards

#### General

The Housing Authority (the “parent entity”) and controlled entities financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term ‘Australian Accounting Standards’ refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

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

#### Early adoption of standards

The Consolidated Entity cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 ‘Application of Australian Accounting Standards and Other Pronouncements’. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Housing Authority for the annual reporting period ended 30 June 2010.

### 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 general purpose financial statements that have 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 Australian Accounting Standards the Framework Statements of Standards, Framework, Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

#### (b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings, and certain financial instruments which have been measured at fair value. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated. The financial statements are

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

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

### (c) Basis of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the Consolidated Entity, being The Housing Authority (the "parent entity") and its controlled entities, in accordance with AASB 127 "Consolidated and Separate Financial Statements" and modified by Treasurer's Instruction 1105. A list of controlled entities appears in note 2(d). Consistent accounting policies have been applied in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Housing Authority obtains control and until such time as the Housing Authority ceases to control such entities.

In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

### (d) Legal form of Controlled Entities

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

The structure comprises of:

- The Keystart Housing Scheme Trust established by a Deed of Trust in the State of Western Australia, dated 5 April 1989 with Keystart Loans Ltd (a special purpose nominal capital company) as trustee and the Authority is the sole beneficiary of the trust. Keystart Scheme Management Pty Ltd has been appointed as Manager.
- Keystart Support Trust - A special purpose trust used to provide financial support to the Scheme if required. The Housing Authority is the sole beneficiary of this trust.
- Keystart Bonds Ltd - A special purpose nominal capital company being the Issuer with Oakvale Capital Ltd as treasury advisor.
- Keystart Support Pty Ltd - A special purpose nominal capital company as trustee of the support trust. The manager is Keystart Scheme Management Pty Ltd.
- Keystart Support (Subsidiary) Pty Ltd - A special purpose nominal capital company created to assist Keystart Support Pty Ltd in its obligations.
- Keystart Scheme Management Pty Ltd - A special purpose nominal capital company created to provide management services to the Keystart Trustee and group of companies. All of these Keystart trusts and companies have been established in the State of Western Australia. The financial transactions for these entities have no effect on the net profit of the Housing Authority. The Housing Authority provides a support arrangement to the structure through the Support Trust.

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

### (e) Ownership Interest

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

The Board of Directors of the Keystart group of companies comprise one Director from the Housing Authority and seven Directors from the private sector.

The 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

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

### (e) Ownership Interest (continued)

Controlled entities and contribution to retained earnings.						
Name	Percentage Owned		Contribution to Consolidated Entity result (\$000)		Investment Shares at cost (\$)	
	2010	2009	2010	2009	2010	2009
Keystart Bonds Ltd	100	100	Nil	Nil	6	6
Keystart Loans Ltd	100	100	Nil	Nil	6	6
Keystart Support Pty Ltd	100	100	Nil	Nil	2	2
Keystart Support (Subsidiary) Pty Ltd	100	100	Nil	Nil	2	2
Keystart Housing Scheme Trust						
- Profits			47,557	27,136		
- Transfer from Reserve			21	38		
Keystart Support Trust			Nil	Nil		
Homeswest Loan Scheme Trust			Nil	Nil		

The Housing Authority is obligated to the Scheme in that it has given various representations and obligations to investors or other creditors to the extent that it will meet cash shortfalls and losses from the Scheme. Funding for Keystart is through the Housing Authority with no borrowings outstanding through Keystart Bonds Ltd. The Housing Authority's obligations to the various participants are contained in a Support Agreement of the Scheme. No subsidies were required from the Housing Authority for the 2009/2010 financial year.

### (f) Property, Plant and Equipment

#### *Capitalisation/expensing of assets*

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

#### *Initial recognition and measurement*

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

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

#### *Subsequent measurement*

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

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

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

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



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

### (f) Property, Plant and Equipment (continued)

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

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

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

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

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

### *Depreciation and Amortisation*

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

Major depreciation rates are:

	2010	2009
Rental Properties	2%	2%
Community Housing Properties	2%	2%
Shared Equity Properties	3%	3%
Other Properties		
- Commercial Properties	2%	2%
- Office Properties	5%	5%
Plant & Equipment	10% - 50%	10% - 50%
Intangible assets	20% - 50%	20% - 50%
Other Non-current assets	20% - 50%	20% - 50%

### (g) Buildings Under Construction

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

### (h) Inventories

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

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

### *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.

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 relation to the joint ventures in their respective classification categories.

Details of the Housing Authority's interests are set out in note 21.

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

### (i) Loans and Receivables

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

Receivables Land - are carried at nominal amounts. Sales and receivables are recognised once the debtor has obtained financing and the sale has become unconditional. Land sales are on a 30 day term once the sale has become unconditional.

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

Rent receivable is due weekly in advance.

Receivables Rental Bonds - are carried at nominal amounts due less any provision for impairment. Rental bond assistance receivables represent advances made to qualifying persons for the purpose of renting properties external to the Housing Authority. Each advance is repayable in minimum fortnightly payments of \$15 for loans granted prior to 1 July 2009 and \$25 per fortnight for loans granted from 1 July 2009 with remaining balance being collectable on vacation of property.

### Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. The collateral held for these loans is by a registered mortgage held over the property.

### Recognition and Derecognition

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

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

### Subsequent Measurement

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

### Fair Value

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

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

### (i) Loans and receivables (continued)

#### *Impairment of Loans*

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

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

### (j) Derivative financial instruments and hedging

The Consolidated Entity uses derivative financial instruments to hedge its risks associated with 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 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.

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

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

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

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

#### *Cash Flow Hedge*

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

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 gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

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

### (k) Intangible Assets

#### *Computing Software and Development*

##### *Capitalisation/expensing of assets*

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

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

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

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

	2010	2009
Computing software	20% - 50%	20% - 50%
Computing development	20%	20%

### (l) Other Financial Assets

#### *Deposits at Call*

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

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

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

### (n) Impairment of Assets

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

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

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

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

### (o) Payables

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

Payables Land Deposits - are recognised on receipt of cash.

When the sale becomes unconditional the Housing Authority retains the deposit as part of the sale process.

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

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

Payables Water Consumption - liabilities are recognised for amounts to be paid in the future for water usage.

Liabilities are settled on 90 day terms.

### (p) Borrowings

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

#### Terms

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

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

Borrowings - Commonwealth Advances. Are fixed rates and repayable on an annual basis with final instalments being due between June 2010 and June 2041.

### (q) Income

#### *Revenue Recognition*

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

#### (i) Rental Property Revenue

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

Rental income is recognised on a straight-line basis over the lease term.

#### (ii) Sales

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

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

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

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value.

Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Royalties for Regions funds are recognised as revenue at fair value in the period in which the Authority obtains control over the funds. The Authority obtains control of the funds at the time the funds are deposited into the Authority's bank account.

#### (iv) Interest

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

#### *Gains*

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

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

### (r) Insurance

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

A comprehensive review of the Housing Authority's insurances was undertaken during 2009/2010. Effective from 1 July 2004 the Housing Authority has adopted a self insurance policy for its residential property assets. The Housing Authority's other insurance programs continue to be a combination of insurance policies provided by commercial insurance providers and the Western Australian Government's RiskCover fund.

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

### (s) Provisions

Provisions are liabilities of uncertain timing or amount. The Housing Authority only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

### (i) Employee Benefits

#### *Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period 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 end of the reporting period.

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

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

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

#### *Superannuation*

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS).

Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Housing Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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

### (s) Provisions (continued)

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

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

The GSS 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

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

### (u) Borrowing costs

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

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

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

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

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

### (w) Leases

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

### (x) Rental Expenses

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

### (y) New Living Expenses

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 Statement of Comprehensive Income. These expenses include renovations and minor improvements.

### (z) Comparative Figures

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

### (aa) Segment Information

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

These are:

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

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

Loans - providing realistic home ownership opportunities for low to moderate income Western Australians provided by the Housing Authority and through its Keystart Housing Scheme;

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

### (ab) Financial Instruments (Refer to note 50 for quantitative disclosure including interest rate risk and liquidity risk analysis.)

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

Loans and receivables

Financial liabilities

Financial assets at fair value through profit and loss

These have been disaggregated into the following classes:

#### Financial Assets

Cash and cash equivalents

Loans and receivables

Short term deposits

#### Financial Liabilities

Payables

WATC borrowings

Commonwealth borrowings

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



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

### (ab) Financial Instruments (continued)

#### Keystart

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

Risk management is carried out by the Treasury Committee under policies approved by the Keystart Board of Directors.

The Treasury Committee identifies, evaluates and hedges financial risks in close co-operation with the Entity's operating units. The Keystart Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Market Risk

##### Keystart

##### (i) Interest Rate Risk

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

HEDGE RATIO LIMITS				BM = Benchmark
	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%	

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

During the financial year ending 30 June 2010 and prior financial year, the Entity's borrowings were denominated in Australian Dollars.

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

##### (ii) Summarised Sensitivity Analysis

Keystart uses 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 where 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 0.23% of its capital at 30 June 2010 (2009: 0.26%)

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

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

### (ab) Financial Instruments (continued)

2010				
Historical VaR (99%, one day) By risk type	Average \$000	Minimum \$000	Maximum \$000	Year End \$000
Total VaR Exposure	976	276	2,133	535

2009				
Historical VaR (99%, one day) By risk type	Average \$000	Minimum \$000	Maximum \$000	Year End \$000
Total VaR Exposure	675	171	1463	501

#### Credit Risk Exposure

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

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

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

#### Keystart

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

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

#### Housing Authority

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

These policy and procedure manuals are reviewed by Management on a regular basis.

#### Liquidity Risk

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

#### Keystart

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

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

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

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

### (ac) Cash and Cash Equivalents

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

### (ad) Capitalisation policy

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

### (ae) Income tax

The Consolidated Entity is an income tax exempt body.

### (af) Contributed equity AASB

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

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

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

### *Initial application of an Australian Accounting Standard AASB 101*

Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10 Further amendments to Australian Accounting Standards arising from AASB 101. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions of Non-cash Assets to Owners (AASB 5 & AASB 110). This Standard amends AASB 5 Non-Current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and Classification of Crown land held by the Housing Authority where the Crown land is sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). There is no financial impact resulting from the application of this Standard.

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 respect to financial instruments. There is no financial impact resulting from the application of this Standard.

### 3. Disclosure of changes in accounting policy and estimates. (continued)

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

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

Where applicable, the Housing Authority plans to apply these Standards from their application date.

AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1,3,4,5,7,101,102,108,112,118,121,127,128,131,132,136,139,1023 & 1038 and Interpretations 10 & 12)

The amendments to AASB 7 requires modification to the disclosure of categories of financial assets. The Housing Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change

AASB 1053 Application of Tiers of Australian Accounting Standards. This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. DFT has not yet determined the application or the potential impact of the new Standard for agencies

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements This Standard makes amendments to many Australian Accounting Standards, including interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact on the Authority. However, this Standard may reduce some note disclosures in financial statements of the Authority, DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

### 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

In calculating the Housing Authority's long service leave provision, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in note 37 'Provisions'.

#### Depreciation and amortisation

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

#### Revaluation

The revaluation of the Housing Authority's assets is undertaken by the Western Australian Land Information Authority annually. Valuation estimates for financial reporting purposes are determined under the accounting concept of fair value.

Fair value is defined as 'the amount for which the asset could be exchanged or a liability settled, between knowledgeable, willing parties at an arms length transaction'. It is based on the assumption that the Housing Authority is a going concern without the need or intention to liquidate or wind up its operations or undertake a transaction on adverse terms.

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

CONSOLIDATED											
2010		2009									
Rental Public Housing	Rental Government Employees	Loans	Land	Elimination	Total	Rental Public Housing	Rental Government Employees	Loans	Land	Elimination	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME											
Revenue											
2,514	10	-	258,866	-	261,390	4,782	69	-	187,497	-	192,348
-	-	-	-	(16,679)	(16,679)	-	-	-	-	(37,203)	(37,203)
170,733	150,209	13	232	-	321,187	167,131	134,239	12	194	-	301,576
296,536	-	-	-	-	296,536	195,885	-	-	-	-	195,885
7,012	1,047	198,266	2,192	-	208,517	1,535	198	133,077	1,536	-	136,346
3,391	-	-	-	-	3,391	1,768	-	-	-	-	1,768
1,231	9	3,187	8,196	-	12,623	1,881	15	3,179	7,831	-	12,906
481,417	151,275	201,466	269,486	(16,679)	1,086,965	372,982	134,521	136,268	197,058	(37,203)	803,626
Gains											
-	-	-	-	-	-	-	-	-	-	-	-
Total gains											
481,417	151,275	201,466	269,486	(16,679)	1,086,965	372,982	134,521	136,268	197,058	(37,203)	803,626
EXPENSES											
2,835	10	-	140,862	-	143,707	2,702	45	-	97,226	-	99,973
192,025	109,986	4	177	-	302,192	169,824	98,745	6	92	-	268,667
39,829	-	-	-	-	39,829	46,125	-	-	-	-	46,125
130,692	-	49	-	-	130,741	72,245	-	109	-	-	72,354
48,989	8,055	3,382	7,008	-	67,434	51,463	7,703	3,193	5,291	-	67,650
22,373	265	4,795	2,937	-	30,370	20,574	406	4,417	1,857	-	27,254
94,937	11,382	6,566	362	-	113,247	88,801	9,194	5,142	221	-	103,358
24,008	11,199	147,610	8,076	-	190,893	25,416	10,634	107,052	9,120	-	152,222
5,386	90	1,312	379	-	7,167	4,704	258	1,019	253	-	6,234
16,480	2,529	114	14	-	19,137	19,637	188	1,193	5	-	21,023
22,887	341	11,178	8,855	-	43,261	19,839	315	11,087	6,631	-	37,872
600,441	143,857	175,010	168,670	-	1,087,978	521,330	127,488	133,218	120,696	-	902,732
Profit/(loss) before grants and subsidies											
(119,024)	7,418	26,456	100,816	(16,679)	(1,013)	(148,348)	7,033	3,050	76,362	(37,203)	(99,106)
113,220	-	3,820	-	-	117,040	208,091	-	501	-	-	208,592
Profit/(loss) after grants and subsidies											
(5,804)	7,418	30,276	100,816	(16,679)	116,027	59,743	7,033	3,551	76,362	(37,203)	109,486
-	-	-	-	-	-	49,086	-	-	(49,086)	-	-
(5,804)	7,418	30,276	100,816	(16,679)	116,027	108,829	7,033	3,551	27,276	(37,203)	109,486
Profit/(loss) for the period											

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

THE HOUSING AUTHORITY												
2010							2009					
Rental Public Housing	Rental Government Employees	Loans	Land	Elimination	Total		Rental Public Housing	Rental Government Employees	Loans	Land	Elimination	Total
\$000	\$000	\$000	\$000	\$000	\$000	Note	\$000	\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>												
<b>Revenue</b>												
2,514	10		258,866		261,390	6	4,782	69	-	187,497	-	192,348
				(16,679)	(16,679)			-	-	-	(37,203)	(37,203)
170,733	150,209	13	232		321,187	7	167,131	134,239	12	194	-	301,576
296,536					296,536	8	195,885	-	-	-	-	195,885
7,012	1,047	137,773	2,192		148,024	9	1,535	198	94,377	1,536	-	97,646
3,391					3,391		1,768	-	-	-	-	1,768
1,231	9	1,617	8,196		11,053	10	1,881	15	1,564	7,831	-	11,291
481,417	151,275	139,403	269,486	(16,679)	1,024,902		372,982	134,521	95,953	197,058	(37,203)	763,311
<b>Gains</b>												
-	-	-	-	-	-	11	-	-	-	-	-	-
Gain on the disposal of non-current assets												
-	-	-	-	-	-		-	-	-	-	-	-
Total gains												
481,417	151,275	139,403	269,486	(16,679)	1,024,902		372,982	134,521	95,953	197,058	(37,203)	763,311
<b>EXPENSES</b>												
2,835	10		140,862		143,707	6	2,702	45	-	97,226	-	99,973
192,025	109,986	4	177		302,192	12	169,824	98,745	6	92	-	268,667
39,829					39,829	12	46,125	-	-	-	-	46,125
130,692		49			130,741	13	72,245	-	109	-	-	72,354
48,989	8,055	3,203	7,008		67,255	14	51,463	7,703	2,982	5,291	-	67,439
22,373	265	1,488	2,937		27,063	15	20,574	406	951	1,857	-	23,788
94,937	11,382	5,961	362		112,642	16	88,801	9,194	4,398	221	-	102,614
24,008	11,199	147,577	8,076		190,860	17	25,416	10,634	108,150	9,120	-	153,320
5,386	90	188	379		6,043	18	4,704	258	156	253	-	5,371
16,480	2,529	114	14		19,137	11	19,637	188	1,193	5	-	21,023
Loss on the disposal of non-current assets												
22,887	341	2,001	8,855		34,084	19	19,839	315	2,094	6,631	-	28,879
600,441	143,857	160,585	168,670	-	1,073,553		521,330	127,488	120,039	120,696	-	889,553
<b>Total expenses</b>												
Profit/(loss) before grants and subsidies												
(119,024)	7,418	(21,182)	100,816	(16,679)	(48,651)		(148,348)	7,033	(24,086)	76,362	(37,203)	(126,242)
113,220		3,820		-	117,040	8	208,091	-	501	-	-	208,592
Grants and subsidies from government												
Profit/(loss) after grants and subsidies												
(5,804)	7,418	(17,362)	100,816	(16,679)	68,389		59,743	7,033	(23,585)	76,362	(37,203)	82,350
from government												
				-	-		49,086	-	-	(49,086)	-	-
Intersegment transfers												
(5,804)	7,418	(17,362)	100,816	(16,679)	68,389		108,829	7,033	(23,585)	27,276	(37,203)	82,350
<b>Profit/(loss) for the period</b>												

## 6. Trading profit

### Sales

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Joint venture land	133,256	87,379	133,256	87,379
Land	109,705	60,882	109,705	60,882
House and land packages	1,750	6,884	1,750	6,884
	<b>244,711</b>	<b>155,145</b>	<b>244,711</b>	<b>155,145</b>
Less cost of land sold				
Joint venture land	65,677	52,321	65,677	52,321
Land	75,224	40,236	75,224	40,236
House and land packages	2,806	7,416	2,806	7,416
	<b>143,707</b>	<b>99,973</b>	<b>143,707</b>	<b>99,973</b>
Trading Profit	<b>101,004</b>	<b>55,172</b>	<b>101,004</b>	<b>55,172</b>

## 7. Rental revenue

Rental properties	315,205	295,329	315,205	295,329
Rental amenities	4,112	4,167	4,112	4,167
Commercial properties	1,858	2,062	1,858	2,062
Community housing properties	12	18	12	18
Total rental revenue	<b>321,187</b>	<b>301,576</b>	<b>321,187</b>	<b>301,576</b>

## 8. Commonwealth and State grants

### Commonwealth grants and contributions

Aboriginal housing	167,779	61,287	167,779	61,287
Commonwealth rental grants	117,492	97,195	117,492	97,195
Refurbishment Stimulus	-	26,317	-	26,317
Crisis accommodation & community housing	11,265	11,086	11,265	11,086
Total Commonwealth grants	<b>296,536</b>	<b>195,885</b>	<b>296,536</b>	<b>195,885</b>

### State grants and subsidies

Department of Treasury and Finance	101,462	192,422	101,462	192,422
Department of Child Protection	337	-	337	-
Office of Energy	373	-	373	-
Disability Services Commission	14,868	16,170	14,868	16,170
Total State grants	<b>117,040</b>	<b>208,592</b>	<b>117,040</b>	<b>208,592</b>

## 9. Interest revenue

### Loan interest

Keystart secured mortgage advances	188,321	124,742	-	-
	<b>188,321</b>	<b>124,742</b>	<b>-</b>	<b>-</b>
The Housing Authority loan schemes	1	1	1	1
Less mortgage subsidies	-	-	-	-
	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Total Loan Interest	<b>188,322</b>	<b>124,743</b>	<b>1</b>	<b>1</b>

### Other interest

Interest on cash at bank	14,002	2,357	14,002	2,357
Interest on investments	4,631	7,692	132,459	93,734
Interest other	1,562	1,554	1,562	1,554
Total other interest	<b>20,195</b>	<b>11,603</b>	<b>148,023</b>	<b>97,645</b>
Total Interest Revenue	<b>208,517</b>	<b>136,346</b>	<b>148,024</b>	<b>97,646</b>

## 10. Other revenue

Bad debts recovered	421	366	421	366
Conveyancing fees	2,479	2,390	2,479	2,390
Assets received free of charge	-	126	-	126
Other revenue	9,723	10,024	8,153	8,409
Total other revenues	<b>12,623</b>	<b>12,906</b>	<b>11,053</b>	<b>11,291</b>

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>11. Net (loss)/gain on disposal of non-current assets</b>				
<b>Costs on disposal of non-current assets</b>				
Rental properties	93,194	87,871	93,194	87,871
Community housing properties	1,820	1,234	1,820	1,234
Shared equity properties	24,750	11,910	24,750	11,910
Properties plant & equipment	325	457	325	457
	<b>120,089</b>	<b>101,472</b>	<b>120,089</b>	<b>101,472</b>
<b>Proceeds from the disposal of non-current assets</b>				
Rental properties	74,536	68,102	74,536	68,102
Community housing properties	1,641	1,201	1,641	1,201
Shared equity properties	24,638	10,718	24,638	10,718
Properties plant & equipment	137	428	137	428
	<b>100,952</b>	<b>80,449</b>	<b>100,952</b>	<b>80,449</b>
<b>Net loss</b>	<b>(19,137)</b>	<b>(21,023)</b>	<b>(19,137)</b>	<b>(21,023)</b>
<b>12. Rental expenses</b>				
Maintenance expenses	117,963	84,372	117,963	84,372
Debt collection expenses	1,221	1,174	1,221	1,174
Estate management expenses	6,878	6,113	6,878	6,113
General expenses	8,386	10,368	8,386	10,368
Insurance expenses	9,460	11,329	9,460	11,329
Rates expenses	61,780	57,426	61,780	57,426
Renovations & improvements	23,719	35,164	23,719	35,164
Non cancellable operating leases:				
- Rental properties	72,785	62,721	72,785	62,721
<b>Total rental expenses</b>	<b>302,192</b>	<b>268,667</b>	<b>302,192</b>	<b>268,667</b>
New living expenses (see note 2(y))				
Renovations & improvements	37,472	44,598	37,472	44,598
Infrastructure expenses	1,266	1,077	1,266	1,077
Demolition costs	1,091	450	1,091	450
<b>Total new living expenses</b>	<b>39,829</b>	<b>46,125</b>	<b>39,829</b>	<b>46,125</b>
<b>13. Community support expense</b>				
Aboriginal Housing (i)	124,463	66,550	124,463	66,550
Community Housing (ii)	6,229	5,695	6,229	5,695
Mortgage and rental assistance program -				
cash assistance	49	109	49	109
<b>Total community support expense</b>	<b>130,741</b>	<b>72,354</b>	<b>130,741</b>	<b>72,354</b>

(i) Aboriginal housing community support consists of expenses incurred in the provision of remote indigenous community housing and support programmes.

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



#### 14. Employee benefits expense

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Salaries & wages	79,610	71,204	79,447	71,017
Superannuation - defined contribution plans	7,266	6,328	7,266	6,328
Superannuation - defined benefit plans	1,853	3,359	1,853	3,359
	<b>88,729</b>	<b>80,891</b>	<b>88,566</b>	<b>80,704</b>
Less Credits:				
Administration capitalised	11,421	3,553	11,421	3,553
Recoups	9,874	9,688	9,890	9,712
Total credits	21,295	13,241	21,311	13,265
<b>Total employee benefits expenses</b>	<b>67,434</b>	<b>67,650</b>	<b>67,255</b>	<b>67,439</b>

#### 15. Supplies and services

Other personnel costs	7,887	5,466	7,887	5,466
Travel	2,076	1,722	2,076	1,722
Stationery & supplies	1,155	1,281	913	1,079
Communication	3,739	3,346	3,593	3,195
Other costs & expenses	12,561	12,338	9,850	9,630
External and Internal Audit fees	663	870	455	465
Motor vehicles	1,051	1,595	1,051	1,595
	<b>29,132</b>	<b>26,618</b>	<b>25,825</b>	<b>23,152</b>
Lease expenses				
Non cancellable operating leases:				
- Motor vehicles	1,238	636	1,238	636
	<b>1,238</b>	<b>636</b>	<b>1,238</b>	<b>636</b>
<b>Total supplies and services</b>	<b>30,370</b>	<b>27,254</b>	<b>27,063</b>	<b>23,788</b>

#### 16. Depreciation and Amortisation expense

##### Depreciation

Rental properties	95,293	89,470	95,293	89,470
Community housing properties	7,370	6,156	7,370	6,156
Shared equity properties	5,905	4,345	5,905	4,345
Other properties	806	628	806	628
Plant & equipment	2,951	1,825	2,518	1,287
Amortisation				
Intangible assets	750	728	750	728
Other assets	172	206	-	-
<b>Total depreciation and amortisation expense</b>	<b>113,247</b>	<b>103,358</b>	<b>112,642</b>	<b>102,614</b>

#### 17. Finance costs

Interest on interest-bearing liabilities	190,860	152,112	190,860	153,320
Finance charges	30	33	-	-
Change in time value of cash flow hedge	3	77	-	-
<b>Total finance costs</b>	<b>190,893</b>	<b>152,222</b>	<b>190,860</b>	<b>153,320</b>

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>18. Accommodation expenses</b>				
Office rental & accommodation	5,206	4,970	5,173	4,964
Lease expenses				
Non cancellable operating leases:				
- Office properties	1,961	1,264	870	407
<b>Total accommodation expenses</b>	<b>7,167</b>	<b>6,234</b>	<b>6,043</b>	<b>5,371</b>

#### 19. Other expenses

Doubtful debts expense	6,889	4,930	5,602	3,447
Fees - Keystart	8,215	7,210	-	-
Grants & subsidies	2,279	-	2,279	-
Land expenses	7,579	5,448	7,579	5,448
Loan scheme expenses	742	747	742	747
Write down of assets classified as held for sale	932	1,306	932	1,306
Employee on costs	4,737	4,479	4,737	4,479
Other expenses	11,888	13,752	12,213	13,452
<b>Total other expenses</b>	<b>43,261</b>	<b>37,872</b>	<b>34,084</b>	<b>28,879</b>

#### 20. Cash and cash equivalents

Cash at bank - operational	352,047	104,122	317,755	86,006
Cash at bank - superannuation	20,700	20,700	20,700	20,700
Cash advances	11	10	11	10
	372,758	124,832	338,466	106,716
Restricted cash				
Rental tenants bonds	13,171	12,811	13,171	12,811
Joint venture cash	14,409	17,424	14,409	17,424
Remote indigenous communities	568	-	568	-
Royalties for regions	7,532	20,000	7,532	20,000
	35,680	50,235	35,680	50,235
<b>Total cash and cash equivalents</b>	<b>408,438</b>	<b>175,067</b>	<b>374,146</b>	<b>156,951</b>

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

#### 21. Inventories

##### Current

Land held for sale at cost (note 2(h)) current				
Cost of acquisition and development	46,169	46,132	46,169	46,132
Capitalised rates, taxes, administration and interest	1,858	2,682	1,858	2,682
	48,027	48,814	48,027	48,814
Joint venture land at cost (note 2 (h))	54,914	54,218	54,914	54,218
House and land packages at cost	-	2,731	-	2,731
<b>Total current inventories</b>	<b>102,941</b>	<b>105,763</b>	<b>102,941</b>	<b>105,763</b>

##### Non-current

Land held for sale at cost (note 2(h)) non - current				
Cost of acquisition and development	492,081	436,980	492,081	436,980
Capitalised rates, taxes, administration and interest	7,682	9,590	7,682	9,590
	499,763	446,570	499,763	446,570
Joint venture land at cost (a)	92,616	95,649	92,616	95,649
<b>Total non-current inventories</b>	<b>592,379</b>	<b>542,219</b>	<b>592,379</b>	<b>542,219</b>

## Inventories (Continued)

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

Listed below are the current joint venture operations

### Butler

The Housing Authority holds a 46.78% interest in a joint venture operation named Ocean Springs for the development 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.

### Brighton Beachside Estate

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.

### Dalyellup Beach

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

### Ellenbrook

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 revenues on the basis of the interest held in the joint venture operation

### Seacrest

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

### Oyster Harbour

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.

### Beeliar

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

### Clarkson

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

### 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.

### Wellard

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.

### Banksia Grove

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

#### **Brookdale**

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.

#### **Harrisdale**

Harrisdale Green is a farm in joint venture arrangement with the Housing Authority providing land and the other participant meeting the development costs. The Authority receives a 30% land payment on the sale of lots and a 10% land payment on the sale of Hammond Park.

#### **Hammond Park**

The Housing Authority holds a 45.91% interest in a joint venture operation with Gold Estates for the development of land at Hammond Park. The Authority contributes to the development costs and receives revenues on the basis of the interest held in the joint venture with Gold Estates.

#### **Henley Brook**

The Housing Authority holds a 50% interest in a joint venture operation with Brookfield Multiplex for the development of land at Henley Brook. The Authority contributes development costs and receives revenue on the basis of the interest held.

21. Inventories (Continued)  
JOINT VENTURE OPERATIONS

2010																
	Butler	Brighton Beachside Estate	Dalyellup Beach	Ellenbrook	Seacrest	Oyster Harbour	Brookdale	Albany	Forestdale	Beeliar	Clarkson	Woodrise Estate	Wellard	Banksia Grove	Total	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
CURRENT ASSETS																
Cash and cash equivalents	20	5,214	24	3,780	4,216	940	235	-	-	-	-	-	-	-	14,409	
Receivables	22	9,481	-	3,879	4,778	334	400	-	-	-	-	-	-	-	18,872	
Inventories	21	10,600	-	5,575	31,111	-	7,628	-	-	-	-	-	-	-	54,914	
Other current assets	23	-	-	-	3,184	-	-	-	-	-	-	-	-	-	3,184	
		25,295	24	13,234	43,289	1,274	8,263	-	-	-	-	-	-	-	91,379	
NON-CURRENT ASSETS																
Receivables		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Office Equipment	31	-	-	-	92	-	-	-	-	-	-	-	-	-	92	
Buildings	30	248	-	426	654	-	-	-	-	-	-	-	-	-	1,328	
Development costs (1)	21	24,742	-	12,988	8,233	2,565	-	3,128	-	-	-	-	-	-	51,656	
		24,990	-	13,414	8,979	2,565	-	3,128	-	-	-	-	-	-	53,076	
Total assets		50,285	24	26,648	52,268	3,839	8,263	3,128	-	-	-	-	-	-	144,455	
CURRENT LIABILITIES																
Payables	35	2,724	5	1,035	1,806	66	292	86	-	-	-	-	-	-	6,014	
Other Liabilities		-	-	-	-	-	800	-	-	-	-	-	-	-	800	
Provisions	37	4,163	-	1,212	4,464	263	-	-	-	-	-	-	-	-	10,102	
		6,887	5	2,247	6,270	329	1,092	86	-	-	-	-	-	-	16,916	
NON-CURRENT LIABILITIES																
Payables and Interest-bearing liabilities	35	-	-	-	24	-	-	-	-	-	-	-	-	-	24	
Provisions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	24	-	-	-	-	-	-	-	-	-	-	
Total liabilities		6,887	5	2,247	6,294	329	1,092	86	-	-	-	-	-	-	16,940	
NET ASSETS		43,398	19	24,401	45,974	3,510	7,171	3,042	-	-	-	-	-	-	127,515	
Land (1)	21	4,108	-	-	4,533	452	6,667	4,309	629	288	433	-	7,564	11,977	40,960	

1. The total of development costs (\$51.656 million) and Authority land (\$40.960 million) represents the total (\$92.616 million) joint venture land.

21. Inventories (Continued)  
JOINT VENTURE OPERATIONS

2009													
	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	-	14,036	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													
Payables	35	2,018	1	1,446	2,979	114	1,360	-	-	-	-	-	7,918
Other Liabilities		-	-	-	-	-	142	-	-	-	-	-	142
Provisions	37	2,499	-	1,049	5,029	12	-	-	-	-	-	-	8,589
		4,517	1	2,495	8,008	126	1,502	-	-	-	-	-	16,649
NON-CURRENT LIABILITIES													
Payables and Interest-bearing liabilities	35	-	-	-	24	-	-	-	-	-	-	-	24
Provisions		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	24	-	-	-	-	-	-	-	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
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.

## 22. Loans and receivables

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Current				
General	30,646	17,841	29,446	17,478
Loans to homebuyers	805,956	633,746	-	-
Joint venture receivables	18,872	12,822	18,872	12,822
Rental and Lease bonds	20,711	16,868	20,711	16,868
Rents from tenants and other rents	21,535	17,541	21,535	17,541
	897,720	698,818	90,564	64,709
Less provision for impairment	4,455	3,385	4,455	3,385
<b>Total receivables current</b>	<b>893,265</b>	<b>695,433</b>	<b>86,109</b>	<b>61,324</b>

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

### Movement in Provisions for Impairment

Carrying amount at start of year	3,385	3,218	3,385	3,218
Charge for the year	5,602	3,447	5,602	3,447
Amounts written off	(4,532)	(3,280)	(4,532)	(3,280)
<b>Carrying amount at end of year</b>	<b>4,455</b>	<b>3,385</b>	<b>4,455</b>	<b>3,385</b>

An impairment loss of \$5,602,000 (2009 \$3,447,000) has been recognised by the Housing Authority.

### Current receivables individually determined as impaired at the end of the reporting period:

Carrying amount before deducting any impairment loss	392	266	392	266
<b>Impairment loss</b>	<b>(392)</b>	<b>(266)</b>	<b>(392)</b>	<b>(266)</b>
	-	-	-	-

### Non current

Non-current loans and advances				
Keystart preferential shares (a)	-	-	3,980,000	2,560,000
Loans to homebuyers (b)	3,321,574	2,022,210	33	27
Loans other				
Commercial organisations (c)	145	154	145	154
Local & statutory Authority's	19	19	19	19
<b>Less provision for impairment</b>	<b>2,599</b>	<b>2,148</b>	<b>-</b>	<b>-</b>
	3,319,139	2,020,235	3,980,197	2,560,200
Capitalised management rights	-	2,163	-	-
<b>Less accumulated amortisation</b>	<b>-</b>	<b>(2,163)</b>	<b>-</b>	<b>-</b>
	-	-	-	-
Joint venture receivables	-	-	-	-
General receivables	17,514	19,758	17,514	19,758
<b>Total receivables non current</b>	<b>3,336,653</b>	<b>2,039,993</b>	<b>3,997,711</b>	<b>2,579,958</b>

### Provision for impairment loss

As at 30 June 2010, loans to homebuyers with a nominal value of \$892,000 (2009: \$247,000) were impaired, and written off against provision for impairment following disposal of mortgaged property. The amount of the provision was \$2,599,000 (2009: \$2,149,000). The individually impaired receivables are mainly due to property abandonment and voluntary property surrender.

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

## 22. Loans and receivables (Continued)

### Movement in Provisions for Impairment

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Carrying amount at start of year	2,149	858	-	-
Charge for the year	1,286	1,483	-	-
Amounts written off	(836)	(192)	-	-
Carrying amount at end of year	2,599	2,149	-	-

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

Not more than 3 months	22,024	13,882	10,253	6,412
More than 3 months but less than 6 months	4,136	3,037	4,136	2,918
More than 6 months but less than 1 year	5,333	5,368	5,333	5,368
More than 1 year	8,677	7,768	8,677	7,768
	40,170	30,055	28,399	22,466

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	12,570	11,597	-	-
Provision for impairment	(2,107)	(1,680)	-	-
	10,463	9,917	-	-

Interest foregone on non-accrual and restructured loans

616	473	-	-
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Restructured Loans

Balance without provisions	1,712	4,122	-	-
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A Safety Net Scheme is offered to clients who require assistance because of changes in their financial situation. In most cases, Phase 1 assistance is sufficient and is granted for short terms of up to six (6) months. Those who require longer periods are assigned to Phase 2. These 2 stages provide assistance in the form of an interest rate reduction to lower repayments. The table shows the position as at the end of the financial period.

	Number	2010	Number	2009
Phase 1	35	6,761	50	4,983
Phase 2	-	-	-	-
	35	6,761	50	4,983

Past due loans

Balance without provision	-	2,294	-	1,808
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## Loans and receivables (continued)

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

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

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

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

### (a) Keystart Preferential Shares

The Western Australian Treasury Corporation has provided the Housing Authority with a \$4,000 million loan facility to fund Keystart Loans Ltd. The Housing Authority has purchased redeemable preference shares in Keystart Loans Ltd to the same value as the drawn down loan facility as security over the funds. The terms and conditions of the shares reflect the terms and conditions of the loan facility. Keystart Loans Ltd. meets all principal, interest and other costs associated with the facility. To date \$3,980 million (June 2009 \$2,560 million) of this facility has been drawn down.

### (b) Loans to Homebuyers

#### (a) Interest Rate Risk

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

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

Current loan and other receivable

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

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

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

Non-current loan and other receivables

#### Fair Value

The fair values and carrying values of non-current receivables of the Consolidated Entity are as follows:

Consolidated		Parent	
2010	2009	2010	2009
\$000	\$000	\$000	\$000

Loan and receivables - fair value	4,114,905	2,648,265	335	200
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## Loans and receivables (Continued)

### Credit Risk

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

#### (c) Collateral held

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

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.

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

Fair value of collateral obtained in terms of the collateral obtained during the period in terms of the exercising of rights under the mortgages	10,463	12,071	-	-
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Mortgagee sales are considered as the last resort in relation to continually defaulting borrowers. The execution of the mortgagee sales must comply with the Uniform Consumer Credit Code (UCCC), where appropriate.

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

(c) The Housing Authority has one interest free loan with a face value of \$120,000 (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 2010 is \$81,714.94 (June 2009 \$85,224.78).

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>23. Other current assets</b>				
Other current assets				
Accrued revenue				
Interest on cash at bank	4,164	717	4,164	717
Interest Keystart investments	-	-	21,415	8,602
	<b>4,164</b>	<b>717</b>	<b>25,579</b>	<b>9,319</b>
Prepayments				
Insurance premiums	7	9	7	9
Lease rentals	6,124	5,700	6,124	5,700
Development proposals	11,165	-	11,165	-
Joint venture	3,184	2,872	3,184	2,872
	<b>20,480</b>	<b>8,581</b>	<b>20,480</b>	<b>8,581</b>
<b>Total other current assets</b>	<b>24,644</b>	<b>9,298</b>	<b>46,059</b>	<b>17,900</b>

#### 24. Derivative financial instruments

Non-Current assets				
Interest rate caps	-	3	-	-
<b>Total non current derivative financial instrument assets</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>

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

Opening Balance				
Rental properties	1,435	4,445	1,435	4,445
Assets reclassified as held for sale				
Rental properties	37,344	43,046	37,344	43,046
Less impairment	932	1,306	932	1,306
	<b>36,412</b>	<b>41,740</b>	<b>36,412</b>	<b>41,740</b>
Total assets classified as held for sale				
Rental properties	37,847	46,185	37,847	46,185
Less assets sold				
Rental properties	35,027	44,750	35,027	44,750
Closing balance				
Rental properties	<b>2,820</b>	<b>1,435</b>	<b>2,820</b>	<b>1,435</b>

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

#### 26. Other financial assets

Current				
Deposits at call (a)	80,081	90,233	-	-
<b>Total current other financial assets</b>	<b>80,081</b>	<b>90,233</b>	<b>-</b>	<b>-</b>
Non - current investments				
Ellenbrook Management Pty Ltd Shares (b)	24	24	24	24
<b>Total non - current other financial assets</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>

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

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

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

Disclosed in the financial statements as:

Current other financial assets	80,000	90,233	-	-
	<b>80,000</b>	<b>90,233</b>	<b>-</b>	<b>-</b>

## 26. Other financial assets (continued)

(b) Interest is held in the following company.

Name	Principal Activities	Type of shares	Percentage of each share class held		Dividends received (\$000)	Value of Shares at cost (\$000)
			2010 %	2009 %		
Ellenbrook Management Pty Ltd	Real estate development	Ord.	47.14	47.14	Nil	24
			Consolidated		Parent	
			2010	2009	2010	2009
			\$000	\$000	\$000	\$000

## 27. Rental properties

Rental properties at fair value

Improvements	4,629,953	4,640,350	4,629,953	4,640,350
Land	5,735,085	6,140,865	5,735,085	6,140,865
	<b>10,365,038</b>	<b>10,781,215</b>	<b>10,365,038</b>	<b>10,781,215</b>
Less accumulated depreciation	4,655	3,513	4,655	3,513
	<b>10,360,383</b>	<b>10,777,702</b>	<b>10,360,383</b>	<b>10,777,702</b>
Leasehold improvements at cost	224	224	224	224
Less accumulated depreciation	151	147	151	147
	73	77	73	77
<b>Total rental properties</b>	<b>10,360,456</b>	<b>10,777,779</b>	<b>10,360,456</b>	<b>10,777,779</b>

## Community housing properties

Crisis accommodation properties at fair value

Improvements	55,742	57,694	55,742	57,694
Land	101,229	104,601	101,229	104,601
	<b>156,971</b>	<b>162,295</b>	<b>156,971</b>	<b>162,295</b>

Community housing properties at fair value

Improvements	156,622	140,837	156,622	140,837
Land	182,066	164,040	182,066	164,040
	<b>338,688</b>	<b>304,877</b>	<b>338,688</b>	<b>304,877</b>

Joint charity projects at fair value

Improvements	125,870	96,807	125,870	96,807
Land	42,114	39,647	42,114	39,647
	<b>167,984</b>	<b>136,454</b>	<b>167,984</b>	<b>136,454</b>

Indigenous urban housing at fair value

Improvements	3,840	4,154	3,840	4,154
Land	3,285	6,121	3,285	6,121
	<b>7,125</b>	<b>10,275</b>	<b>7,125</b>	<b>10,275</b>
	<b>670,768</b>	<b>613,901</b>	<b>670,768</b>	<b>613,901</b>

## Less accumulated depreciation:

Crisis accommodation	15	104	15	104
Community housing	698	721	698	721
Joint charity projects	562	2,125	562	2,125
Indigenous urban housing	(174)	51	(174)	51
	<b>1,101</b>	<b>3,001</b>	<b>1,101</b>	<b>3,001</b>
<b>Total community housing properties</b>	<b>669,667</b>	<b>610,900</b>	<b>669,667</b>	<b>610,900</b>

## 29. Shared equity properties

Shared Equity Properties at fair value

Improvements	203,316	178,087	203,316	178,087
Land	325,199	323,959	325,199	323,959
	<b>528,515</b>	<b>502,046</b>	<b>528,515</b>	<b>502,046</b>
Less Accumulated Depreciation:	1,024	1,191	1,024	1,191
<b>Total shared equity properties</b>	<b>527,491</b>	<b>500,855</b>	<b>527,491</b>	<b>500,855</b>

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>30. Other properties at fair value</b>				
Offices				
Improvements	11,339	12,443	11,339	12,443
Land	30,157	34,554	30,157	34,554
	<b>41,496</b>	<b>46,997</b>	<b>41,496</b>	<b>46,997</b>
Commercial				
Improvements	2,482	2,055	2,482	2,055
Land	3,776	3,728	3,776	3,728
	<b>6,258</b>	<b>5,783</b>	<b>6,258</b>	<b>5,783</b>
Joint venture buildings	<b>1,732</b>	<b>2,730</b>	<b>1,732</b>	<b>2,730</b>
	<b>49,486</b>	<b>55,510</b>	<b>49,486</b>	<b>55,510</b>
Less accumulated depreciation:				
Offices	-	-	-	-
Commercial	1	1	1	1
Joint venture buildings	404	404	404	404
	<b>405</b>	<b>405</b>	<b>405</b>	<b>405</b>
	<b>49,081</b>	<b>55,105</b>	<b>49,081</b>	<b>55,105</b>
Leasehold improvements at cost	803	677	803	677
Less accumulated depreciation:	387	240	387	240
	<b>416</b>	<b>437</b>	<b>416</b>	<b>437</b>
GROH vacant land at fair value	<b>31,424</b>	<b>31,251</b>	<b>31,424</b>	<b>31,251</b>
<b>Total other properties</b>	<b>80,921</b>	<b>86,793</b>	<b>80,921</b>	<b>86,793</b>
<b>31. Plant and equipment</b>				
Plant & equipment at cost				
Air conditioning	1,178	1,178	1,178	1,178
Commercial vehicles	207	207	207	207
Computing facilities & equipment	17,319	13,191	13,214	10,805
Furniture & fittings	488	472	339	323
Office machines & equipment	3,292	3,105	3,015	2,854
Joint venture office equipment	163	125	163	125
Plant & equipment	106	106	106	106
	<b>22,753</b>	<b>18,384</b>	<b>18,222</b>	<b>15,598</b>
Less accumulated depreciation:				
Air conditioning	789	706	789	706
Commercial vehicles	175	162	175	162
Computing facilities & equipment	9,676	7,290	7,635	5,648
Furniture & fittings	378	363	286	280
Office machines & equipment	1,286	1,131	1,093	960
Joint venture office equipment	71	61	71	61
Plant & equipment	89	77	89	77
	<b>12,464</b>	<b>9,790</b>	<b>10,138</b>	<b>7,894</b>
<b>Total plant and equipment</b>	<b>10,289</b>	<b>8,594</b>	<b>8,084</b>	<b>7,704</b>

### 32. Property, plant and equipment reconciliation

2010

CONSOLIDATED

2009

Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000
10,777,779	610,900	500,855	86,793	8,594	211,051	12,195,972
Carrying amount at start of year						
161,463	35,714	23,962	15,608	4,767	365,999	607,513
235,395	28,356	47,402	264	-	(311,417)	-
(116,442)	(3,219)	(24,937)	(14,828)	(398)	-	(159,824)
(37,344)	-	-	-	-	-	(37,344)
(565,369)	4,926	(14,074)	(6,111)	-	-	(580,628)
(95,026)	(7,010)	(5,717)	(805)	(2,674)	-	(111,232)
10,360,456	669,667	527,491	80,921	10,289	265,633	11,914,457
Carrying amount at end of year						

2010

PARENT

2009

Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000
10,777,779	610,900	500,855	86,793	7,704	211,051	12,195,082
Carrying amount at start of year						
161,463	35,714	23,962	15,608	3,022	365,999	605,768
235,395	28,356	47,402	264	-	(311,417)	-
(116,442)	(3,219)	(24,937)	(14,828)	(398)	-	(159,824)
(37,344)	-	-	-	-	-	(37,344)
(565,369)	4,926	(14,074)	(6,111)	-	-	(580,628)
(95,026)	(7,010)	(5,717)	(805)	(2,244)	-	(110,802)
10,360,456	669,667	527,491	80,921	8,084	265,633	11,912,252
Carrying amount at end of year						

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

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

	Consolidated		Parent	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<b>33. Intangible assets</b>				
Computing software at cost	9,573	9,504	4,830	5,221
Less accumulated amortisation	8,198	8,005	4,071	4,050
	<b>1,375</b>	<b>1,499</b>	<b>759</b>	<b>1,171</b>
Computing development at cost	12,506	11,127	12,506	11,127
Less accumulated amortisation	10,199	9,912	10,199	9,912
	<b>2,307</b>	<b>1,215</b>	<b>2,307</b>	<b>1,215</b>
<b>Total intangible assets</b>	<b>3,682</b>	<b>2,714</b>	<b>3,066</b>	<b>2,386</b>

#### Intangible assets reconciliation

Carrying amount at start of year	2,714	2,778	2,386	2,503
Additions	1,921	869	1,662	610
Disposals	674	-	674	-
Amortisation expense	(514)	(933)	(308)	(727)
<b>Carrying amount at end of year</b>	<b>3,447</b>	<b>2,714</b>	<b>3,066</b>	<b>2,386</b>

#### 34. Payables

<b>Current</b>				
Contractors retention monies	14,253	7,535	14,253	7,535
Joint venture creditors	6,014	7,918	6,014	7,918
Rental properties water consumption	1,931	1,535	1,931	1,535
Rental tenants bonds	13,171	12,811	13,171	12,811
Trade creditors	4,140	19,652	4,140	19,652
<b>Total current payables</b>	<b>39,509</b>	<b>49,451</b>	<b>39,509</b>	<b>49,451</b>

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

	2010	2009
	\$	\$
Amounts carried forward from previous financial year.	345,609	394,125
Payments made by the Commonwealth for IOT services.	0	678,623
Cost of services.	133,428	510,383
Construction paid	187,629	216,756
<b>Amounts carried forward to following financial year.</b>	<b>24,552</b>	<b>345,609</b>

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

#### Non - current

Joint venture creditors	24	24	24	24
<b>Total non-current payables</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>

#### 35. Borrowings

##### Current

##### Borrowings

State nominated funds	4,590	4,392	4,590	4,392
WA Treasury Corporation	62,800	32,343	62,800	32,343
Commonwealth advances	9,127	9,004	9,127	9,004
<b>Total current borrowings</b>	<b>76,517</b>	<b>45,739</b>	<b>76,517</b>	<b>45,739</b>

Consolidated		Parent	
2010	2009	2010	2009
\$000	\$000	\$000	\$000

### 35. Borrowings (continued)

#### Non - current

##### Borrowings

State nominated funds	262,078	266,668	262,078	266,668
WA Treasury Corporation	4,761,194	3,275,845	4,761,194	3,275,845
Commonwealth advances	203,818	212,945	203,818	212,945
<b>Total non-current borrowings</b>	<b>5,227,090</b>	<b>3,755,458</b>	<b>5,227,090</b>	<b>3,755,458</b>
<b>Total borrowings</b>	<b>5,303,607</b>	<b>3,801,197</b>	<b>5,303,607</b>	<b>3,801,197</b>

The fair values for WATC borrowings have been calculated by Western Australian Treasury Corporation, based on market valuations. The State Nominated and Commonwealth advances have been calculated using a discount rate of 5.11% which is the Commonwealth bond rate. (June 2009, 5.54%)

#### Consolidated

	Total carrying amount		Aggregate Net Fair Value	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Borrowings - State nominated	266,668	271,060	248,851	240,636
Borrowings - WATC	4,823,994	3,308,188	4,796,242	3,295,892
Borrowings - Commonwealth advances	212,945	221,949	201,859	202,617
	<b>5,303,607</b>	<b>3,801,197</b>	<b>5,246,952</b>	<b>3,739,145</b>

#### Parent

	Total carrying amount		Aggregate Net Fair Value	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Borrowings - State nominated	266,668	271,060	248,851	240,636
Borrowings - WATC	4,823,994	3,308,188	4,796,242	3,295,892
Borrowings - Commonwealth advances	212,945	221,949	201,859	202,617
	<b>5,303,607</b>	<b>3,801,197</b>	<b>5,246,952</b>	<b>3,739,145</b>

### 36. Provisions

#### Current

##### Employee benefits

Long service leave	6,758	6,164	6,758	6,164
Annual leave	6,335	5,604	6,335	5,604
	<b>13,093</b>	<b>11,768</b>	<b>13,093</b>	<b>11,768</b>

##### Other

Employee benefits on-costs	721	647	721	647
Joint venture provisions	10,102	8,589	10,102	8,589
<b>Total current provisions</b>	<b>23,916</b>	<b>21,004</b>	<b>23,916</b>	<b>21,004</b>

#### Non - Current

##### Employee benefits

Long service leave	4,680	4,073	4,680	4,073
Superannuation	26,505	28,466	26,505	28,466
	<b>31,185</b>	<b>32,539</b>	<b>31,185</b>	<b>32,539</b>

##### Other

Employment on-costs	257	224	257	224
Development levies (note 2s(ii))	4,524	2,866	4,524	2,866
<b>Total non-current provisions</b>	<b>35,966</b>	<b>35,629</b>	<b>35,966</b>	<b>35,629</b>



Consolidated		Parent	
2010	2009	2010	2009
\$000	\$000	\$000	\$000

### 36. Provisions (continued)

Long service leave liabilities have been established by actuarial assessment dated 29 July 2010. 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 4.44%.

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

Within 12 months of the end of the reporting period	6,335	5,604	6,335	5,604
---	-------	-------	-------	-------

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

Within 12 months of the end of the reporting period	6,758	6,164	6,758	6,164
More than 12 months after the reporting period	4,680	4,073	4,680	4,073
	<b>11,438</b>	<b>10,237</b>	<b>11,438</b>	<b>10,237</b>

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

#### Movement in Provisions

Employment on-costs	978	871	978	871
Carrying amount at start of year	871	715	871	715
Additional provisions recognised	4,547	4,158	4,547	4,158
Payments	(4,440)	(4,002)	(4,440)	(4,002)
Carrying amount at end of year	<b>978</b>	<b>871</b>	<b>978</b>	<b>871</b>
Development levies	4,524	2,866	4,524	2,866
Carrying amount at start of year	2,866	1,199	2,866	1,199
Additional provisions recognised	3,382	3,261	3,382	3,261
Payments	(1,724)	(1,594)	(1,724)	(1,594)
Carrying amount at end of year	<b>4,524</b>	<b>2,866</b>	<b>4,524</b>	<b>2,866</b>
Joint venture provisions	10,102	8,589	10,102	8,589
Carrying amount at start of year	8,589	11,556	8,589	11,556
Additional provisions recognised	10,210	8,489	10,210	8,489
Payments	(8,697)	(11,456)	(8,697)	(11,456)
Carrying amount at end of year	<b>10,102</b>	<b>8,589</b>	<b>10,102</b>	<b>8,589</b>

#### Defined benefit superannuation plans

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

The amounts recognised in the Statement of Comprehensive Income are as follows:

Pension Scheme	Pre-transfer benefit - Gold State Superannuation Scheme	
	2010	2009
	\$000	\$000
Interest cost	1,075	1,229
Net actuarial losses/(gains) recognised	650	1,593
Total included in Employee benefits expense	<b>1,725</b>	<b>2,822</b>

The amounts recognised in the Statement of Financial Position are as follows:

Present value of unfunded obligations	20,608	21,402	5,897	7,064
Liability in the statement of financial position	<b>20,608</b>	<b>21,402</b>	<b>5,897</b>	<b>7,064</b>

### 36. Provisions (Continued)

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

Reconciliation of the unfunded liability recognised in the statement of financial position is as follows:

	Pension Scheme		Pre-transfer benefit - Gold State Superannuation Scheme	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Liability at the start of the year	21,402	21,010	7,064	8,277
Current service cost	-	-	-	-
Interest cost (unwinding of the discount)	1,075	1,229	360	463
Net actuarial losses/(gains) recognised	650	1,593	(167)	(229)
Benefits paid	(2,519)	(2,430)	(1,360)	(1,447)
Liability at the end of the year	20,608	21,402	5,897	7,064

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

Fair value of plan assets at the start of the year	-	-	-	-
Employer contributions	2,519	2,430	1,360	1,447
Benefits paid	(2,519)	(2,430)	(1,360)	(1,447)
Fair value of plan assets at the end of the year	-	-	-	-

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

	2010	2009	2008	2007
Discount rate	5.48%	5.34%	6.64%	6.06%
Future salary increases	4.50%	4.50%	4.50%	4.50%
Future pension increases	2.50%	2.50%	2.50%	2.50%

#### Historic summary

Pension scheme:				
Present value of unfunded obligation	20,608	21,402	21,010	24,216
Fair value of plan assets	-	-	-	-
Deficit	20,608	21,402	21,010	24,216
Pre-transfer benefit - Gold State superannuation Scheme:				
Present value of unfunded obligation	5,897	7,064	8,277	8,294
Fair value of plan assets	-	-	-	-
Deficit	5,897	7,064	8,277	8,294
Experience adjustments arising on plan liabilities:				
Pension scheme	144	3,153	355	563
Pre-transfer benefit - Gold State superannuation Scheme	(112)	161	430	94

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

#### Pension Scheme

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

Employer contributions of \$2,468,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2011.

### 36. Provisions (Continued)

#### Gold State Superannuation Scheme

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 respect of contributory members who are the Authority's employees.

The employer contribution rate for 2009/10 for contributory members was 12% (2008/09: 12%) of a member's salary, based on a 5% member contribution. The employer contribution rate is proportionately less or more where members elect a contribution rate of 3%, 4%, 6% or 7% of salary.

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

Employer contributions of \$667,000 are expected to be paid to the Gold State Superannuation Scheme for the year ending 30 June 2011.

### 37. Other liabilities

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>Current</b>				
Accrued expenses:				
Administrative & general expenses	8,374	9,511	5,879	6,143
	8,374	9,511	5,879	6,143
Joint venture liabilities	800	142	800	142
Unearned income	7,791	7,818	7,791	7,818
<b>Total current other liabilities</b>	<b>16,965</b>	<b>17,471</b>	<b>14,470</b>	<b>14,103</b>

### 38. Contributed equity

Opening balance	612,361	451,501	612,361	451,501
Capital contributions	359,601	160,860	359,601	160,860
Other contributions by owner				
Royalties for regions fund - regional infrastructure and headworks account	94,000	-	94,000	-
<b>Closing balance</b>	<b>1,065,962</b>	<b>612,361</b>	<b>1,065,962</b>	<b>612,361</b>

Consolidated		Parent	
2010	2009	2010	2009
\$000	\$000	\$000	\$000

### 39. Reserves

#### (i) Asset Revaluation Reserve

Balance brought forward from prior year	8,448,832	8,458,332	8,448,832	8,458,332
Transferred to retained earnings	(157,606)	(137,579)	(157,606)	(137,579)
Revaluations during the year	(563,609)	128,079	(563,609)	128,079
Closing balance	<u>7,727,617</u>	<u>8,448,832</u>	<u>7,727,617</u>	<u>8,448,832</u>

Revaluations recognised during the year were in respect of:

Rental properties - current	(565,369)	111,574	(565,369)	111,574
Community housing properties - current	4,926	(19,318)	4,926	(19,318)
Shared equity properties - current	(14,074)	(7,680)	(14,074)	(7,680)
Other properties - current	(6,111)	5,360	(6,111)	5,360
Land transferred to rental properties	17,019	38,143	17,019	38,143
	<u>(563,609)</u>	<u>128,079</u>	<u>(563,609)</u>	<u>128,079</u>

Transferred to retained earnings

Revaluation amount of rental properties - sold	(72,614)	(64,421)	(72,614)	(64,421)
Revaluation amount of rental properties - demolished	(71,048)	(63,450)	(71,048)	(63,450)
Revaluation amount of community housing properties - sold	(3,899)	(597)	(3,899)	(597)
Revaluation amount of other properties - sold	(143)	(839)	(143)	(839)
Revaluation amount of shared equity properties - sold	(9,902)	(8,272)	(9,902)	(8,272)
	<u>(157,606)</u>	<u>(137,579)</u>	<u>(157,606)</u>	<u>(137,579)</u>

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	809	847	-	-
Transfer to retained profits	(21)	(38)	-	-
Closing balance	<u>788</u>	<u>809</u>	<u>-</u>	<u>-</u>

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	(6)	4,383	-	-
Transfer from statement of comprehensive income	-	(4,389)	-	-
Closing balance	<u>(6)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>

<b>Total Reserves</b>	<b>7,728,399</b>	<b>8,449,635</b>	<b>7,727,617</b>	<b>8,448,832</b>
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### 40. Retained earnings

Opening balance	2,871,382	2,624,279	2,680,441	2,460,512
	<u>2,871,382</u>	<u>2,624,279</u>	<u>2,680,441</u>	<u>2,460,512</u>
Transfer from asset revaluation reserve upon disposal	157,606	137,579	157,606	137,579
Transfer from interest assistance lowstart reserve	21	38	-	-
Net profit for the year	116,027	109,486	68,389	82,350
Total retained earnings	<u>3,145,036</u>	<u>2,871,382</u>	<u>2,906,436</u>	<u>2,680,441</u>

Consolidated		Parent	
2010	2009	2010	2009
\$000	\$000	\$000	\$000

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

Net Profit	116,027	109,486	68,389	82,350
Non - cash items:				
Depreciation & amortisation expense	118,409	105,965	112,643	102,614
Doubtful debts expense	5,602	3,447	5,602	3,447
Loss on disposal of non-current assets	20,425	22,518	19,138	21,035
Cash items:				
Grants & subsidies and from government	(117,040)	(208,592)	(117,040)	(208,592)
(Increase)/decrease in assets:				
Receivables	7,322	(342)	13,337	10,024
Inventories	(68,163)	(62,219)	(68,163)	(62,219)
Other assets	(18,292)	1,878	(18,292)	1,878
Increase/(decrease) in liabilities:				
Provisions	(13,714)	(3,578)	(13,714)	(3,578)
Premiums on financial instruments	3	4,270	-	-
Payables	20,388	3,637	8,549	7,124
Net GST payments	(20,643)	(17,665)	(20,643)	(17,665)
<b>Net cash flows (used in) provided by operating activities</b>	<b>50,324</b>	<b>(41,195)</b>	<b>(10,194)</b>	<b>(63,582)</b>

#### 42. Purchase of non-current physical assets

Buildings under construction	360,551	286,061	360,551	286,061
Computing facilities & equipment	6,450	4,229	4,244	3,413
Office machines & equipment	441	336	441	331
Properties	139,856	185,739	139,856	185,739
<b>Total purchase of non-current physical assets</b>	<b>507,298</b>	<b>476,365</b>	<b>505,092</b>	<b>475,544</b>

#### 43. 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 Statement of Financial Position as:

Cash at bank - operational	352,047	104,122	317,755	86,006
Cash at bank - superannuation	20,700	20,700	20,700	20,700
Deposits at call	80,000	90,233	-	-
Rental tenants bonds	13,171	12,811	13,171	12,811
Joint venture cash	14,409	17,424	14,409	17,424
Remote indigenous communities	568	-	568	-
Royalties for regions	7,532	20,000	7,532	20,000
	488,427	265,290	374,135	156,941

#### 44. Remuneration of the accountable authority and senior officers

##### Remuneration of Members of the Accountable Authority

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

	2010	2009
\$120,001 - \$130,000	-	1
\$210,001 - \$220,000	-	1
\$350,001 - \$360,000	1	-
	<u>1</u>	<u>2</u>
 The total remuneration of the members of the accountable authority	 <u>353</u>	 <u>338</u>

The total remuneration includes 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

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

	2010	2009
\$20,001 - \$30,000	-	1
\$50,001 - \$60,000	1	-
\$60,001 - \$70,000	2	-
\$80,001 - \$90,000	1	-
\$110,001 - \$120,000	-	1
\$120,001 - \$130,000	1	-
\$130,001 - \$140,000	1	1
\$140,001 - \$150,000	1	2
\$150,001 - \$160,000	1	1
\$160,001 - \$170,000	1	-
\$170,001 - \$180,000	-	1
	<u>9</u>	<u>7</u>
 The total remuneration of senior officers	 <u>980</u>	 <u>892</u>

The total remuneration includes 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.

#### 45. Remuneration of auditor

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
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	372	349	290	256
Fees for the Auditor General for Commonwealth reporting	-	7	-	7
	<u>372</u>	<u>356</u>	<u>290</u>	<u>263</u>

Consolidated		Parent	
2010	2009	2010	2009
\$000	\$000	\$000	\$000

#### 46. Commitments for expenditure

At June 30 2010 the expenditure commitments being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

##### (a) Capital expenditure commitments

Within 1 year	460,620	171,211	460,620	171,211
Later than 1 year & not later than 5 years	12,232	2,442	12,232	2,442
	<b>472,852</b>	<b>173,653</b>	<b>472,852</b>	<b>173,653</b>

The capital commitments include amounts for the following:

Dwelling construction & upgrades	384,504	119,559	384,504	119,559
Land development and redevelopment	11,625	2,643	11,625	2,643
Crisis accommodation program	3,933	579	3,933	579
Joint venture land development	20,691	16,895	20,691	16,895
New living	74	1,567	74	1,567
	<b>52,025</b>	<b>32,410</b>	<b>52,025</b>	<b>32,410</b>
	<b>472,852</b>	<b>173,653</b>	<b>472,852</b>	<b>173,653</b>

##### (b) Other expenditure commitments

Within 1 year	220,693	248,789	-	-
	<b>220,693</b>	<b>248,789</b>	<b>-</b>	<b>-</b>

The other expenditure commitments include amounts for the following:

Loans to Home Buyers	220,693	248,789	-	-
	<b>220,693</b>	<b>248,789</b>	<b>-</b>	<b>-</b>

Expenditure commitments have increased by \$299.19m from the previous year. This predominately relates to increased building activity as a result of Commonwealth and State Stimulus Package and GROH funding under the Royalties for Regions for construction and refurbishment of housing throughout the State.

Funding for the Commonwealth and State Stimulus Package for construction of houses has resulted in a large construction program for 2009/10 and 2010/11 to meet delivery deadlines attached to the funding. GROH capital commitments have also increased from the previous year as a result of increased funding through the Royalties for Regions program. This funding will provide 400 dwellings to house key frontline Government workers including teachers, medical officers, police officers and child protection officers who are essential in the sustainability of country and remote communities.

Committed carry over for Land Development, has increased from the previous year due to the commencement of new projects at Golden Bay to 2009/10 and continuation of a project in Geraldton. New Living Development commitments have decreased in comparison to the previous year. This is a timing issue with tenders for works put out in 2010/11 yet to be awarded.

The increase in Joint Venture development expenditure commitment is a result of increased buyer activity during the course of the year, which was initially supported by Government incentives and access to affordable land. Major joint venture projects are still progressing to produce affordable lots in Dalyellup, Butler, Ellenbrook, Oyster Harbour, Harrisdale and Brookdale

Committed carry over for Community Housing has increased due to the commencement of a large number of projects under 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. Significant new projects commenced include Lime Street East Perth and Newcastle Street Northbridge

The decrease in capital commitments for Loans to Homebuyers of \$28.09 million is due to Keystart returning to its traditional role as a lender for low deposit low to moderate income homebuyers. Due to the Global Financial Crisis, during 2008/09 and 2009/10 Keystart acted to counter cyclical to assist home buyers and the economy to meet a gap that opened up with private sector lenders tightening access to the home loan market. The decrease in capital commitments reflects Keystart's recent tightening of lending criteria and focus on the low income sector seeking steps into home ownership.

Consolidated		Parent	
2010	2009	2010	2009
\$000	\$000	\$000	\$000

#### 46. Commitments for expenditure (continued)

##### (c) Lease commitments

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

##### Rental property leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	38,287	39,663	38,287	39,663
Later than 1 year & not later than 5 years	42,410	56,067	42,410	56,067
Later than 5 years	3,017	4,579	3,017	4,579
	<b>83,714</b>	<b>100,309</b>	<b>83,714</b>	<b>100,309</b>

Motor vehicle leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	886	1,009	886	1,009
Later than 1 year & not later than 5 years	285	382	285	382
	<b>1,171</b>	<b>1,391</b>	<b>1,171</b>	<b>1,391</b>

Consolidated		Parent	
2010	2009	2010	2009
\$000	\$000	\$000	\$000

Office property leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	1,067	1,528	663	773
Later than 1 year & not later than 5 years	187	1,134	187	617
Later than 5 years	24	35	24	35
	<b>1,278</b>	<b>2,697</b>	<b>874</b>	<b>1,425</b>

#### 47. 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 two suspected contaminated sites to DEC. These sites have 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 relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the Housing Authority may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

##### Litigation in progress

The Housing Authority has been joined in legal actions involving asbestos related illness. The estimated value of these claims against the Housing Authority is \$150,000, liability is being denied and any legal claim will be defended.

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

The Housing Authority, for the year ended 30 June 2010, incurred Cashiers Shortages totalling \$13.90 (June 2009 \$245.80) all of which have been funded by the Housing Authority.

Reportable thefts in 2009/2010 was nil (June 2009 \$60,006).

Bad Debts written off by the Accountable Authority in the year ended 30 June 2010 totalled \$4,531,960 (June 2009 \$3,279,001).

Bad Debts recovered totalled \$420,597 (June 2009 \$365,679)

#### 49. Gifts of public property

In the year ended 30 June 2010 the Housing Authority made no gifts of public property.



## 50. Financial instrument disclosures

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

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

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
(i) Financial Assets				
Cash and cash equivalents	408,438	175,067	374,146	156,951
Short term deposits	80,000	90,233	-	-
Receivables				
- preferential shares	-	-	3,980,000	2,560,000
- general	14,245	7,255	13,045	6,892
- land debtors	52,757	43,106	52,757	43,106
- rent from tenants and other	18,310	14,806	18,310	14,806
- rental and lease bonds	19,511	16,278	19,511	16,278
- loans to homebuyers	4,124,931	2,653,835	33	27
- loans to commercial organisations	145	154	145	154
- loans to local and statutory parties	19	19	19	19
Interest rate caps	-	3	-	-
<b>Total financial assets</b>	<b>4,718,356</b>	<b>3,000,756</b>	<b>4,457,966</b>	<b>2,798,233</b>
(ii) Financial Liabilities				
Borrowings				
- State nominated	266,668	271,060	266,668	271,060
- WATC	4,787,168	3,287,955	4,787,168	3,287,955
- Commonwealth advances	212,945	221,949	212,945	221,949
Payables				
- general	25,160	38,677	25,160	38,677
- rental deposits and tenant bonds	13,171	12,811	13,171	12,811
- rental property water consumption	1,931	1,535	1,931	1,535
<b>Total financial liabilities</b>	<b>5,307,043</b>	<b>3,833,987</b>	<b>5,307,043</b>	<b>3,833,987</b>

## 50. Financial instrument disclosures (continued)

### Interest Rate Risk

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

The Consolidated Entity's exposure to market interest rates relates primarily to the Consolidated Entity's long term debt obligations.

CONSOLIDATED		Interest rate risk			
2010	Carrying amount \$000	-1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
(i) Financial Assets					
Cash and cash equivalents	408,438	(4,084)	(4,084)	4,084	4,084
Short term deposits	80,000	(800)	(800)	800	800
- loans to homebuyers (refer to note 2 (ab))	4,127,530	(41,275)	(41,275)	41,275	41,275
Interest rate caps (notional principal amount)	13	(130)	(130)	130	130
(ii) Financial Liabilities					
Borrowings					
- State nominated *	266,668	-	-	-	-
- WATC floating	3,050,000	30,500	30,500	(30,500)	(30,500)
- WATC fixed *	1,737,167	-	-	-	-
- Commonwealth advances *	212,945	-	-	-	-
Total Increase/(Decrease)	5,266,780	(15,789)	(15,789)	15,789	15,789

		Interest rate risk			
2009	Carrying amount \$000	-1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
<b>(i) Financial Assets</b>					
Cash and cash equivalents	175,067	(1,750)	(1,750)	1,750	1,750
Short term deposits	90,233	(902)	(902)	902	902
loans to homebuyers (refer to note 2 (ab))	2,655,956	(26,559)	(26,559)	26,559	26,559
Interest rate caps (notional principal amount)	324	(3,240)	(3,240)	3,240	3,240
<b>(ii) Financial Liabilities</b>					
Borrowings					
- State nominated *	271,060	-	-	-	-
- WATC floating	1,235,000	12,350	12,350	(12,350)	(12,350)
- WATC fixed *	2,052,955	-	-	-	-
- Commonwealth advances *	221,949	-	-	-	-
<b>Total Increase/(Decrease)</b>	<b>3,780,964</b>	<b>(20,101)</b>	<b>(20,101)</b>	<b>20,101</b>	<b>20,101</b>

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

## 50. Financial instrument disclosures (continued )

PARENT		Interest rate risk			
		-1%		+1%	
	Carrying amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
2010					
(i) Financial Assets					
Cash and cash equivalents	374,146	(3,741)	(3,741)	3,741	3,741
preferential shares	3,980,000	(39,800)	(39,800)	39,800	39,800
(ii) Financial Liabilities					
Borrowings					
State nominated *	266,668	-	-	-	-
WATC floating	3,050,000	30,500	30,500	(30,500)	(30,500)
WATC fixed *	1,737,167	-	-	-	-
Commonwealth advances *	212,945	-	-	-	-
Total Increase/(Decrease)	5,266,780	(13,041)	(13,041)	13,041	13,041
2009					
(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	-	-	-	-
WATC floating	1,235,000	12,350	12,350	(12,350)	(12,350)
WATC fixed *	2,052,955	-	-	-	-
Commonwealth advances *	221,949	-	-	-	-
Total Increase/(Decrease)	3,780,964	(14,819)	(14,819)	14,819	14,819

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

## 50. Financial instrument disclosures (continued )

### Liquidity risk analysis

CONSOLIDATED	Contractual Maturity Dates							Adjustment For discounting	Total carrying amount
	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years			
2010	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(ii) Financial Liabilities									
<b>Borrowings</b>									
State nominated	16,590	16,590	16,590	16,590	16,590	401,998	218,280		266,668
WATC	3,016,785	1,328,148	1,025,193	516,912	162,921	4,025,709	5,288,500		4,787,168
Commonwealth advances	18,587	18,312	18,030	17,752	17,470	233,615	110,821		212,945
<b>Payables</b>									
general *	25,160	-	-	-	-	-	-		25,160
rental deposits and tenant bonds **	13,171	-	-	-	-	-	-		13,171
rental property water consumption	1,931	-	-	-	-	-	-		1,931
<b>Total financial liabilities</b>	<b>3,092,224</b>	<b>1,363,050</b>	<b>1,059,813</b>	<b>551,254</b>	<b>196,981</b>	<b>4,661,322</b>	<b>5,617,601</b>		<b>5,307,043</b>
<b>2009</b>									
(ii) Financial Liabilities									
<b>Borrowings</b>									
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
<b>Payables</b>									
general *	38,677	-	-	-	-	-	-		38,677
rental deposits and tenant bonds **	12,811	-	-	-	-	-	-		12,811
rental property water consumption	1,535	-	-	-	-	-	-		1,535
<b>Total financial liabilities</b>	<b>2,543,225</b>	<b>564,294</b>	<b>208,698</b>	<b>510,347</b>	<b>213,865</b>	<b>4,890,328</b>	<b>5,096,770</b>		<b>3,833,987</b>

\* Payables general includes an amount of \$72,108 for estate improvements. These funds are committed to various groups across the state. The repayment of these funds is based on the property market activity within each area. The maturity is not date based and cannot be forecast.

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

## PARENT

	Contractual Maturity Dates							Total carrying amount
	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Adjustment for discounting	
2010	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>(ii) Financial Liabilities</b>								
<b>Borrowings</b>								
State nominated	16,590	16,590	16,590	16,590	16,590	401,998	218,280	266,668
WATC	3,016,785	1,328,148	1,025,193	516,912	162,921	4,025,709	5,288,500	4,787,168
Commonwealth advances	18,587	18,312	18,030	17,752	17,470	233,615	110,821	212,945
<b>Payables</b>								
general *	25,160	-	-	-	-	-	-	25,160
rental deposits and tenant bonds **	13,171	-	-	-	-	-	-	13,171
rental property water consumption	1,931	-	-	-	-	-	-	1,931
<b>Total financial liabilities</b>	<b>3,092,224</b>	<b>1,363,050</b>	<b>1,059,813</b>	<b>551,254</b>	<b>196,981</b>	<b>4,661,322</b>	<b>5,617,601</b>	<b>5,307,043</b>
<b>2009</b>								
<b>(ii) Financial Liabilities</b>								
<b>Borrowings</b>								
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
<b>Payables</b>								
general *	38,677	-	-	-	-	-	-	38,677
rental deposits and tenant bonds **	12,811	-	-	-	-	-	-	12,811
rental property water consumption	1,535	-	-	-	-	-	-	1,535
<b>Total financial liabilities</b>	<b>2,543,225</b>	<b>564,294</b>	<b>208,698</b>	<b>510,347</b>	<b>213,865</b>	<b>4,890,328</b>	<b>5,096,770</b>	<b>3,833,987</b>

\* Payables general includes an amount of \$72,108 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(a). COMPARISONS OF ESTIMATES 2009/2010 AND ACTUAL OPERATING RESULTS FOR 2009/2010

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 10% greater/less than the budgeted amount.

	Budget \$000	Actual \$000	Variation \$000
1. Revenues have varied by the following:			
* <b>Sales</b> Sales revenue came marginally under the original budget of \$251.03 million. The impact of government purchase incentives and access to affordable Department developed land maintained buyer activity throughout the year resulting in the actual coming within 2.60% of original budget.	251,038	244,711	(6,327)
* <b>Rental Revenue</b> The variance of \$23.08 million is primarily attributable to an increase in GROH rents. GROH has increased the number of properties they have to rent to meet demands for government housing in remote and regional areas. This combined with increased lease costs for accommodation, particularly in the Northwest of the state has led to the budget for Rent Revenue being exceeded.	298,098	321,187	23,089
* <b>Commonwealth Grants and Contribution</b> The under budget position is due to the Department of Treasury and Finance deeming that the Commonwealth economic stimulus funding is contributed equity therefore receipted in equity.	637,769	296,536	(341,233)
* <b>Interest Revenue</b> The variance for Interest Revenue reflects the growth in Keystart loans issued to home buyers over the past 2 years as other lenders tightened criteria. Keystart sources its loan funds from Western Australian Treasury Corporation (WATC) and passes on increased cost of funds on to its home loan clients. Also due to a high cash at bank, interest earned has been higher than initially forecast.	99,408	148,024	48,616
* <b>Other Revenues</b> The variance of \$6.95 million is due mainly to developer's contributions for Community Housing coming in under budget as the number of projects committed for 2009-2010 did not reach the initial forecast. Also some contributions in ventures have been land not cash. Partially offsetting this, is a higher than forecast refund of GST on Joint Venture projects.	21,403	14,444	(6,959)
2. Gains have varied by the following:			
* <b>Loss on Disposal of Non-Current Assets</b> The under budget position of \$17.87 million reflects an increase in demolitions as part of the New Living programme and the actual value between properties proceeds and cost of properties sold being less than forecast at original budget.	1,259	19,137	17,878
3. Expenses have varied by the following:			
* <b>Cost of Sales</b> Cost of sales under budget position of \$20.29 million has been impacted upon by Sales coming in under budget for the financial year. Sales of Joint Venture land did not meet budget and this mainly contributed to the under budget position. In addition overall land expenses also came in under budget, this was primarily for some Builtform sales.	164,000	143,707	(20,293)

## 51(a). COMPARISONS OF ESTIMATES 2008/2009 AND ACTUAL OPERATING RESULTS FOR 2009/2010 (continued)

	Budget \$000	Actual \$000	Variation \$000
<p>* <b>Rental Expenses</b></p> <p>Rental expenses exceeded the original budget by \$50.94 million. Increases in GROH leasing costs (\$14.79 million) is primarily linked to market forces in the Northwest of the State that have resulted in increased lease costs of properties. Maintenance expenses for Housing and GROH have exceeded budget by \$14.43 million, due to an increase in properties and rises in cost of labour and materials. Insurance cost for properties damaged by storms, floods and fire damage exceeded budget by \$3.84 million. Rates charges from local government and water authority for 2009-10 exceeded budget by \$2.74 million due to increased fees being more than forecast, The Commonwealth Government stimulus package for maintenance and refurbishment/ asbestos removal was provided in 2008-09 and 2009-10. Due to the timing of acquittal of funds on projects, a carryover of expenditure occurred in 2009-10. This meant expenditure was \$14.58 million more than initially budgeted for.</p>	251,250	302,192	50,942
<p>* <b>New Living</b></p> <p>New Living has not achieved its original budget as a result in delays in works proceeding on land development in Queens Park and South Hedland. Factors contributing to the slowing of expenditure include soil remediation clearance which delays progress on civil works. In addition infrastructure works in a Halls Creek project, Yardgee has been delayed as consultation with stakeholders is ongoing.</p>	45,140	39,829	(5,311)
<p>* <b>Community Support</b></p> <p>Community support remains significantly under the original budget, comprising of \$87.89 million for Community Housing and \$51.02 million for Remote Indigenous Housing. The transfer of public housing assets to community housing providers has taken longer than anticipated with preferred growth providers recently appointed in readiness for application to accept transfer of assets to the sector. Expenditure in Remote Indigenous programs was underspent from the original budget. This budget was based on matching expenditure to the National Partnership Agreement on Indigenous Housing funding in the same year. Progress payments were revised down during 2009-10, however targets of 75 new dwellings and 150 refurbishments in remote indigenous areas by 30 June 2010 were met.</p>	274,329	130,741	(143,588)
<p>* <b>Accommodation Expense</b></p> <p>Accommodation expenses exceeded budget during the year due to increased costs in leasing and the maintenance of Housing. Assets under \$5,000 also exceeded budget due to the purchase of new telecommunications systems for the whole of Department. This budget was revised up during the year.</p>	4,689	6,043	1,354
<p>* <b>Supplies and Services</b></p> <p>The variance of \$4.88 million is mainly due to increased expenditure for staff expenses relating to the provision of GROH housing in country and remote areas. Also contributing to the variance, is costs incurred for contract employees an external consultancy services to facilitate change management and practices within the Department.</p>	22,177	27,063	4,886
<p>* <b>Depreciation and Amortisation Expense</b></p> <p>Depreciation and amortisation expenses increased by \$14.49 million due to property revaluations as determined by the Valuer Generals Office. Also there were properties and computer systems added to the Asset Register during 2009-10 that resulted in the Depreciation budget being exceeded.</p>	98,145	112,642	14,497

## 51(a). COMPARISONS OF ESTIMATES 2008/2009 AND ACTUAL OPERATING RESULTS FOR 2009/2010 (continued)

	Budget \$000	Actual \$000	Variation \$000
<p>* <b>Other Expenses</b></p> <p>Other expenses comprises of a combination of budgets that are over the original budget. Significant items include, increases in land holding expenses (\$3.70 million) relating to higher charges incurred for local authority rates on vacant land and expenses for land write down not originally budgeted for. Also Impairment of Receivables (\$2.65 million) is also higher than originally budgeted for. Partially offsetting this Other Professional Services is under budget \$1.52 million.</p>	26,620	31,805	5,185
<p>* <b>Grants and Subsidies</b></p> <p>Funds not initially budgeted for were provided to the Wunan Foundation during 2009-10 to facilitate the Halls Creek Better Life project</p>	227	2,279	2,052
<p>4. <b>Grants and subsidies from State Government have varied by the following:</b></p>			
<p>* The variance of \$9.48 million is the result of a decrease in recurrent funds for stock growth that was deferred to the out years. This is also combined with Department of Treasury and Finance savings on procurement. Partially offsetting this, funding of \$2.56 million was received for the 2009 Targeted Separation Offer.</p>	126,521	117,040	(9,481)



## 51(b). COMPARISONS OF ACTUAL OPERATING RESULTS FOR 2009/2010 WITH THOSE OF THE PRECEDING YEAR

Details and reasons for significant variations between actual operating results for 2009/2010 and the preceding year are detailed below. Significant variations are considered to be those greater/less than \$5,000,000 or 10% greater/less than the actual amount for the preceding year.

	Actual 2010 \$000	Actual 2009 \$000	Variation \$000
<b>1. Revenues have varied by the following:</b>			
* Sales revenue has increased by \$89.566 million due to continued government purchase incentives and access to affordable Department developed land which increased buyer activity throughout the year.	244,711	155,145	89,566
* Commonwealth grants and contributions increased by \$100.651 million under the National Partnership Agreement for remote indigenous communities. The Department received an extra \$111.775 million in funding. We also received \$23.154 million under Commonwealth social housing and had a reduction in grant funding for the Economic Stimulus of \$26.317 million as the funding became a contribution from owners and is accounted for in equity and a reduction due to the discontinuation of the state improvement program of \$8.140 million.	296,536	195,885	100,651
* Interest revenue has increased by \$50.378 million. Predominately due to an increase in cash balances because of the Commonwealth stimulus package earning extra interest of \$11.643 million and an increase in preference shares which is linked to an increase in WATC borrowings in Keystart, earning an extra \$38.724 million in interest	148,024	97,646	50,378
* Developers contributions have increased by \$1.623 million due to an increase of contributions from community groups in the Community Housing sector due to the Commonwealth Stimulus package.	3,391	1,768	1,623
<b>2. Expenses have varied by the following:</b>			
* Cost of sales has increased by \$43.734 million due to continued government purchase incentives and access to affordable Department developed land with increased buyer activity throughout the year.	143,707	99,973	43,734
* Rental expenses have increased by \$33.525 million predominately due to an increase in maintenance expenses on public housing of \$3.343 million and a program of expenditure on the refurbishment of public housing properties directly related to the Commonwealth Stimulus package to preserve the assets of the Housing Authority of \$30.248 million.	302,192	268,667	33,525
* New living expenses has decreased by \$6.296 million due to delays in works proceeding on land development in Queens Park and South Hedland. Factors contributing to the slowing of expenditure include soil remediation clearance which delays progress on civil works. In addition, infrastructure works in Halls Creek project Yardgee has been delayed.	39,829	46,125	(6,296)
* Community support expenses has increased by \$58.387 million as a result of the National Partnership Agreement which includes increased spending for the development of Indigenous remote communities, The Department has met the targets in the agreement.	130,741	72,354	58,387

51(b). COMPARISONS OF ACTUAL OPERATING RESULTS FOR 2009/2010 WITH THOSE OF THE PRECEDING YEAR  
(continued)

	Actual 2010 \$000	Actual 2009 \$000	Variation \$000
* Supplies and Services expense has increased by \$3.275 million. This is due to an increase in the payment of contract employees of \$1.909 million, an increase of general staff expenses of \$0.512 million, an increase in telecommunications expenses of \$0.407 million and also an increase in the purchase of computing assets under \$5000 of \$0.466 million.	27,063	23,788	3,275
* Finance costs have increased by \$37.540 million due to an increase in from Western Australian Treasury Corporation for Keystart home loans.	190,860	153,320	37,540
* Accommodation expenses have increased by \$0.672 million due to an increase in leasing and cleaning costs and an increase in the procurement of assets under \$5,000.	6,043	5,371	672
* Other expenses have increased by \$5.205 million predominately due to an increase in the write down of land inventory held for sale of \$2.173 million and grants to Wunan Foundation of \$1.641 million and other grants of \$0.638 million to various enterprises. An increase of \$0.258 million of employee on costs and other expenses of \$0.587 million.	34,084	28,879	5,205
3. Grants and subsidies from State Government have varied by the following:			
* State grants have decreased by \$91.552 million. This is due to the following reasons. In 2008/2009 financial year, the Department received an additional \$58.87 million for the impact of the Global Financial Crisis on the Department's land sales. \$32.0 million of funding has been moved from the 2009/2010 financial year to the future years. A \$4.30 million reduction of funding has occurred due to the government efficiency dividend and a one off appropriation for redundancies of \$2.5 million	117,040	208,592	(91,552)

## Certification of Key Performance Indicators

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### Certification of Key Performance Indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Housing Authority, and fairly represent the performance of the Housing Authority and its subsidiary for the financial year ended 30 June 2010.



Grahame Searle

*Director General*

*Accountable Authority*

*2 September 2010*

## Key Performance Indicators

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### Outcome: Housing eligible Western Australians

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

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

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

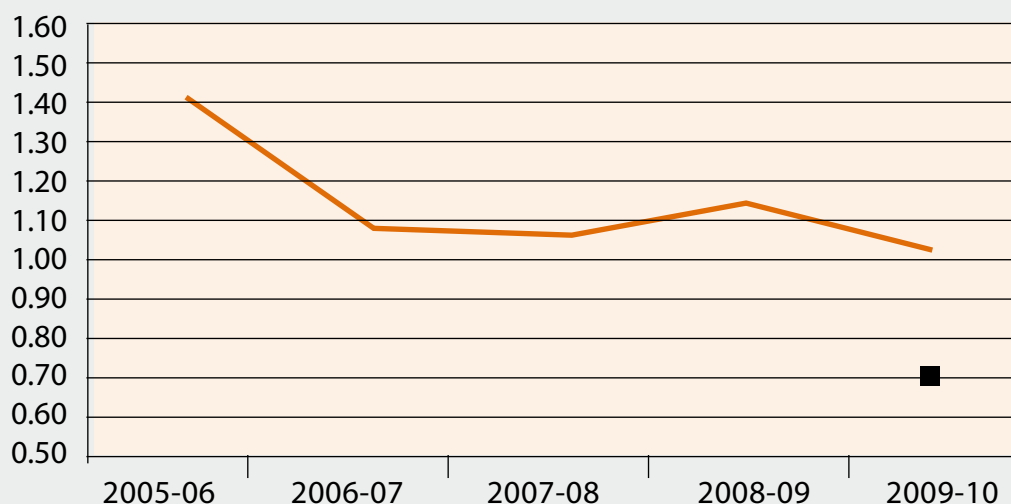
Through the provision of Government Regional Officers' Housing, the Authority directly contributes to Goal 4, by providing government employees with suitable and appropriate housing in regional and remote areas. This supports the Government's commitment to deliver public services such as education and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

### Effectiveness Indicator 1

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

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

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



Ratio —

Target ■

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

	Actual					Target
	2005-06	2006-07	2007-08	2008-09	2009-10	2009-10
Total housing assistances *	18,537	14,991	16,382	19,431	22,378	15,706
Public rental waiting list at June previous financial year	13,125	13,780	15,438	16,932	21,728	21,672
Ratio	1.41	1.09	1.06	1.15	1.03	0.72

\* For 2009-10, the total units of housing assistance comprised:

Number of bond assistance loans approved	12,437
Number of home loans approved (new and increased)	5,617
Number of public rental occupations	3,125
Number of people housed from the waiting list into community housing options	561
Number of Housing Authority (including Joint Venture partner) land sales below \$161,000 <sup>#1</sup>	638

<sup>#1</sup> The benchmark cut-off for the lower end of the market (\$161,000 lower quartile) is derived from the Real Estate Institute of Western Australia's Market Update Report (March Quarter 2010), which contains the final December Quarter 2009 lower quartile. The report provides the lower quartile for Western Australia (State) residential land sales. (2005-06=\$129,000; 2006-07=\$169,000; 2007-08=\$195,000; 2008-09=\$175,000)

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The ratio 1.03 improved on the target of 0.72. There was a significant increase in the number of housing assistances in 2009-10 compared to the target. However, the ratio was lower compared to last year as the increase in housing assistances was offset by a larger increase in the waiting list than the previous years.

The major contributor to the increase in housing assistances was bond assistance loans compared to both the original budget target and the previous year. The original budget was increased during the year as a result of an allocation of additional funding. The increase in bond assistance loans compared to the previous year was due to the easing of the private rental vacancy rate enabling low-income earners greater access to housing.

Home loans (new and increased) approved by Keystart increased in comparison to the original budget target. The higher volume of loan approvals arose from the expansion of the Keystart program by \$600 million to assist first home buyers following the exit of second tier lenders from the market.

Lower quartile residential land sales also increased compared to both the original budget target and the previous year. This was due to greater overall land sales for 2009-10 and a greater number of land releases that included lower value lots. 2008-09 had seen a significant fall in sales due to the global financial crisis.

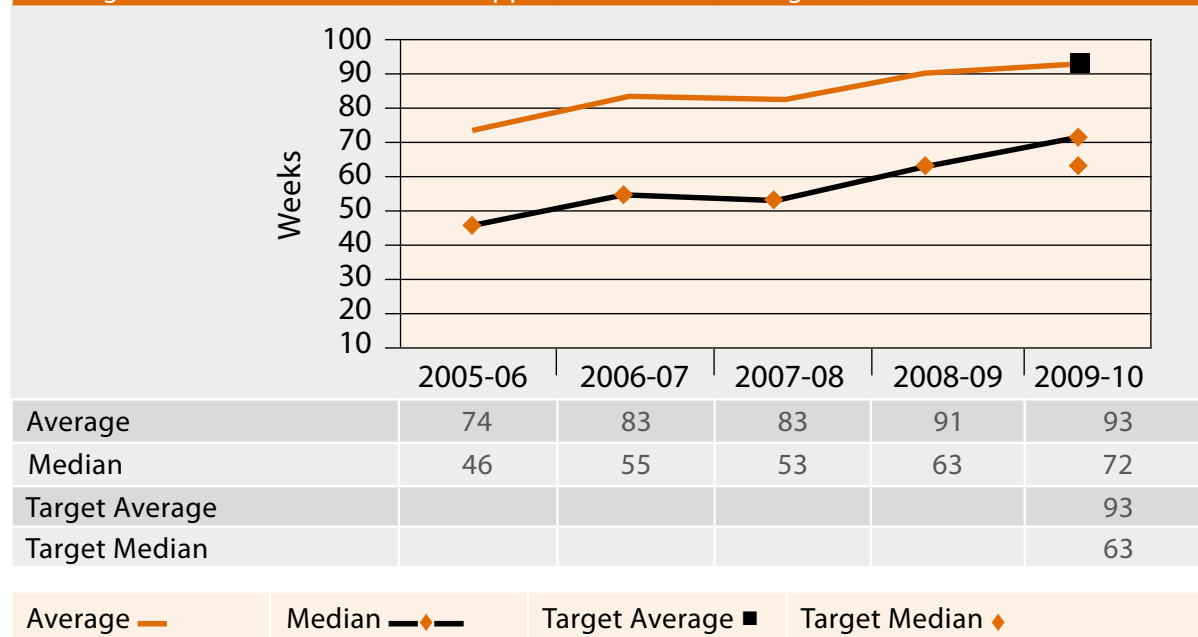
## Effectiveness Indicator 2

### Waiting times for accommodation – applicants housed.

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

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

Waiting times for accommodation - applicants housed average and median in weeks



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

Distribution of Waiting Times

	2005-06	2006-07	2007-08	2008-09	2009-10
< 1 month	19.30%	14.06%	12.65%	17.22%*	21.38%*
1-12 months	33.59%	34.85%	36.53%	26.82%	20.90%
1-3 years	29.67%	30.58%	31.20%	34.44%	35.14%
3-5 years	15.44%	17.34%	15.68%	15.28%	15.52%
5+ years	2.00%	3.17%	3.93%	6.24%	7.07%

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

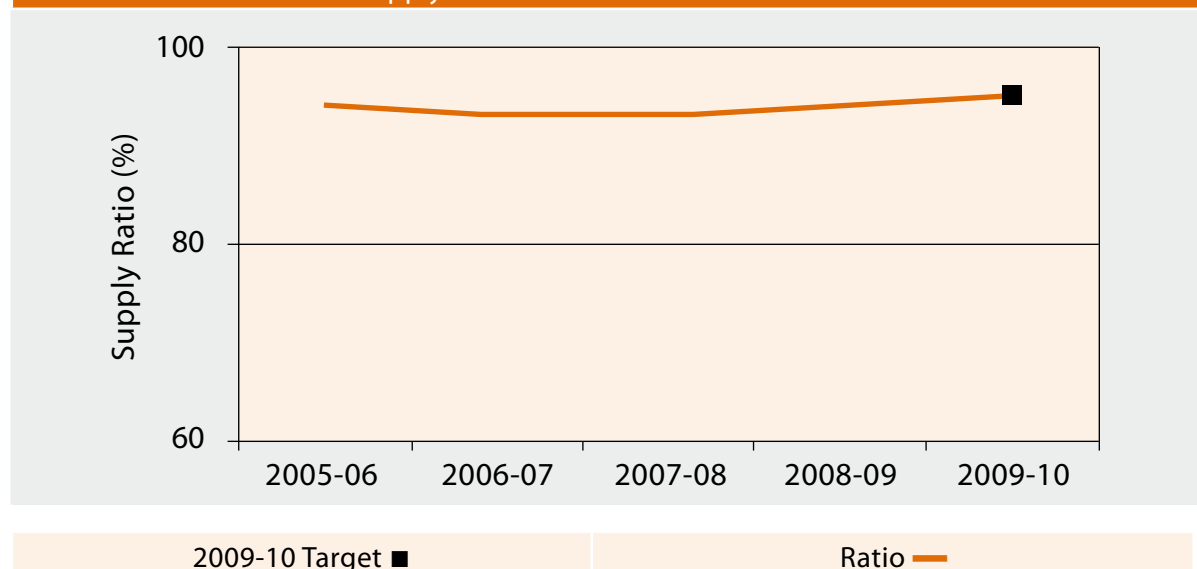
Average wait times were on target for 2009-10 and slightly above the previous year. The median wait times increased by 9 weeks compared with the target for 2009-10 and the previous year. The average has been impacted by the increase in the less than one month category in 2009-10. Whereas the median has increased due to an increase in the percentage housed over one year (57.73%) and a further decrease in the percentage housed between 1 to 12 months. The increase in waiting times has been affected by a reduction in the number of people vacating public rental housing.

### Effectiveness Indicator 3

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

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

#### Total demand and current supply



#### Demand and supply

	Actual					Target
	2005-06	2006-07	2007-08	2008-09	2009-10	2009-10
Demand	4,550	4,709	5,042	5,225	5,227	
Supply	4,261	4,392	4,696	4,902	4,944	
Ratio	94%	93%	93%	94%	95%	95%

In 2009-10, the Authority continued its efforts to improve the quality and supply of government employee housing across the State, and met the target of a 95 percent ratio of supply to demand.

Growth across some regions and decline in others resulted in a small increase in the total number of properties supplied. In response to demand, there was an increase in the supply of properties in the Pilbara, Kimberley, South West and Great Southern. Conversely, there was a decrease in the supply of properties in the Goldfields, Mid West, Gascoyne and Wheatbelt.



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Demand for government employee housing remains strong in the North West, and the Authority is investigating numerous avenues to deliver additional housing. In 2009-10, the Pilbara and Kimberley regions showed the highest level of demand for and supply of government employee housing.

The State Government's Royalties for Regions program will continue to drive business activity in 2010-11 and will deliver both additional and replacement housing stock. As a result, it is anticipated that the Housing Authority will have increased capacity to meet the demands of housing supply.

### Efficiency Indicators

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

#### Service 1: Rental Housing

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

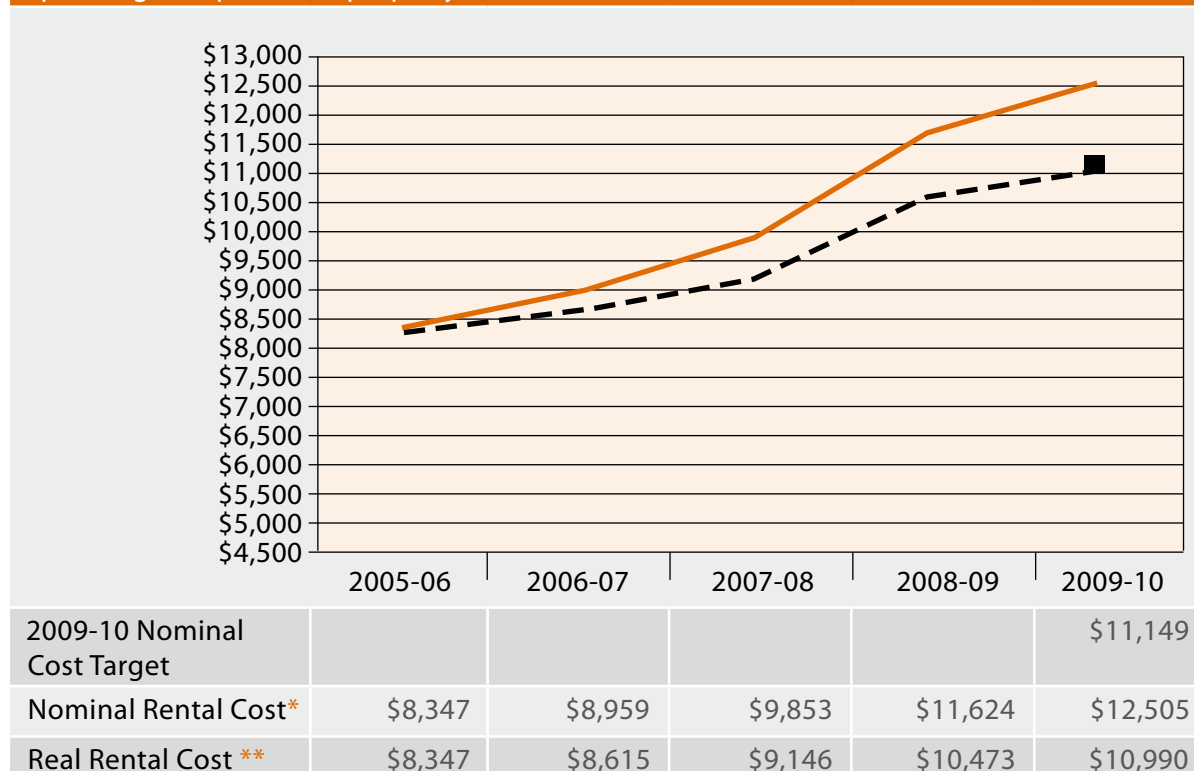
#### Efficiency Indicator 1

##### Operating Cost per Rental Property

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

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

### Operating cost per rental property (nominal and real)



Nominal Cost Target ■

Nominal Rental Cost —

Real Rental Cost - -

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

\*\* Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per rental property has been adjusted to 2005-06 prices.

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

The operating cost per rental property increased from \$11,624 to \$12,505 in the 2009-10 financial year. The increase was \$1,356 above the target. This was largely due to rental expenses exceeding the original budget resulting from maintenance expenses due to an increase in properties and rises in cost of labour and materials. Insurance cost for properties damaged by storms, floods and fire damage also exceeded the original budget. Rate charges from local government and water authority for 2009-10 exceeded budget due to increased fees being more than forecast. The Commonwealth Government stimulus package for maintenance and refurbishment/asbestos removal was provided in 2008-09 and 2009-10. Due to the timing of acquittal of funds on projects, a carryover of expenditure occurred in 2009-10, this meant expenditure was more than initially budgeted for. Depreciation and amortisation increased due to property revaluations as determined by the Valuer General's Office. Supplies and services, accommodation expenses and other expenses of impairment of receivables were also higher than originally budgeted.

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## Service 2: Home Loans

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

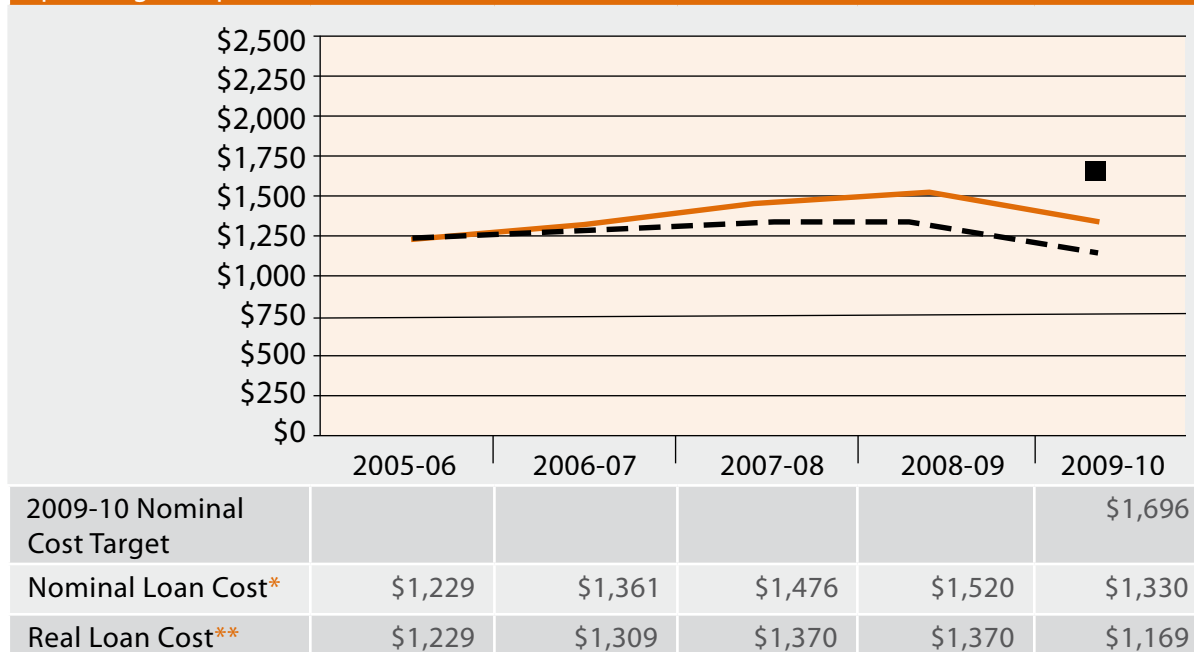
### Efficiency Indicator 2

#### Operating Cost per Current Loan Account

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

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

### Operating cost per current loan account (nominal and real)



Nominal Cost Target ■

Nominal Loan Cost —

Real Loan Cost - -

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

\*\* Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per loan has been adjusted to 2005-06 prices.

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

The operating cost per current loan account for the 2009-10 financial year decreased to \$1,330 from \$1,520 in 2008-09. The decrease was \$366 below the original budget target of \$1,696.

The decrease was due to an increase in the number of current active loans in 2009-10.

### Service 3: Land

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

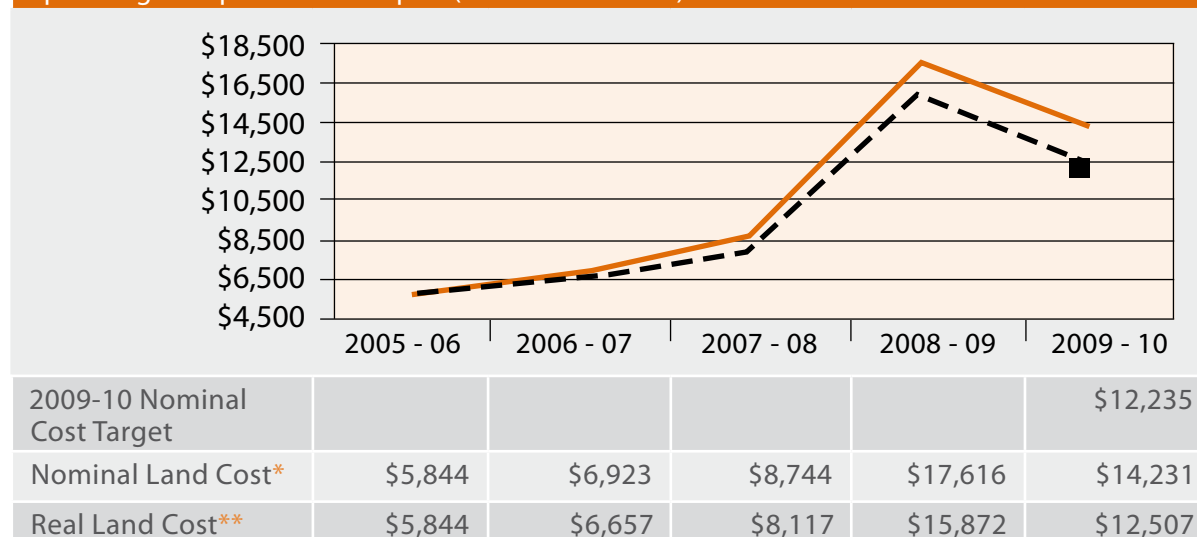
### Efficiency Indicator 3

#### Operating Cost per Lot Developed.

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

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

#### Operating cost per lot developed (nominal and real)



Nominal Cost Target ■

Nominal Land Cost —

Real Land Cost - -

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

\*\* Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth): the cost per lot developed has been adjusted to 2005-06 prices.

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

The operating cost per lot in 2009-10 was \$14,231 compared to the original budget target of \$12,235. This is mainly due to 1,953 lots yielding in 2009-10, compared to an original budget of 2,158 and partly due to a marginal increase in operating costs of 5.26 percent.

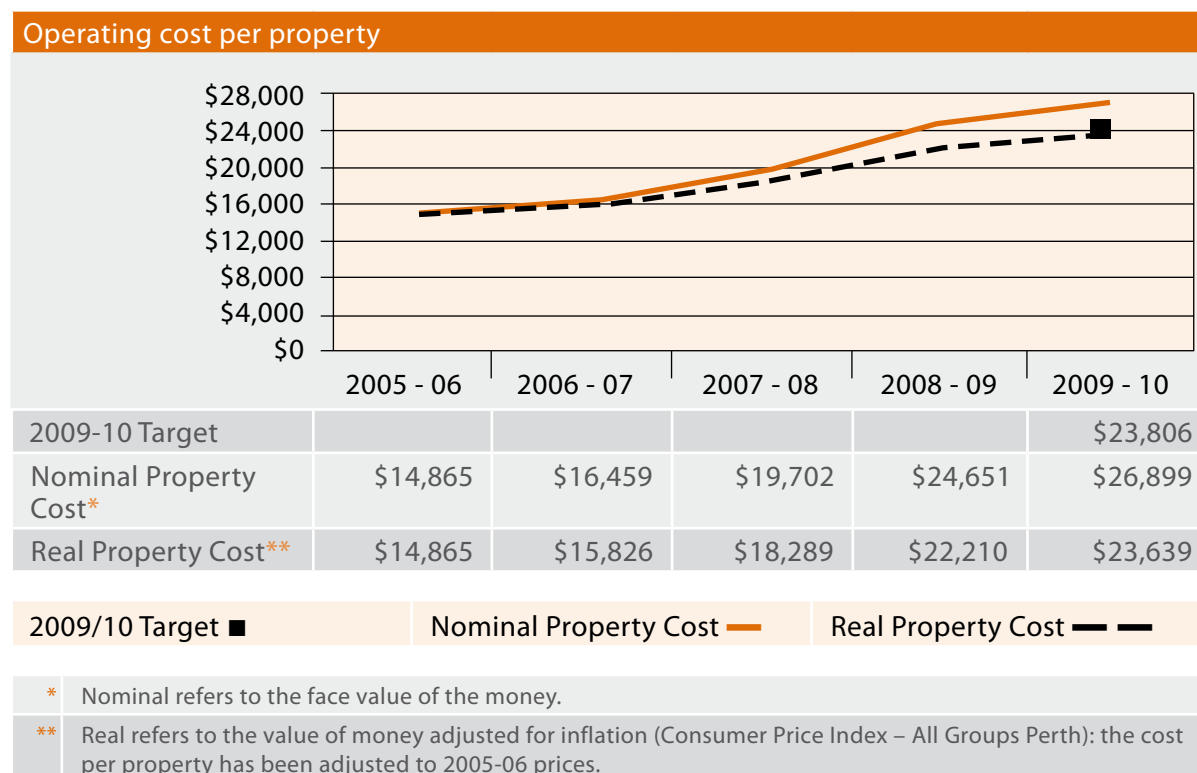
The operating cost per lot developed for the 2009-10 financial year decreased to \$14,231 from \$17,616 in 2008-09 mainly due to an increase in lot production in line with market demand.

## Service 4: Government Regional Officers' Housing

### Efficiency Indicator 4

#### Operating cost per property.

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



The operating cost per property increased from \$24,651 to \$26,899 per property in the 2009-10 financial year. The increase per property was \$3,093 above the target and is attributed to increases in rental expenses and depreciation. Interest on finance costs increased between 2008-09 and 2009-10.

The increase in rental expenses was primarily as a result of higher cost of leases, particularly in the resource industry areas of the Pilbara and the Kimberley in 2009-10. The lease function is operated on a cost neutral basis which is fully recouped from the Authority's client agencies.

Depreciation costs increased due to the Authority owning a larger number of properties. This was also impacted by the increased number of newer properties which were acquired via construction and spot purchase.

An increase in finance costs is due to rising interest rates as well as additional debt finance acquired during the financial year.

## Ministerial Directives

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No ministerial directives were received during 2009-10.

## Other Financial Disclosures

### Pricing Policies

#### Rent

Rent charged to tenants is determined by the Authority and approved by the Minister for Housing 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 percent 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 percent of their assessable household income in rent; and those who moved in after that date, pay 25 percent. 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.

### Capital Works

The value of the Authority's 2009-10 capital works program was estimated at \$969 million made up mostly of the construction and purchase of new dwellings and land acquisition and development.

Details of estimates (as published in the 2009-10 budget papers) and actual expenditure across capital works programs are shown in the table below.

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

Major Capital Projects				
Housing				
Program	Est. Cost (\$'000)	Actual (\$'000)	Variance (\$'000)	Explanation
Community Housing	\$4,616	\$2,332	- \$2,284	Funds have been earmarked for the purchase of a 50-bed hostel in Kalamunda for the Esther Foundation. Due to the vendor being unable to show compliance with regulations the settlement was rescheduled to late August.
Disability Services Policy Capital	\$4,500	\$1,515	- \$2,985	The underspending in 2009-10 was due to vacant sites in Clarkson and Rockingham not settling prior to June 30.
Computer Hardware and Software	\$5,102	\$4,244	- \$858	Budget was revised down by \$455,000 at the mid-year review. Underspending due to the disaster recovery project having not commenced.



Construction and Purchase of Houses	\$154,945	\$134,935	- \$20,010	Expenditure was down due to projects commencing slightly later than anticipated as stimulus packages were prioritised.
A Place to Call Home – Commonwealth Election Commitment	\$10,699	\$6,596	- \$4,103	A Place to Call Home expenditure is under budget due to the Foyer project progressing slower than anticipated. Budget will be fully expended in 2010-11.
Commonwealth Stimulus Package for Social Housing	\$387,000	\$136,687	- \$250,313	Original budget was based on estimated funding allocation. Expenditure reflects revised flow, with program on track to deliver against delivery targets. Stage 1 completed, and Stage 2 on target to deliver against 31 December 2010 completion targets. Stimulus funds of \$61.7 million were moved to the land acquisition budget at the mid-year review.
Crisis Accommodation	\$4,272	\$3,995	- \$277	
GROH Construction and Purchase	\$37,488	\$20,403	- \$17,085	The under budget position for the year was due to the rescheduling of proposed borrowings of \$18.4 million from 2009-10 to future years.
Royalties for Regions Election Commitment	\$180,000	\$93,903	- \$86,097	GROH construction in 2009-10 was significantly boosted by Royalties for Regions funding to address the demand for government employee housing in regional areas. The level of expenditure has been nearly double that of the previous financial year. Through the mid-year review process, once projects and sites had been identified, the expenditure target was reduced in accordance with the planning phase of many projects, particularly larger group site developments. Expenditure was re-flowed to 2010-11, \$10.4 million of funds for land acquisition were moved to the land acquisitions budget.

Urban Renewal – New Living (Estate Improvement Land Redevelopment)	\$30,750	\$12,076	-\$18,674	The soil remediation works at Queens Park and South Hedland caused civil works delays. Also, the Halls Creek and Rockingham projects were scaled down at the first review.
<b>Land</b>				
Acquisition	\$45,000	\$92,178	\$47,178	The land acquisitions budget was increased at the mid-year review by \$61.7 million for land for the Commonwealth stimulus program. Spending on the Commonwealth stimulus acquisitions was under budget by \$10 million.
Land Acquisition GROH	\$512	\$12,685	\$12,173	The land acquisitions budget was increased at the mid-year review by \$10.4 million for the Royalties for Regions election commitment. Additional land has been purchased in readiness for the 2010-11 building program.
Development	\$99,963	\$62,252	- \$37,711	Delayed commencement of works at Golden Bay, Brookdale and Butler contributed to the under budget position. Costs for Stages 6 and 7 at Bertram were lower than originally anticipated. The Town Centre project at Bertram has been delayed due to issues with the cockatoo habitat.
Holding Costs	\$260	\$455	\$195	Over budget as demolition costs on the Manjimup High School site were held against the acquisition account.
Redevelopment	\$606	\$2,690	\$2,084	Over budget due to the inclusion of a new project at Crowther St Geraldton.
Minor Works	\$2,050	\$2,032	-\$18	
Offices and Shops	\$1,000	\$1,919	\$919	The original budget was increased at the mid-year review to allow for security upgrades and fitting out the Housing Direct call centre at Mirrabooka.
Other	\$300	\$441	\$141	The rationalisation of printers throughout the Authority reduced the overall number of printers by replacing numerous small printers with large capacity multifunctional printer/photocopiers/scanners.
<b>Total</b>	<b>\$969,063</b>	<b>\$591,338</b>	<b>\$377,725</b>	

## Our People

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### Values and leadership

The Authority has completed a number of initiatives aimed at fostering a strong corporate culture.

A leadership program has been developed in conjunction with the Australian Institute of Management and the University of Western Australia and the first intake of that program has been completed. This professional development opportunity is available to staff across the agency and will be available on an annual basis.

The Authority has also completed both a climate and values survey to help develop a values and behaviours framework that will underpin all of the Authority's activities. In addition, a new Code of Conduct has been developed along with training in accountable and ethical decision making.

A new set of values has been signed off by the Executive. The values are:

- Accountability – taking responsibility for our actions and outcomes;
- Continuous improvement – proactively incorporating innovation and best practice in our work;
- Teamwork – working together in a respectful, supportive and enjoyable environment;
- Customer satisfaction – striving to meet the needs of customers based on respect and fairness;
- Open communication – sharing knowledge honestly, clearly and constructively; and
- Respect – positively acknowledging everyone's contributions.

### Employment and industrial relations

#### Staffing levels

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

	2008-09	2009-10
Permanent full-time	794.38	842.11
Permanent part-time	59.25	58.13
Contract full-time and part-time	179.71	192.19
Seconded in	6	1
Seconded out	7.64	5
Total FTE	1,046.98	1,098.43

#### Recruitment and staff development

The Authority developed and implemented an online recruitment system that has improved access for job applicants and reduced the time taken to appoint new staff.

Applying for positions within the Authority has been simplified and advertising strategies have been put in place to attract a stronger response from the private sector.

The Authority successfully completed 113 recruitment processes in 2009-10.

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### Learning and development

The Authority has developed a learning and development program to complement its 2007-08 plan. Key features include:

- Developing a training and development website and register;
- Developing a new corporate training program; and
- Developing a personal development program for all staff.

Implementation of the program has commenced and is expected to be completed in 2010-11.

### Graduate program

The Authority successfully completed a graduate intake in February this year providing four tertiary qualified candidates with the opportunity to develop their skills and experience. This is a three-year program with graduates rotating through all areas of the Authority. The program will be advertised annually.

The Authority is also proposing the development of an Indigenous graduate program to be implemented in 2010-11.

### Indigenous traineeships

The Authority is participating in the Public Sector Commission's Indigenous traineeship program that was advertised in May 2009. There will be an initial intake of two trainees with a possible further intake depending on availability.

The Authority is a member of the public sector working group that will make recommendations regarding strategies to increase the level of Indigenous recruitment within government agencies. The Authority will be implementing those recommendations in 2010-11.

### Workers' Compensation

The Authority received 29 claims for the 2009-10 financial year of which nine involved time lost from work. All staff in this category were provided access to the Authority's injury management and employee assistance programs.

### Workers' Compensation

Indicator	2008-09	2009-10	Target
Number of fatalities	0	0	0
Lost time injuries	7	9	5
Frequency rate <sup>1</sup>	3.35	4.19	2.50
Incident rate <sup>2</sup>	0.66	0.81	0.50
Lost time injury severity rate	0.16	0.12	0
Percentage of injured workers returned to work within 28 weeks	100%	55%	65%
Percentage of managers trained in occupational safety and health and injury management responsibilities	Not Reported	37.5%	100%

<sup>1</sup>Number of lost time injuries per million hours worked

<sup>2</sup>Number of lost time injuries and diseases per 100 workers employed

Two existing rehabilitation cases were carried over into 2009-10. There were four new rehabilitation cases established during the 2009-10 year.

### Industrial Relations

The Authority has an established consultative process in place with relevant unions. No matters involving the agency were brought before the Industrial Relations Commission in 2009-10 and there are no outstanding actions.

The Authority will support negotiations regarding the development of a new Public Service General Agreement to replace the current version which expires in 2010.

### Occupational safety and health

The Authority has a clear policy and procedures in this area and commissioned an independent review of its systems in 2009-10. The agency will implement the findings of that review in 2010-11 and seek WorkSafe Western Australia accreditation.

## Governance Disclosures

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### Subsidiaries

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

### Directors' Indemnity Insurance

Following the abolition of the State Housing Commission and the Government Employees' Housing Authority Boards on 1 July 2006, an insurance policy has remained in force to protect past commissioners, board members and the two Authorities in accordance with the statute of limitations. An insurance premium of \$66,407 was paid to indemnify the commissioners and board members against liabilities under Sections 13 and 14 of the *Statutory Corporations (Liability of Directors) Act 1996*. This included indemnifying the board of directors of Keystart against liabilities under the *Corporations Act 2001*.

### Litigation in progress

The Housing Authority has been joined in legal actions involving asbestos-related illnesses. The estimated value of these is \$200,000.

### 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:

1. Total expenditure for 2009-10 was \$967,727.28
2. Expenditure was incurred in the following areas:

Expenditure for advertising, market research, polling, etc			
Advertising agencies	\$129,473.40	Think Creative	\$1,592.00
		Linc Integrated	\$127,881.40
Market research organisations	\$28,765.00	TNS	\$28,765.00
Polling organisations	Nil		Nil
Direct mail organisations	\$106,001.00	Salmat	\$106,001.00
Media advertising organisations	\$703,487.88	Adcorp Marketing Communications	\$476,072.24
		Media Decisions	\$227,415.64

### Disability Access and Inclusion Plan Outcomes

The Disability Access Inclusion Plan (DAIP) will deliver the Western Australian/COAG Project 50. This project is a joint initiative between the Housing Authority and the Mental Health Commission that was agreed to in December 2009. Project 50 aims to deliver public housing to people with mental illness alongside clinical care and psycho-social support. The Department of Health will manage the provision of clinical care and psycho-social support to help people maintain their tenancies.

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 any other perceived difference.

The Authority has reviewed the DAIP, and has made several changes to assist implementation. These include:

- The Authority and the mental health division of the Department of Health becoming partners under the WA and Federal Governments' Project 50 which has taken over the care coordination program. Project 50 will enable 50 people with a mental illness who are homeless or at risk of homelessness, to live in a permanent home in the community with appropriate treatment and support. The Housing Authority will provide 50 dwellings;
- Barriers to access are identified via feedback from employees and then prioritised and reviewed on an ongoing basis to ensure compliance with Australian Building Codes;

- All Authority information will be available in alternative formats on request and, to accommodate low-income earners, SMS texting has been introduced as an economical way to contact the Authority;
- Internal 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 been combined to help staff better understand the challenges faced by people with disabilities;
- Amendments for online training have been finalised with Techniworks (an online training company), to complete the online 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.

The Authority's recordkeeping plan was reviewed in early 2009 and approved by the State Records Commission on 22 June 2009.

The next review of the plan is due in 2014.

### Recordkeeping training program

All new staff members are enrolled for the training in the Authority's recordkeeping program within a month of commencing. Existing staff are enrolled in all new modules as they are implemented.

The numbers of staff who undertook recordkeeping and information management training are as follows:

Course title	% Completed	% In progress	% Total
Recordkeeping awareness training	71	7	78
Recordkeeping awareness refresher training	38	12	50
TRIM system training	41	13	54
Business classification	47	9	56



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Courses being developed include:

- Introduction to Recordkeeping in the Housing Authority.
- Record and Information Management Practitioner (Process) Training.

Future plans include:

- Security classification of information; and
- Managing vital records.

## Compliance with Public Sector Standards and Ethical Codes

Information about the Public Sector Standards and Code of Ethics is available to all staff and the Authority has developed its own Code of Conduct and training course. The Authority's online induction program includes information on the Public Sector Standards and the Public Sector Code of Ethics.

The Authority has a clear process in place for investigating alleged breaches of the Code of Conduct with a range of interventions and educational options available.

In 2009-10, there were no successful breach claims involving the Recruitment, Selection and Appointment Standard.

## Government Policy Requirements

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### Substantive Equality

The Authority is reviewing its policies in line with the Government's Policy Framework for Substantive Equality. It is committed to achieving substantive equality in services to meet the needs of the various Aboriginal and ethnic groups that are part of 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. 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 Aboriginal clients. This has led the Authority to maintain communications with a number of peak bodies while a Housing Advisory Round Table was established.

In 2009-10, practices were reviewed to help ensure equitable access to the public housing waiting list and better understanding of the Authority's services.

Housing Service Delivery hosted several forums with Aboriginal tenants over the year aimed at resolving issues that affect tenants, the Authority and the wider community. Sessions were held to explore different ways of communicating and consulting with Aboriginal tenants. The workshops identified possible communication barriers and ways to overcome them.

The Housing Authority has recently welcomed new employees who came to the agency through the Skills Refresh Organisation of Australia (SKIRO). The agency provides work experience, employment opportunities and life skills to 200 and 202 visa holders. It was seen as an excellent opportunity to build stronger relations within the community, to bring value to the organisation and provide opportunities for newly arrived migrants to assimilate into Australian work culture.

The first work experience program, involving two placements, was completed in October 2009. After reviewing and modifying the training program, the second pilot commenced a couple of weeks later. The program included work experience in all client service areas and has been rolled out to a further two regional offices.

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## Audit and Risk Management

### Audit Committee

The Audit Committee is a five-member advisory committee comprised 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 five times during 2009-10.

### 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, there is also scope for the branch to undertake management reviews 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 core business activities and key strategic business risks are developed annually and contribute to the Authority's control framework. The audit function helps the Authority promote mechanisms that encourage a culture that is conscious of risk, control and process; assists the Authority in its drive to improve processes and achieve its objectives; and assesses enabling systems and technology.

There were approximately 17 reviews delivered as part of the 2009-10 audit program, which incorporated corporate governance, operational, compliance, financial, information systems, probity, risk assessment and forensic investigations.

### 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 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 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 exist to record formal delegations that empower officers to approve and negotiate matters on behalf of the Housing Authority.

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### Risk Management Function

The corporate executive is accountable for ensuring that the Authority appropriately identifies and manages risk. A risk management committee consisting of senior management was established in early 2010 to provide oversight of the risk management process and to ensure that appropriate risk identification and risk mitigation processes are in place.

The committee is responsible for recommending the overall risk tolerance levels, regularly reviewing, monitoring and where appropriate providing advice to the corporate executive regarding significant risks to the Authority.

Risk assessment has also been highlighted as an integral part of project planning with the introduction of a project methodology for projects.

### Other developments

The 2008 Emergency Management Plan was updated and renamed the Incident Management Plan to fit in with the Authority's updated crisis management control and coordination procedures. The new plan provides guidelines for the Authority to deal with a wide range of hazards including cyclones, floods, bushfires and earthquakes; and to protect its employees, clients and assets.

The Authority's crisis management team conducted a desktop exercise in February 2010 to test our ability to make effective decisions and provide effective communication during a crisis. The exercise proved beneficial and as a result some changes were implemented, including the review of all head office business continuity plans.

A workshop held in conjunction with a regional management conference in March 2010 identified critical regional business activities. As a result, business continuity plans are being developed for all regional and area office sites across the State.

## Housing Statistics

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 stock throughout Western Australia, which includes:

- 35,950 rental properties for individuals and families on low-moderate incomes. Subsidies ensure that tenants do not pay more than 25 percent of their income in rent;
- 1,975 units in joint venture projects with supporting organisations;
- 892<sup>1</sup> properties for community housing groups;
- 526<sup>2</sup> properties for crisis accommodation;
- 568 properties for State Community Housing Investment Program (SCHIP).

In addition there are:

- 30 properties for Aboriginal urban community housing;
- 2<sup>3</sup> properties constructed for Aboriginal urban community housing;
- 1,619<sup>4</sup> properties built in remote areas for Aboriginal people.

Formal Housing Management Agreements have been established with 2,395 houses in 130 remote Aboriginal communities. Funding is provided for operational management, repairs, maintenance and tenancy support.

### Notes:

1. Community housing numbers exclude 17 properties that are public housing assets leased to community housing providers and used as community housing accommodation.
2. Crisis accommodation numbers exclude 20 properties that are public housing assets that are leased to community housing providers and used as crisis accommodation.
3. In addition, two stock replacements were completed during 2009–10.
4. In addition, one stock replacement was completed during 2009–10.

### Public Housing Rental Statistics

Rental Waiting List by Customer Type	2009-10	2008-09	2007-08	2006-07	2005-06
Family	12,176	11,437	9,209	8,639	7,750
Senior Single	3,277	2,887	2,446	1,946	1,928
Senior Couple	828	878	896	793	372
Singles	7,855	6,526	4,381	4,060	3,730
Total	24,136	21,728	16,932	15,438	13,780

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Rental Waiting List by Bedroom Entitlement	2009-10	2008-09	2007-08	2006-07	2005-06
2 Bedroom family	6,125	5,577	4,464	4,278	3,907
3 Bedroom family	4,270	4,201	3,426	3,165	2,805
4 Bedroom family	1,386	1,283	1,021	939	818
5+ Bedroom family	395	376	298	257	220
Senior Single	3,277	2,887	2,446	1,946	1,928
Senior Couple	828	878	896	793	372
Singles	7,855	6,526	4,381	4,060	3,730
<b>Total</b>	<b>24,136</b>	<b>21,728</b>	<b>16,932</b>	<b>15,438</b>	<b>13,780</b>

New Tenancies by Customer Type	2009-10	2008-09	2007-08	2006-07	2005-06
Family	1,861	1,743	1,787	1,900	1,950
Senior Single	512	572	583	660	698
Senior Couple	345	231	219	245	139
Single	407	660	715	822	917
<b>Total</b>	<b>3,125</b>	<b>3,206</b>	<b>3,304</b>	<b>3,627</b>	<b>3,704</b>

Rents	2009-10	2008-09	2007-08	2006-07	2005-06
Rebated	27,421	27,618	27,703	26,279	26,951
Full Rent	7,274	6,781	5,989	7,119	5,949
<b>Total</b>	<b>34,695</b>	<b>34,399</b>	<b>33,692</b>	<b>33,398</b>	<b>32,900</b>

Tenant Income Sources	2009-10	2008-09	2007-08	2006-07	2005-06
Age Pension	24.0%	24.2%	24.6%	23.5%	24.0%
Disability Support Pension	22.6%	22.0%	21.9%	20.8%	21.0%
Parenting Payment Single	11.4%	11.8%	12.6%	13.8%	15.5%
Newstart Allowance	7.9%	7.4%	6.7%	6.0%	6.2%
Veteran Services	1.3%	1.4%	1.6%	1.7%	1.8%
Low Wage Income	5.7%	6.8%	8.0%	5.9%	6.0%
Other	6.1%	6.6%	7.0%	7.0%	7.4%
Full Rent	21.0%	19.7%	17.8%	21.3%	18.1%

Rental Arrears	2009-10	2008-09	2007-08	2006-07	2005-06
Average Arrears per Account	\$35.73	\$35.15	\$37.52	\$17.09	\$15.44
Percentage of Accounts in Arrears	9.8%	9.8%	11.8%	9.0%	9.0%

Rental Stock by Bedroom Number	2009-10	2008-09	2007-08	2006-07	2005-06
Bedsitter	175	176	186	198	225
1 Bedroom	8,342	8,331	8,231	8,075	7,925
2 Bedroom	10,823	10,729	10,439	10,187	9,942
3 Bedroom	13,074	13,140	13,251	13,180	13,264
4 Bedroom	2,927	2,863	2,830	2,742	2,668
5+ Bedroom	609	561	536	497	476
Total	35,950	35,800	35,473	34,879	34,500

Rental Stock by Dwelling Type	2009-10	2008-09	2007-08	2006-07	2005-06
House	12,281	12,348	12,270	12,123	12,213
Duplex	4,562	4,578	4,519	4,454	4,446
Medium-High Density <sup>1</sup>	19,107	18,874	18,684	18,302	17,841
<b>Total</b>	<b>35,950</b>	<b>35,800</b>	<b>35,473</b>	<b>34,879</b>	<b>34,500</b>

Building Commencements by Customer Type <sup>2</sup>	2009-10	2008-09	2007-08	2006-07	2005-06
Family	1,219	242	615	485	535
Singles	435	18	169	99	159
Seniors	585	50	101	109	159
<b>Total</b>	<b>2,239</b>	<b>310</b>	<b>885</b>	<b>693</b>	<b>853</b>

Land Production	2009-10	2008-09	2007-08	2006-07	2005-06
Lots Produced <sup>3</sup>	1,953	1,332	2,554	2,975	2,975

#### Notes:

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

1. Medium-High Density: townhouses, flats and apartments.
2. Commencements: letter of acceptance, excludes purchase housing (homes built for sale). Includes spot purchase (acquisitions) and joint ventures.
3. Lots produced include land development and redevelopment, estates improvement and joint ventures.



## Contact Details

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#### Midland

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#### City Office

605 Wellington St, Perth 6000 - Tel: (08) 9476 2444

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#### Narrogin

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### Government Regional Officers' Housing

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