



Government of **Western Australia**
Housing Authority

OPENING DOORS
To Affordable Housing



HOUSING AUTHORITY

2016-17 ANNUAL REPORT

Statement of Compliance

Hon Peter Tinley AM 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 ended 30 June 2017.

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



Grahame Searle
Acting Chief Executive Officer
5 September 2017



Contents

Statement of Compliance

Overview

Performance summary
Executive overview
Operational context
Operational structure
Performance management

Agency Performance

Setting the direction
Transforming the market
Stimulating diversity of land and housing supply
Capturing benefits for affordable housing
Maximising social housing outcomes
Transforming the organisation

Significant Issues Impacting the Authority

1

3

4

6

7

10

15

21

22

24

32

43

51

62

73

Disclosures and Legal Compliance

Auditor General's opinion 78
Financial Statements 85
Key Performance Indicators 136
Ministerial directives 147
Other financial disclosures 147
Governance disclosures 156
Other legal requirements 157
Government policy requirements 160

Appendices

Appendix 1: Authority's key functions 166
Appendix 2: Head maintenance contracts 168
Appendix 3: Housing statistics 182
Appendix 4: Housing Authority offices 185

Overview

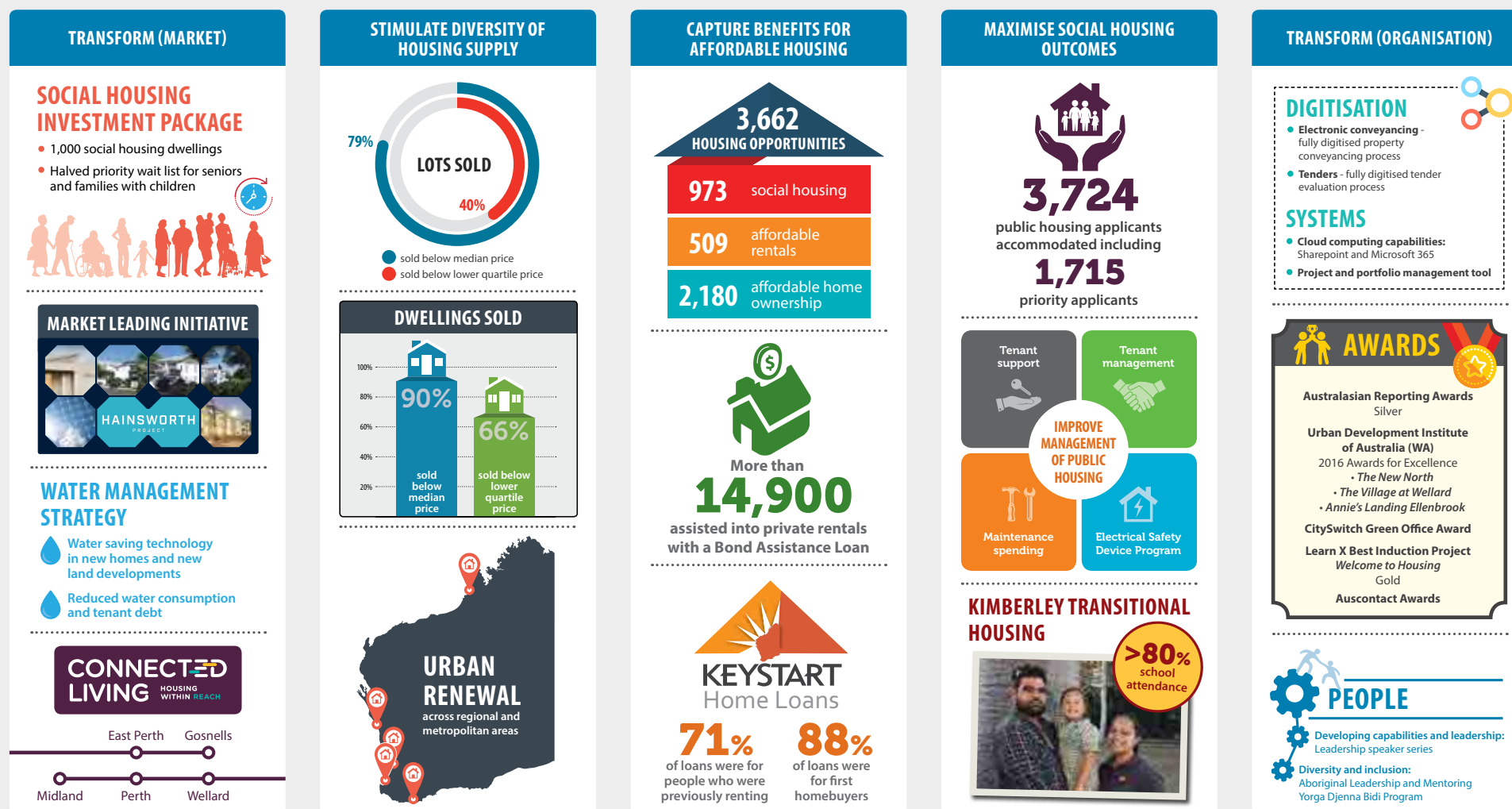
This section provides a summary of the Authority's performance for the year, as well as an overview of the organisation's role, structure and functions and legislative agreements.



Performance summary

Operational summary

In 2016-17, the Authority helped open doors to many people throughout the community with affordable land, rental and home ownership opportunities, and other assistance. This contributed to a vibrant and sustainable community that benefits all Western Australians.



Financial summary

This is an executive summary of the Authority's financial performance for 2016-17.

Full details of the Authority's financial performance are contained in the Financial Statements in the Disclosures and Legal Compliance section of this report.

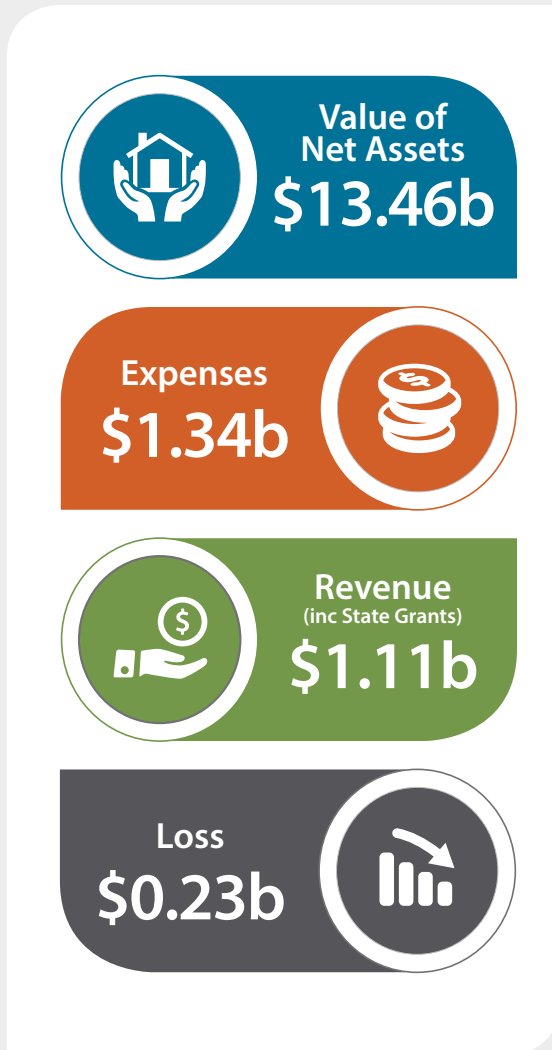


Figure 1: Financial performance (Housing Authority) for the year ended 30 June 2017

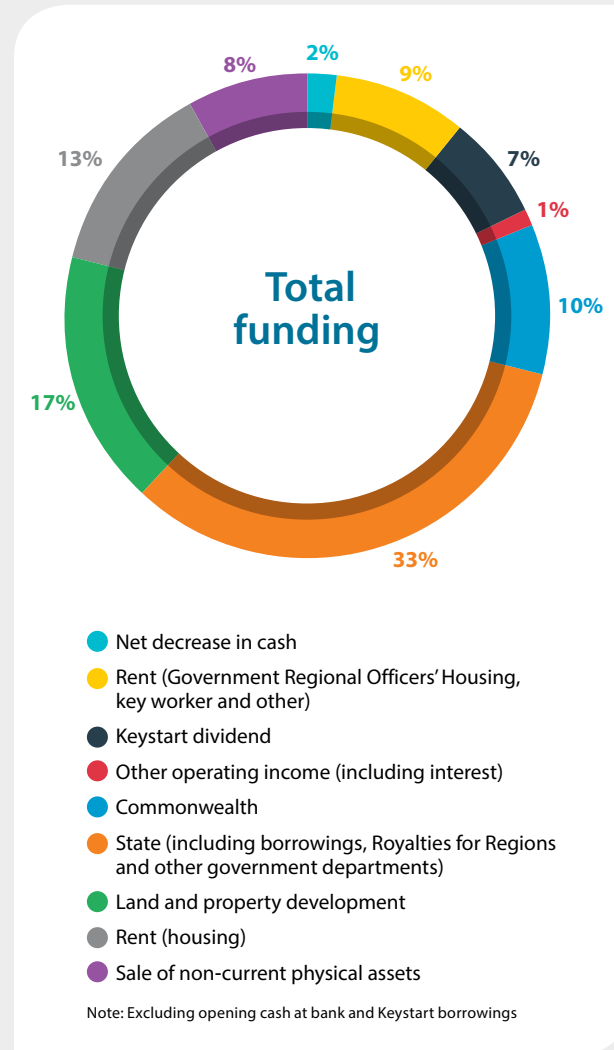
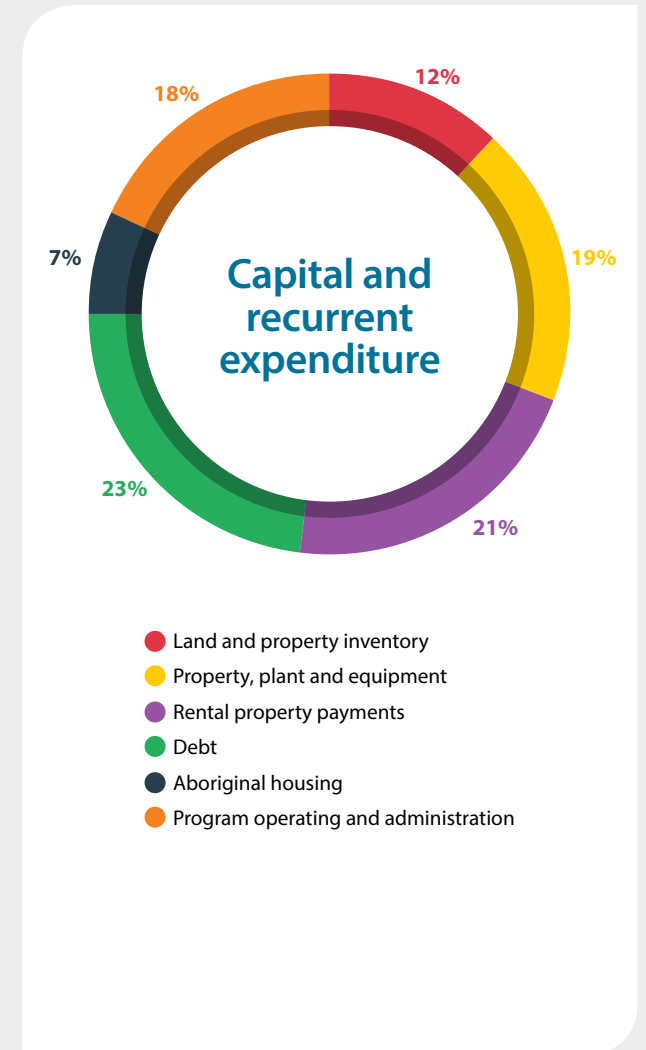


Figure 2: Cash flows (Housing Authority) for the year ended 30 June 2017



Executive overview

In 2016-17 the Housing Authority (the Authority) continued the progression of the role we play across the housing system and public sector, and how we deliver our services to a broad range of Western Australians, including some of the most vulnerable people in our community.

The State's easing population growth this year reduced pressure on the broader housing market, however subdued economic conditions and continued housing affordability pressures in the lower quartiles has maintained, and in some cases increased, demand for our services.

To address this, the Authority made strong progress in how we engage with the market to broaden and diversify the supply of affordable housing and support services. In identifying and implementing new and creative ways to deliver homes and housing support through the private rental market, as well as better allocation, re-allocation and renewal of our existing housing portfolio, the Authority achieved:

- reduced waiting times for housing
- a significant reduction in the number of priority applicants awaiting social housing or housing support
- reduced operating costs on rental properties
- improved services for people seeking housing support.

Our most notable achievement was the delivery of the \$560 million Social Housing Investment Package. This initiative is aimed at helping the most vulnerable people in the community, especially seniors and families with children. By working with not-for-profit partners and the private sector, the Authority accelerated construction time-frames to deliver new

homes. We also trialled new programs, including the successful Assisted Rental Pathways Pilot which helped transition existing tenants with adequate earning capacity from the public housing system to the private rental market.

Overall, the Authority purchased or built 1,401 new homes during the year, including 387 homes for affordable housing, 12 for people with severe disability and 17 homes in Aboriginal communities. Another 36 existing homes were refurbished, with almost three quarters of those being in Aboriginal communities.

We helped more than 2,100 Western Australians on low to moderate incomes gain finance to access their own home through home loans and shared equity options, including Keystart and SharedStart. This included an increase in the number of people supported through the Aboriginal home ownership scheme. Additionally, almost 15,000 bond assistance loans were issued to enable people to access the rental market.

To better support and provide services to Aboriginal people living in remote communities, the Authority collaborated with the State Government's Regional Services Reform Unit on its reform agenda, including the \$200 million North West Aboriginal Housing Fund, which commenced in January 2017. Together we developed shared priorities to support Aboriginal people to move out of social housing into transitional housing, private rental accommodation or home ownership, and commenced planning to develop 50 transitional houses in the Kimberley in the coming financial year.

The Authority delivered home maintenance services across 113 remote and town-based Aboriginal communities that serviced 2,649 homes during the year.

All our achievements were made possible by the people who work for and with the Authority across the State, and I would like to take this opportunity to acknowledge their individual and collective contribution, and commitment to meeting the needs of the Western Australian community.

Our combined effort provides us with great momentum for the coming year and positions the Authority well to respond to Government's strategic priorities. We have the capability and capacity to add significant value to major government programs. This includes the METRONET initiative, which will be a catalyst for the delivery of vibrant, sustainable new communities of the future, incorporating many new and innovative housing, living and lifestyle opportunities.

The Authority's integration into the Department of Communities on 1 July 2017 also provides an opportunity for us to contribute to a more coordinated approach to human services that will improve the lives of those in need across Western Australia. By focusing on people, and providing the necessary support to help individuals and families thrive and have real life choices, the newly established Department of Communities will help underpin and support the society we want to flourish in Western Australia – a vibrant sustainable community for the benefit of all.

Operational context

The need for safe, secure housing as a place to call home for the most vulnerable and low to moderate income earners in the community is fundamental to the State's economic and social prosperity.

Stable, affordable housing enables people to achieve their potential, raise families, and help build Western Australian communities, towns and regions.

The Authority uses its combination of functions and powers, encapsulated in the *Housing Act 1980*, to provide and facilitate a wide diversity of housing opportunities well beyond what the private market can deliver alone.

Specifically, the Authority:

- manages and oversees the social housing system (public, community and remote housing)
- delivers special-purpose housing for people with specific needs and regional key workers across Western Australia
- develops land and constructs developments to boost the supply of affordable housing
- in partnership with Keystart home loans, provides finance and home-ownership options for people who can't access the general lending market.

Being in the unique position to participate as a developer, partner, builder, owner, manager and financier, the Authority has the flexibility to constantly adapt and evolve – responding to changing circumstances in the housing market and changes in the needs of the economy and society.

This work is supported by a dedicated team of more than 1,700 people who work in the metropolitan area and a regional network of 30 offices.

The Authority works with a very wide cross-section of the community across the State. This includes government, the not-for-profit sector and the property sector, to deliver sustainable housing solutions and relevant support programs and services.

This is achieved by leveraging the asset base of approximately \$14 billion (net), and an average annual turnover of more than \$1.5 billion. Being largely self-funded, with more than 75 per cent of its revenue derived from own source revenues, the Authority draws on a relatively small funding base from direct government appropriations.

Through an increasingly sophisticated approach to operations, the leveraging of assets and partnerships and using a mix of public policy and commercial levers to influence and respond to the market, the Authority is well positioned to service the Western Australian community and help build strong, capable and resilient communities.



Transitional housing tenants, Kimberley



Social housing tenants



Social housing tenants

Strategic direction

The Authority's vision and mission, together with its current and future operating environment, informs how the agency develops its programs and allocates its resources.

Its vision, mission and values are well aligned with the 'People, Place, Home' positioning and purpose of the new Western Australian Department of Communities, with which the Authority is merging.

Vision

Essentially the Authority exists to open doors for all Western Australians by:

- supplying land and affordable dwellings
- providing policy advice to the Minister for Housing
- delivering key government services throughout the State.

Mission

Our purpose is derived from the *Housing Act 1980*, which articulates a clear role for the agency in creating affordable housing opportunities for people, particularly those whom the market overlooks or fails to cater for. With a changing demographic and a changing set of economic and social circumstances within the market, the Authority aims to ensure affordable housing supply meets needs across the State.

By working alongside and with various partners, including other government agencies, the private sector and the not-for-profit sector, the Authority builds economic and social prosperity and transforms the broader housing market.

Values

Five values guide the Authority's daily activities and the way the agency engages with its employees, customers and stakeholders.



Direction

The Authority's strategic direction is:

- focused on providing holistic responses to housing challenges, across the housing continuum – from assisting people who are homeless to those seeking home ownership
- State-wide – from remote Aboriginal communities to the Perth central business district, the Authority delivers better housing opportunities for Western Australians
- to function as an integrated whole, utilising its development, lending and rental property management functions to deliver diversity, affordability and social housing outcomes.

The Authority's Strategic Plan 2020 aligns and prioritises its activities and articulates desired outcomes. The Plan reaffirms the Authority's vision and supports its ongoing commitment to lead in the delivery of an Affordable Housing Strategy. The Plan guides the Authority's decisions and maps out what it can and should do to achieve its targets in making housing affordable, appropriate and available for all Western Australians.

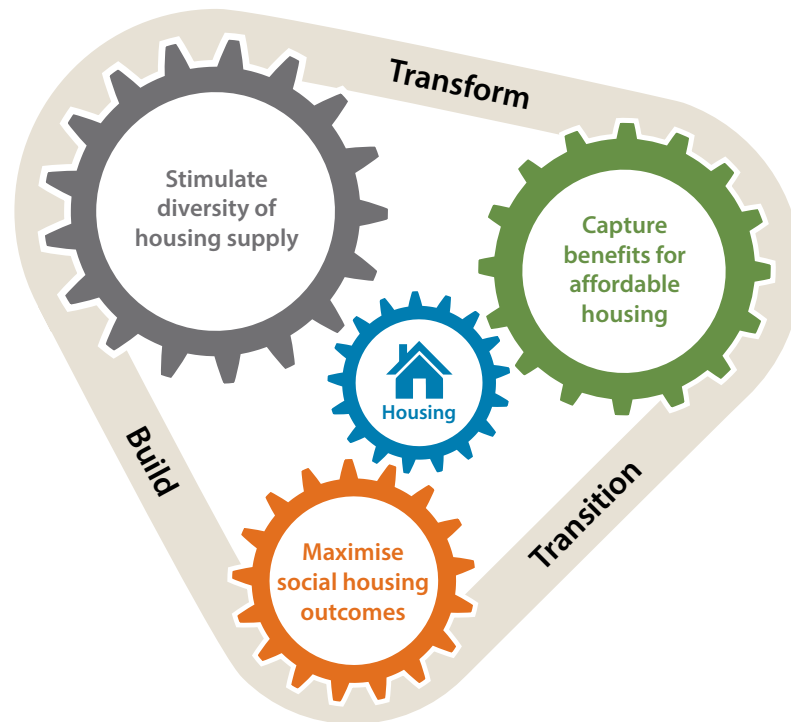


Figure 3: the Authority's strategic directions as at 30 June 2017

Operational Structure

Enabling legislation

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

Responsible Minister

The Housing Authority and the legislation administered are the responsibility of the Hon Peter Tinley AM MLA, Minister for Housing.

Legislation administered

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

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

Changes to legislation administered

Effective from 1 July 2016, the Housing Regulations 1980 were amended to increase a range of conveyancing fees charged by the Authority.

Key functions

The Authority realises its vision of opening doors for Western Australians through the delivery of services and programs across the State for people on low to moderate incomes.

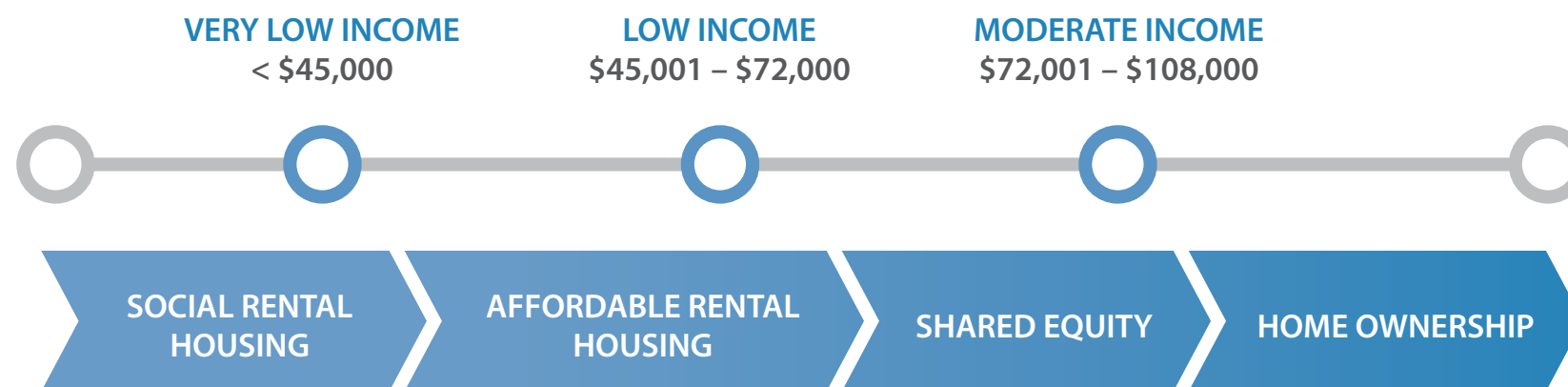


Figure 4: the housing continuum

Organisational chart

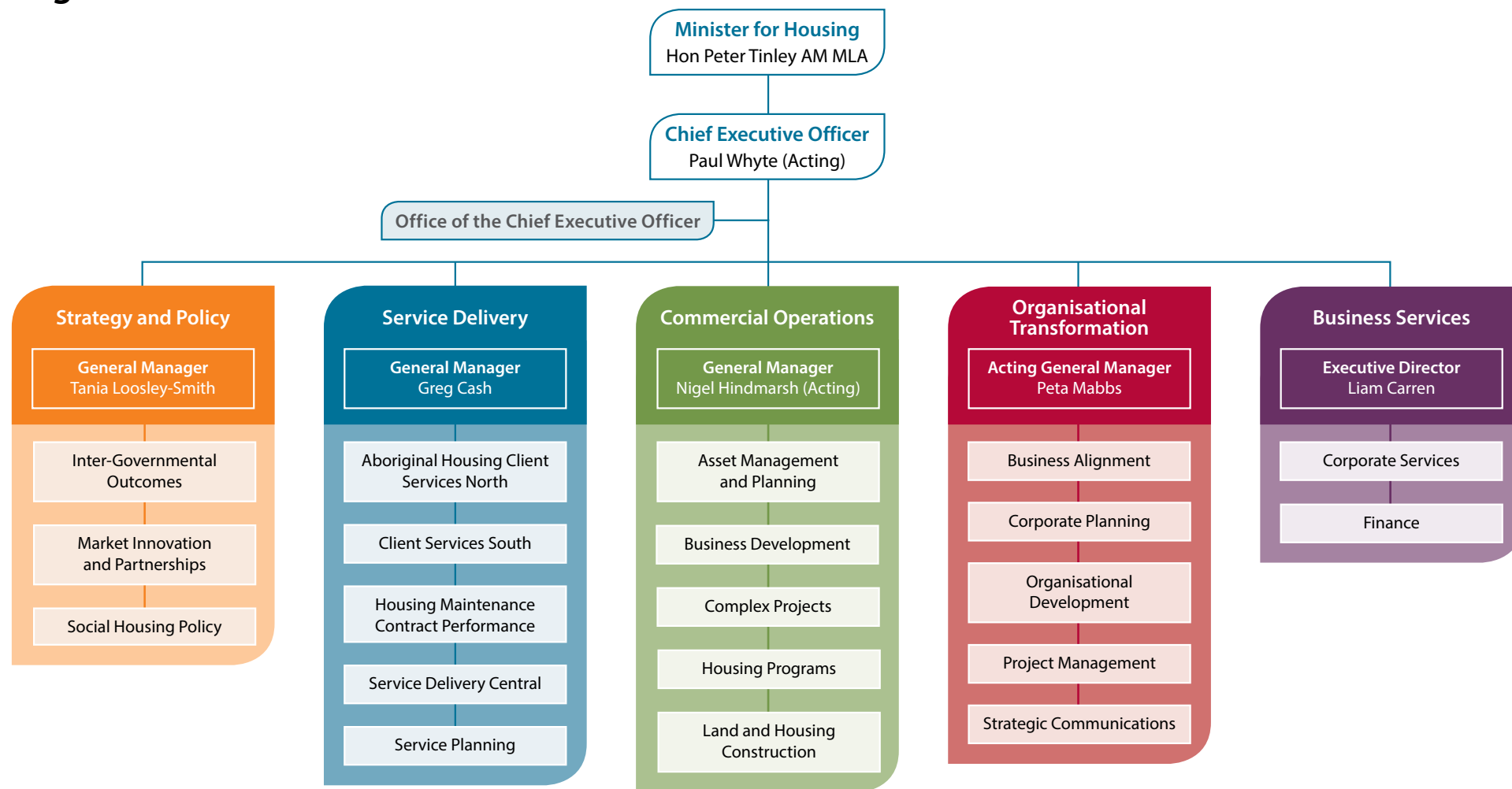


Figure 5: Authority's organisational structure as at 30 June 2017

The Authority delivers its services through the Office of the Chief Executive Officer and five divisions:

Office of the Chief Executive Officer

Provides support and executive services, including:

- ministerial and parliamentary services
- media communications
- internal audit.

The Office also supports the Director General of the Department of Housing, a position held concurrently by the Authority's Chief Executive Officer.

Strategy and Policy

Provides policy leadership, innovation and advice on housing outcomes, including:

- reforming the social housing system
- developing new policy options, pathways and market-based solutions to help increase affordable housing
- working across Government on systemic changes in support of affordable housing and market innovation
- negotiating reform priorities and funding arrangements.

Service Delivery

Delivers and manages specialised housing services, including:

- rental services for tenancies across the public housing, Aboriginal remote and town-based housing and Government Regional Officers' Housing programs
- supplying Bond Assistance and Private Rental Aboriginal Assistance Loans
- managing the supply of safe and value for money housing and maintenance services
- providing municipal (public) and essential services to Aboriginal remote and town-based communities.

Commercial Operations

Enables and supports social and affordable housing through the optimisation of the Authority's assets in the areas of:

- housing construction programs for public and community housing, transitional housing, supported housing for people with complex needs, housing for Government employees in regional Western Australia and crisis accommodation
- complex construction and development projects including large scale apartment projects, and other projects delivering State Government commitments
- residential land developments and urban renewal programs.

Organisational Transformation

Implements and supports the strategic direction, culture and capabilities required to take the Authority into the future through:

- strategic and corporate planning and communications
- organisational development and innovation
- project and change management.

Business Services

Supports the Authority to operate efficiently through the provision of corporate service functions.

Machinery of Government Changes

From 1 July 2017, the Housing Authority forms part of the new Department of Communities, joining with the Department of Child Protection and Family Support, the Disability Services Commission, the Communities component of the Department of Local Government and Communities, the Regional Services Reform Unit, and parts of Juvenile Justice and the Department of Aboriginal Affairs.

The Executive



Paul Whyte

Acting Chief Executive Officer

Paul commenced the role of Acting Chief Executive Officer for the Authority in March 2015 and remained in the role until 30 June 2017. Before joining the Authority in September 2009, he was acting Chief Executive Officer at Landgate and held the permanent position of Executive Director, Business Development.

Prior to joining Landgate in 2001, Paul was a member of the Valuer General's Office Corporate Executive, and Policy Adviser to the Western Australian Treasury Corporation.

In the private sector, Paul has been 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.

He is a member of the Western Australian Planning Commission, City of Perth Planning Committee, Government Council for Family and Domestic Violence, Aboriginal Affairs Coordinating Committee and the Strategic Regional Advisory Council supporting the Regional Services Reform Unit.



Tania Loosley-Smith

General Manager, Strategy and Policy

Tania joined the Authority in August 2008 and was appointed the General Manager of the Strategy and Policy Division in December 2009. This Division provides leadership in the design and implementation of the affordable housing initiatives. This involves generating policy options, pathways, and market-based solutions to address social and affordable housing demand, trialling new partnerships with the private and community sectors, supporting the sustainable development of social housing, and negotiating national reform priorities and funding arrangements.

A board member of Ellenbrook Management Pty Ltd and former chair of the National Policy and Research Working Group supporting the Housing Ministers, Tania has a Bachelor of Social Science and an Executive Masters Degree in Public Administration.

After working in the non-government sector and Westpac, Tania joined the public service in 1994 working at the Disability Services Commission and Landgate.



Greg Cash

General Manager, Service Delivery

Greg is responsible for the delivery and management of specialised rental services across the public housing, Aboriginal remote and town-based housing and Government Regional Officers' Housing programs. Key to the provision of these programs is the effective and efficient leadership and management of a geographically diverse workforce and quality contract and relationship management of maintenance and other service providers.

Within the Aboriginal remote and town-based housing program, Greg has overseen Western Australia's award-winning delivery of new homes, refurbishments and a new approach to tenancy management in remote Indigenous communities through the National Partnership Agreement on Remote Indigenous Housing /National Partnership Agreement on Remote Housing.

Greg has more than 20 years' experience in the Authority having worked broadly across all of the Authority's activities. Greg has held a number of key managerial and leadership positions with responsibility for leading and driving the Authority's public and affordable housing objectives. Greg also took a leading role in shaping the Authority's land and built-form investment strategy and decisions within the Strategy and Policy and Commercial Operations divisions. He has tertiary qualifications in Politics and International Studies and Public Policy and Management and has brought a strong focus on leadership, performance management, governance and accountability to the Service Delivery portfolio.



Nigel Hindmarsh

Acting General Manager, Commercial Operations

Nigel has broad leadership and management experience and has worked at senior levels across the public sector and in Defence Engineering. Nigel is responsible for the delivery of all housing and land development programs conducted by the Authority, as well as the strategic planning and management of the Authority's asset portfolio.

Before joining the Authority in October 2013, he was Strategic Planner and Operations Manager for the Ministry of Defence during the London 2012 Olympic Games. Nigel served as an officer in the Corps of Royal Engineers in the British Army for 20 years prior to emigrating to Perth. Since joining the Authority, he has held the positions of Director Land and Housing Construction, Director Complex Projects and Acting General Manager.

Nigel holds a Bachelor of Civil Engineering. He is a board member of Ocean Springs Pty Ltd (Butler Joint Venture) and a member of the State Infrastructure Coordinating Committee and the City of Perth Planning Committee.



Liam Carren

Executive Director, Business Services

Liam commenced the role of Executive Director Business Services for the Authority in November 2016. Liam has a 20 year career in the public service and has worked in a variety of roles in both central Government and service agencies.

Prior to joining the Authority, Liam was the Director Finance and Business Services at the Department of Finance. This position was the Chief Finance and Chief Procurement Officer for both the Department of Finance and the Office of the Government Chief Information Officer.

Liam has also worked for Department of the Attorney General, Department of Treasury, Public Sector Commission and Polytechnic TAFE.

Liam has a Bachelor of Business in Commerce and Accounting and is the chair of the Chief Finance Officer Reform Group.



Peta Mabbs

*Acting General Manager,
Organisational Transformation*

Peta commenced as Acting General Manager Organisational Transformation in June 2016 and is responsible for building organisational capabilities to support the Authority's future positioning.

Peta's experience in Government spans more than 30 years covering primarily the criminal justice environment including the Corruption and Crime Commission, Western Australia Police, Courts, Prisons, Child Protection and Landgate. Her experience in the last 15 years has been across a variety of leadership roles driving business improvement and change, restructures, new legislation, policy development, strategic planning, organisational performance and corporate governance.

Peta has post-graduate qualifications in Policy Science (Graduate Diploma) and Public Administration (Masters) from Curtin, receiving awards for both. In 2015, Peta became an Executive Fellow of the Australian and New Zealand School of Government.

Executive changes

Louise Avon-Smith acted in the position of Executive Director, Business Services from 1 July until November 2016. Julian Wright acted extensively during the year as General Manager, Strategy and Policy, while Tania Loosley-Smith took leave and undertook a number of projects in her capacity as Deputy Director General.

Performance management

Performance is measured against key performance indicators and deliverables that are set out in its Outcome Based Management framework.

Outcome Based Management framework

The Authority aims to enhance the quality of life and wellbeing of Western Australians by helping satisfy the fundamental human need for shelter.

In the wider context, affordable, available and appropriate housing contributes to positive social outcomes in health, education and employment.

Specifically, the Authority makes its contribution to the State by providing housing through a range of services and programs. This includes rental assistance, home finance, housing and land development activities for Western Australians who may not otherwise be able to afford or have access to appropriate housing.

The Authority also contributes to the development of the State through Government Regional Officers' Housing, which provides State public sector employees with suitable housing in selected regional areas. This supports the Government's commitment to delivering public services such as education, health and policing throughout the State.

The Authority's Outcome Based Management framework did not change during 2016-17.



Social housing tenant

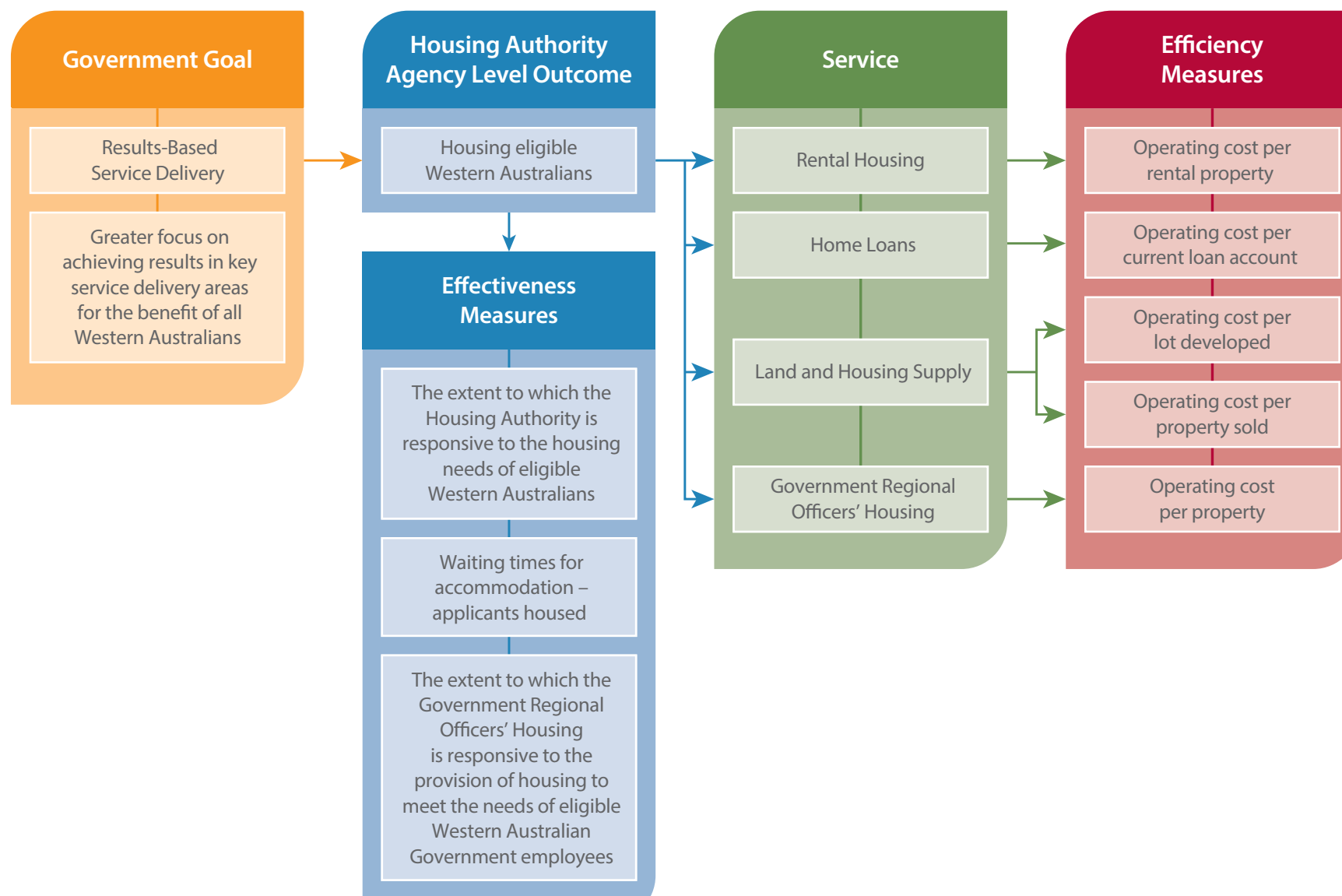


Bentley intergenerational gardening day



Employment and education housing residents, Broome

Figure 6: The Authority's outcomes, services and key performance indicators and relationship to Government goals



Resource Agreement Summary

The following summary of performance information (financial and non-financial performance) 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 performance

Table 1: Summary of financial performance for 2016-17

Indicator	Target ⁽¹⁾ \$'000	Actual ⁽²⁾ \$'000	Variation \$'000	Explanation of significant variance
Total Cost of Services	1,635,212	1,338,796	-296,416	<p>The cost of sales was \$159 million below budget due to deferral of the sales program in response to softer real estate market conditions and lack of buyer interest. This was primarily reflected in the lower number of lots sold in Affordable Housing and the reduction in joint venture sales.</p> <p>Due to the Commonwealth deferring the approval of the National Affordable Housing Agreement, there was a drop in funding from the Commonwealth Government. Consequently, remote community expenses were \$98 million lower than anticipated.</p> <p>Rental expense was \$45 million below budget due to declining Government Regional Officers' Housing lease costs across the regions.</p> <p>Property transfers were \$54 million higher than budgeted value, with these increased transfers being items deferred from 2015/16.</p> <p>Lower finance costs of \$28 million occurred following the divestment of some Keystart borrowings.</p>
Net Cost of Services	53,179	297,763	244,584	<p>Sales revenue was \$309 million below budget due to deferral of the sales program in response to softer real estate market conditions and lack of buyer interest.</p> <p>Commonwealth grants were \$82 million lower than anticipated due to delays in signing National Partnership on Remote Housing agreements.</p> <p>Rental revenue was \$62 million lower than budget primarily due to a decrease in Government Regional Officers' Housing occupation. Social rental was also lower as more affordable accommodation became available in the private market leading to increased vacancies.</p> <p>Interest and other revenue was \$56 million below budget largely due to lower interest rates, divestment of Keystart loans and change in timing for the recognition of Keystart dividend income.</p> <p>The lower than budgeted revenue was largely offset by the lower total cost of services.</p>

Table 1: Summary of financial performance for 2016-17 (continued)

Indicator	Target ⁽¹⁾ \$'000	Actual ⁽²⁾ \$'000	Variation \$'000	Explanation of significant variance
Total Equity	14,876,555	13,462,439	-1,414,116	The reduction in equity is mainly due to a \$1.0 billion (5 per cent) reduction in the value of properties across the State as determined by the Valuer General. Also a net loss occurred that was \$224 million higher than expected.
Salary Expense Level	Not applicable			
Borrowing Limit	5,084,906	4,121,300	963,606	The reduction in the borrowing limit reflects the reduced borrowings following the divestment of \$1.2 billion in Keystart loans.
Working Cash Limit	Not applicable			

Notes

- 1 The targets are as per the 2016-17 Western Australian State Budget Paper No.2 (Division 69, part 15)
- 2 As specified in the financial statements contained in the Disclosures and Legal Compliance section of this report

Key performance indicators

Table 2: Summary of non-financial key performance indicators for 2016-17

Indicator	Target ⁽¹⁾	Actual ⁽²⁾	Explanation of significant variance
Outcome and effectiveness indicators			
Outcome – Housing eligible Western Australians			
Effectiveness indicator 1: The extent to which the Housing Authority is responsive to the housing needs of eligible Western Australians	0.95	1.16	There was a greater number of assistances relative to expressed unmet demand. This variance was due to a higher than anticipated number of bond loans, influenced by increased private rental vacancy rates and more affordable rent charges. There was also an increased number of public housing occupations under the Social Housing Investment Package.
Effectiveness indicator 2: Waiting times for accommodation – applicants housed: Average Median	145 weeks 113 weeks	139 weeks 93 weeks	The reduction in waiting times was mainly due to an increase in occupations resulting from the Social Housing Investment Package.
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	95%	97%	
Services and efficiency indicators			
Service 1 – Rental Housing Efficiency indicator: Operating cost per rental property	\$16,261	\$15,176	
Service 2 – Home Loans Efficiency indicator: Operating cost per current loan account	\$2,299	\$2,397	

Table 2: Summary of non-financial key performance indicators for 2016-17 (continued)

Indicator	Target ⁽¹⁾	Actual ⁽²⁾	Explanation of significant variance
Service 3 – Land and Housing Supply			
Efficiency indicator:			
Operating cost per lot developed	\$21,937	\$41,950	This variance was a result of the Authority's reduction in the number of lots developed to manage inventories in response to challenges in its core market segments. Total operating costs were marginally under budget.
Efficiency indicator:			
Operating cost per property sold	\$23,645	\$32,289	While operating expenses were below Target due to the Authority's successful management of costs, the number of properties sold was less than anticipated resulting in a higher result for the KPI. The Target set in the 2016-17 State Budget for the number of sales was adjusted down at the 2016-17 Mid Year Review due to a significant softening in market conditions.
Service 4 – Government Regional Officers' Housing			
Efficiency indicator:			
Operating cost per property	\$31,843	\$25,363	

Notes

- 1 The targets are as per the 2016-17 Western Australian State Budget Paper No.2 (Division 69, part 15).
- 2 Further details on the indicators are contained in the Disclosures and Legal Compliance section of this report.

Agency Performance

A review of how the Authority performed against its Strategic Plan 2020 and achievements against its commitments within the Affordable Housing Strategy.



Setting the direction

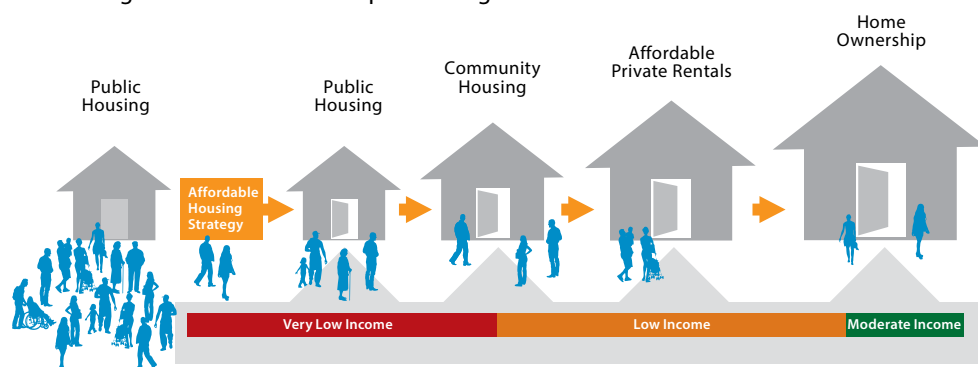
Affordable Housing Strategy

Since 2010, the Authority has led the development and delivery of a 10-year whole of government Affordable Housing Strategy focused specifically on outcomes for people on low to moderate incomes who face significant barriers across the housing continuum. This resulted in at least a \$9 billion contribution to broader economic activity mainly through new land and housing construction and related services.

Through partnerships with the private and community sectors, the Authority has delivered almost 28,000 affordable homes since the Strategy was introduced against a target of 30,000 homes by 2020. Success in achieving this milestone is the result of many factors, including innovations in procurement, design, construction and finance to increase the supply of affordable and social housing for people on low to moderate incomes.

Action plan for affordable housing

While the Affordable Housing Strategy and the Authority's Strategic Plan 2020 have driven the achievement of significant social and economic outcomes there is still much more to do particularly in addressing sustained unmet housing need. To this end, the Minister for Housing has requested a new Action Plan for affordable housing which will be developed during 2017.



Affordable housing highlights

Achievements in 2016-17 include:

- 956 new social houses to help the most vulnerable in the community who have no other viable housing options
- 143 additional houses delivered by community housing growth providers
- 17 houses constructed and 25 refurbished in towns and remote Aboriginal communities, meeting targets under the National Partnership Agreement on Remote Indigenous Housing with the Commonwealth Government
- 318 homes delivered under the National Rental Affordability Scheme, which provides eligible low to moderate income households with an opportunity to access affordable rental accommodation in Perth and regional Western Australia
- 2,180 Keystart loans for low and moderate income households
- 354 Keystart shared-equity loans for specific target groups, including public housing tenants wishing to buy a home, people with disability, Aboriginal people and sole parents, as well as those taking part in the SharedStart home ownership scheme
- 14,925 bond assistance loans issued (including rent in advance payments)
- 971 lots provided by the Authority and its joint venture partners for sale to market as well as for State Government housing programs, with an average of 79 per cent of single residential lots being sold below the Real Estate Institute of Western Australia (REIWA) median price
- around 200 applicants transitioned into the private rental market through the Assisted Rental Pathways pilot.

The houses and Keystart loans noted above contributed to the delivery of almost 28,000 affordable housing opportunities since 1 January 2010.

Strategic Plan 2020

The Affordable Housing Strategy is supported at an agency level through the delivery of programs and achievement of specific outcomes. The Strategic Plan 2020 sets the direction for the Authority to help build economic and social prosperity in Western Australia by enabling Western Australians to have a place to call home.

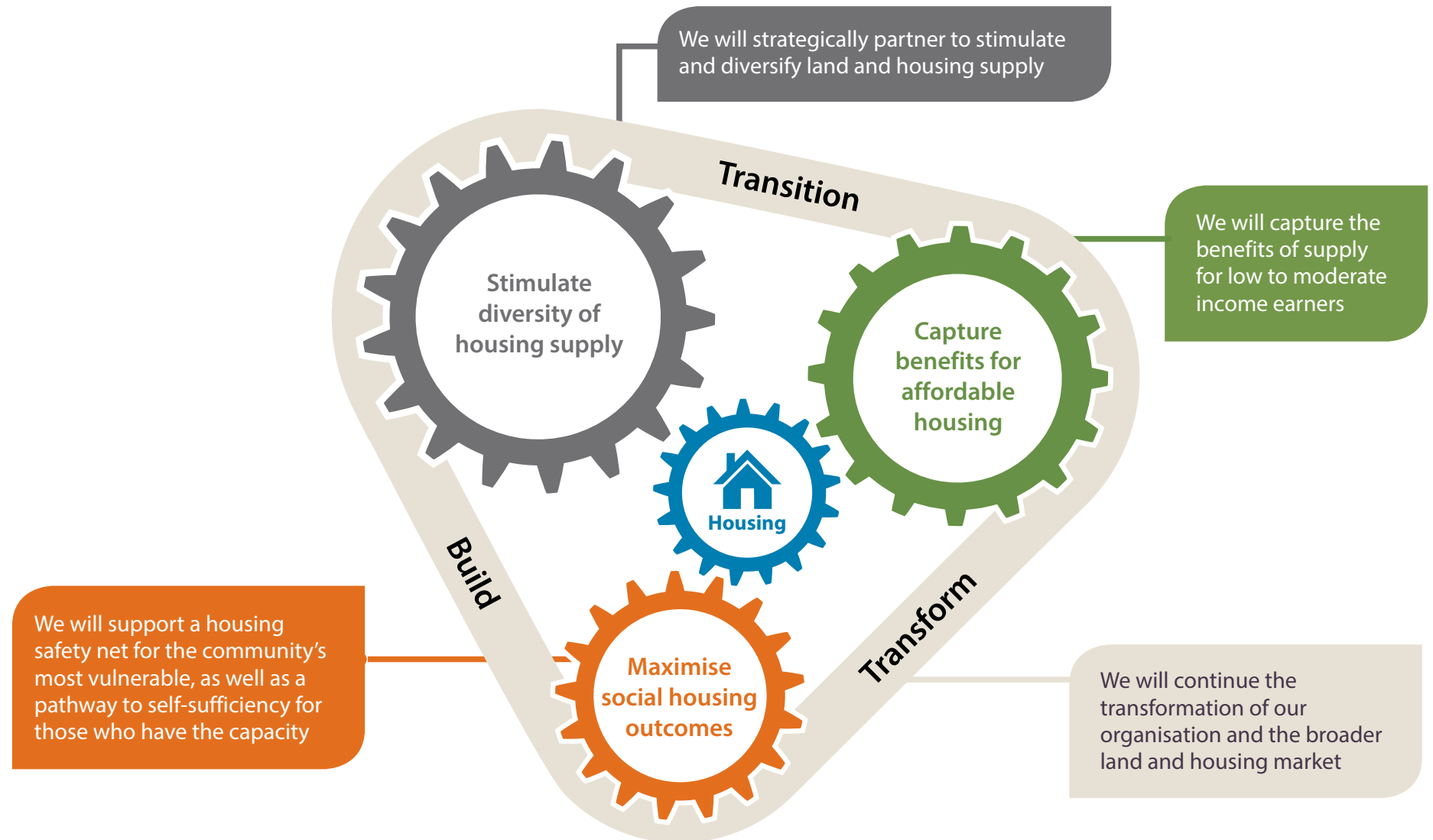


Figure 7: The Authority's Strategic Plan 2020

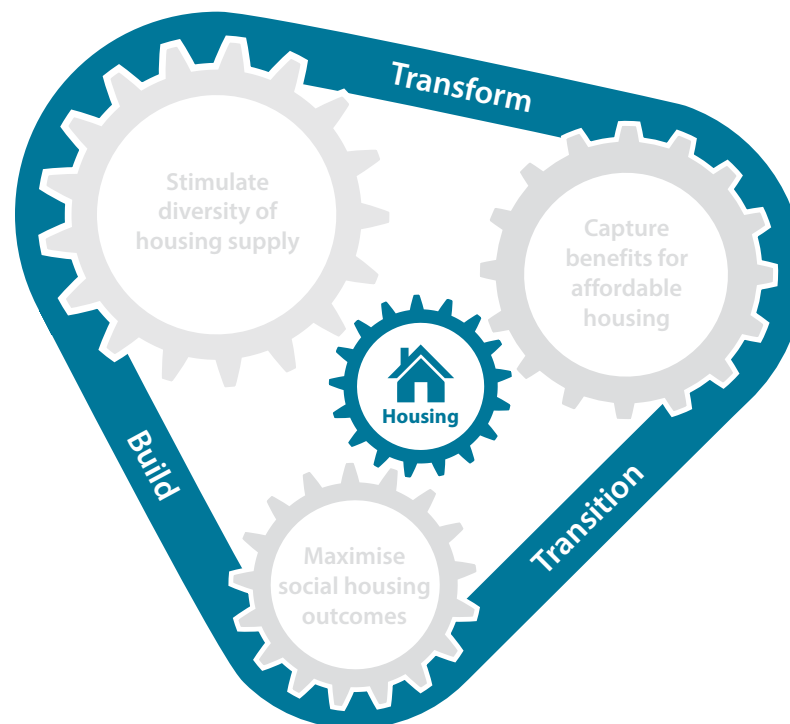
Transforming the market

The Authority continues to transform the broader land and housing market by:

- actively engaging and supporting partners and industry to deliver market transformation
- facilitating, partnering and delivering in a manner that builds the economic and social development of Western Australia
- enabling the ongoing delivery of affordable housing in Western Australia by identifying and encouraging sustainable access to capital.

The Authority's role is to facilitate, lead and influence market change. Leading the market to deliver more affordable land and housing requires 'out-of-the-box' thinking and innovation.

By focusing on innovative, game changing, transformational activities that challenge and alter market behaviour or demonstrate new ways of working and doing business to diversify housing supply, the Authority is leading the market to deliver more affordable land and housing.



SOCIAL HOUSING INVESTMENT PACKAGE

- 1,000 social housing dwellings
- Halved priority wait list for seniors and families with children



MARKET LEADING INITIATIVE



WATER MANAGEMENT STRATEGY



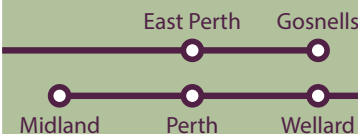
Water saving technology in new homes and new land developments



Reduced water consumption and tenant debt

CONNECTED LIVING

HOUSING WITHIN REACH



Transformational initiatives

In 2016-17, the Authority:

- delivered a Social Housing Investment Package to house the most vulnerable in the community
- commenced initiatives that explore new affordable housing choices to revitalise metropolitan areas
- focused on innovative transport-oriented development.

Social Housing Investment Package

The Social Housing Investment Package, announced in the 2015-16 State Budget, is a \$560 million direct investment into housing the most vulnerable in Western Australian communities.

The package includes a series of procurement and investment streams, which were largely targeted at two vulnerable client groups on the priority waiting list – seniors and families with children.

At the time the package was announced in May 2015, these clients were determined as having the highest need because:

- they accounted for 60 per cent of applicants on the priority wait list
- in general, dependent children and the elderly are considered more at risk than adult singles
- multi-bedroom housing stock suited to families were more readily available than stock suited to singles.

By 30 June 2017, the Authority had:

- delivered an additional 1,000 social homes either directly or in partnership with the not-for-profit sector (the Authority retains ongoing management and maintenance responsibilities for the majority of these)
- more than halved the priority waiting list for seniors and families with children (down to 544 from 1,437 applications in May 2015, a reduction of more than 62 per cent)
- purchased 160 social housing dwellings in order to relocate tenants from locations with high volumes of social housing to areas with little or no social housing (vacated properties were then refurbished and sold to re-balance the mix of private and public housing stock in nine locations across the State).

This was delivered through a mix of construction, purchasing off-the-plan and established homes and the leasing of private rental stock.

Outstanding value for money outcomes and accelerated construction timeframes were achieved through the establishment of a Design and Construct Panel of 10 local builders who were allocated all metropolitan construction work for the package.

The package was funded from a mix of sources including \$85 million in Royalties for Regions funding for the social housing requirements in regional Western Australia.



Affordable housing, Cloverdale



Assisted Rental Pathways Pilot

The Assisted Rental Pathways Pilot (the pilot) is one of the new and innovative initiatives of the Social Housing Investment Package and is being delivered in partnership with the community services sector to demonstrate a new option on the housing continuum. Supporting around 200 social housing waiting list applicants and over-income tenants in private rental accommodation, participants are receiving a tiered rental subsidy and individualised assistance to build their personal capacity and financial independence so they can become self-sufficient in the private housing market.

The pilot informs a key part of the social housing reform agenda to transform social housing into more of a two-speed system: a long-term safety net for those who need it (e.g. very low income seniors and people with severe disability) and a transitional response for those with short-term needs and the capacity for independence.

Achievements since the activation of the pilot in late 2016 include:

- engaging the Western Australian Council of Social Services to facilitate a collaborative design process with the community services sector
- working with the not-for-profit sector to collaboratively design the service model
- three forums being held to workshop and shape the design of the pilot and develop the grant specifications
- four community service organisations received grants (Centrecare, Multicultural Services Centre of WA, Outcare and the Salvation Army) and are trialling different assistance models
- collaboration through the Pilot Steering Committee (shared learning to support continuous improvement and enhance outcomes for participants)
- active engagement with landlords to build a register of private rentals for the pilot
- engagement with applicants on the waitlist and social housing tenants to determine suitability for the pilot and assess aspirations, capacities and support needs
- community service organisations working with participants to develop and implement, monitor and adapt individual plans based on the participants' goals
- engaging independent consultancy groups, Social Ventures Australia and Nous Group, to support the evaluation of the pilot
- positive market acceptance – the initiative has been well received by both waiting list applicants and over-income tenants, the pilot is now oversubscribed.

In addition, the pilot was a finalist for the 2017 Institute of Public Administration Australia Achievement Awards in the category of best practice in collaboration between government and non-government organisations.

The Assisted Rental Pathways Pilot has improved service delivery to social housing tenants, waitlist applicants and the community by:

- increasing the range of housing options available to people on low incomes
- providing a strong client-centred model of housing assistance
- offering private landlords an attractive tenancy option
- supporting the development of a more sustainable social housing system.

The pilot has delivered sustainable benefits for the community by:

- providing a sustainable housing solution without additional capital investment
- expanding the availability of affordable rental housing by engaging private sector landlords
- reducing demand for social housing
- assisting eligible social housing tenants to transition to private rentals, freeing up social housing for people who need it most
- helping social housing applicants and tenants to build their capacity to become financially independent and reducing their reliance on social housing and welfare
- engaging the expertise of the community services sector to deliver services to support people to improve their circumstances.

The learning gathered from this pilot will be used to inform the evolution of this initiative beyond the pilot stage, and the development of other diversionary interventions in the future.



A social housing investment success story

Charlotte and Robert met more than 40 years ago while working at the Peter's Ice Cream factory. Charlotte and Robert eventually married and bought a home in Yanchep, where they lived for 13 years while Robert worked in a local quarry. After working in the harsh sun for so many years, Robert was diagnosed with skin cancer. His illness ended his career in the quarry, leading the family into significant financial stress.

When the mortgage on their home became difficult to service, Charlotte and Robert embraced their sense of adventure, sold the home, bought a caravan and went travelling. Robert soon moved on to a new career in the Australian Army and he and Charlotte continued to travel for more than four years, enjoying the freedom their caravan offered.

During this time Charlotte began suffering from acute kidney disease and was soon reliant on a home dialysis machine to keep her well.

The cumbersome machine and boxes of dialysis fluid made life in the caravan difficult, so the couple returned to Perth to be closer to family.

Unable to find suitable affordable accommodation in the metropolitan area, they relocated to a caravan park in Gingin and applied for social housing. After some time on the social housing waitlist, Charlotte and Robert were offered a home in Yanchep through the Social Housing Investment Package.

Charlotte said the new home had made such a difference for them.

"I went through a lot," she said. "I was very sick and in and out of hospital. Rob is my carer now and he is so good with the dialysis and making sure I get my medication every day.

"We're very grateful to live here. We feel so lucky to have this house."

Hainsworth project, Girrawheen

The Hainsworth project is a 4.2 hectare infill development on the former site of the Hainsworth Primary School in the middle-ring suburb of Girrawheen, 12 kilometres north of the Perth central business district.

The project is underpinned by a vision to transform Perth's housing market by exploring options for affordable, diverse and environmentally sustainable housing in a middle-ring urban location. First homebuyers, families and those looking to downsize will benefit – socially and economically – from access to new and innovative housing choices available in Girrawheen and the surrounding area. The development is expected to yield a minimum of 129 dwellings, offering a mix of dwelling types and sizes not readily available in Girrawheen. Aligned with the Authority's strategic objectives, the project presents an important opportunity to deliver urban infill outcomes which will meet the needs of a diverse community.

Works are scheduled to commence on-site in late 2017.



Artist impression of Hainsworth site, Girrawheen

Transit-oriented development

By creating thriving transit-oriented developments, the Authority's Connected Living initiative will provide more affordable places for people to live and work close to public transport – offering a more sustainable lifestyle. Since launching in December 2015, five sites have been progressed under the Connected Living initiative – East Perth, Gosnells, Perth, Midland and Wellard. Each site has excellent transport connections and, together with proximity to existing and future planned local amenities, offers opportunities for people to embrace multi-unit living and enjoy the benefits of transit-oriented living.

Connected Living is strongly aligned with the State Government's METRONET initiative helping to deliver integrated land use and transport convenience across key locations.

Connect Joondalup

The Authority has been undertaking planning and due diligence work to open up 9.6 hectares of land in Joondalup city centre for future housing, mixed use and for community purposes.

Located close to the train station, transforming this land into a medium to high density residential area will make a significant contribution to housing choice, diversity and affordability in the City of Joondalup and Perth's north metropolitan corridor. Connect Joondalup has the potential to support the affordable and social housing needs of the area, set within a transit-oriented community in the heart of Joondalup close to existing services and amenities.

The Authority has been working with the City of Joondalup to ensure land use and built-form aligns with the recently completed Joondalup Activity Centre Plan; analysing the market, and preparing to deliver the development through private sector partnering.

Research and development

The Authority actively collaborates with research institutions and universities to develop innovative, sustainable housing solutions for the future. In 2016-17, the Authority continued to support a variety of development initiatives with a focus on water management.

Water management

The Authority continued to support initiatives of the Cooperative Research Centre for Water Sensitive Cities, with a seat on the Essential Participants Reference Group. As one of more than 90 partners with the Cooperative Research Centre, the Authority supports independent studies to transform the way new cities are designed and to improve existing ones through better urban water management.

A water sustainability framework was developed by the Authority in 2016-17 to incorporate agency-wide initiatives that support the aims of the Cooperative Research Centre for Water Sensitive Cities.

In 2016-17, the Authority's focus was on exploring innovative water-saving technology in new land developments and new homes to support water management and conservation. The Bentley regeneration project, Brabham land development and Keralup land management are flagship land holdings exploring and demonstrating water-saving and water sensitive strategies.

Bentley Regeneration Project

With a strong focus on sustainability, a vibrant village lifestyle and housing affordability, the vision for the Bentley Regeneration Project is one which embraces excellence in water management. By applying the latest water sensitive innovations in housing design, construction and urban planning, the project will be a best practice demonstration site.

The Bentley Draft Urban Water Management Plan was completed in 2016-17 and incorporates a number of innovative sustainability initiatives, including the option for recycled water infrastructure, efficient appliances, thermal design and green facade treatment for cooler dwellings. The project is expected to be completed in 2030.

Brabham

In Brabham, the Authority investigated alternatives for the irrigation of future public open space areas. Although groundwater usage will be severely limited in the area, initial assessment has indicated that a wastewater recycling scheme could generate surplus water, including opportunities to replenish the groundwater aquifer.

During 2016-17, the Authority funded a Department of Water pre-feasibility study for managed aquifer recharge. The study confirmed the potential for managed aquifer recharge of waste water and provided recommendations for further investigations, which the Authority anticipates will be undertaken in conjunction with a future development partner.



Aerial view, Brabham

Keralup

The Authority has been actively managing the drainage and water quality issues associated with its Keralup land holding. Following the soil amendment trial using hybrid nanoclay, carried out in conjunction with the Department of Water, the Authority began further trials in 2016-17 to reduce phosphorous release into the Peel-Harvey estuarine system. These trials, focusing on the Gull Road drain which crosses part of the property, included designing and piloting the first use in Western Australia of in-stream treatment riffles with Iron Man Gypsum, a product designed to remove soluble phosphorous from flows. Site investigations to inform plans for improving the drainage systems on the land were also carried out. It is anticipated that reducing areas of inundation will also provide the added benefit of reducing mosquito breeding sites which are particularly prevalent in the area.





Aquatrip water leak detection device and wireless data logger fitted to properties in the Kimberley to assist in managing water consumption

Water efficiency in remote communities

As part of its commitment to water management in its existing stock, the Authority has worked closely with the Water Corporation in urban and regional areas and through the National Partnership Agreement on Remote Indigenous Housing to research and integrate water saving and water potability solutions for its tenancies in remote Aboriginal communities.

Water and waste water capacity upgrades include water supply and storage upgrades such as new bores, pumps, ground tanks and wastewater pump station and treatment pond upgrades.

Upgrades are aimed at improving water quality in over 28 Aboriginal communities and to reduce high rates of water consumption and tenant debt liabilities. The Authority will continue to monitor these initiatives, which showed considerable value for the remote communities.

The Authority has also identified mechanisms and opportunities to improve water quality in remote communities, including identifying capital works and infrastructure upgrades and developing a water quality policy, strategy and implementation plan, which will be explored further in 2017-18.

Construction and design

In 2016-17, the Authority continued its support for research into the use of alternative building materials, in particular rammed earth as a construction material for use in remote Aboriginal communities.

With funding from the Australia Research Council, a project undertaken by the University of Western Australia is addressing the lack of an Australian Standards code for the use of rammed earth construction. Other partners in the research project are Ramtec Pty Ltd, Scott Smalley Partnership Pty Ltd and Durham University.

The first phase of the project tested two separate construction methodologies. A draft laboratory testing standard was produced and submitted to Standards Australia.

The second phase of the research, which commenced in 2014, involved the monitoring and analysis of both buildings' performance and the variance between conventional rammed earth and insulated rammed earth. Data collection, analysis and recording of the thermal performance continued throughout 2016-17 and the final report will be completed and submitted to the Australian Research Council in 2018.



Rammed earth construction, Kalgoorlie

It is anticipated that the outcome of this project will help inform the Building Code of Australia on more accurate thermal assessment methods to evaluate the performance of rammed earth construction systems.

The Authority also aims to increase the sustainability of its stock by purchasing and designing apartments that have solar panels, battery storage and smart meters to manage water consumption and identify water leaks. This technology will also be integrated into the Authority's Woodbridge development.

To further support the implementation of best practice sustainability initiatives in construction, the Authority is preparing a schedule of items for inclusion in its construction specifications for developers. The 'Building Performance and Amenity' section of the schedule includes passive solar design principles and ensures dwellings are appropriately situated on site for optimal climatic-responsive design, improved internal comfort and reduced heating and cooling demand.



Redcliffe Connect

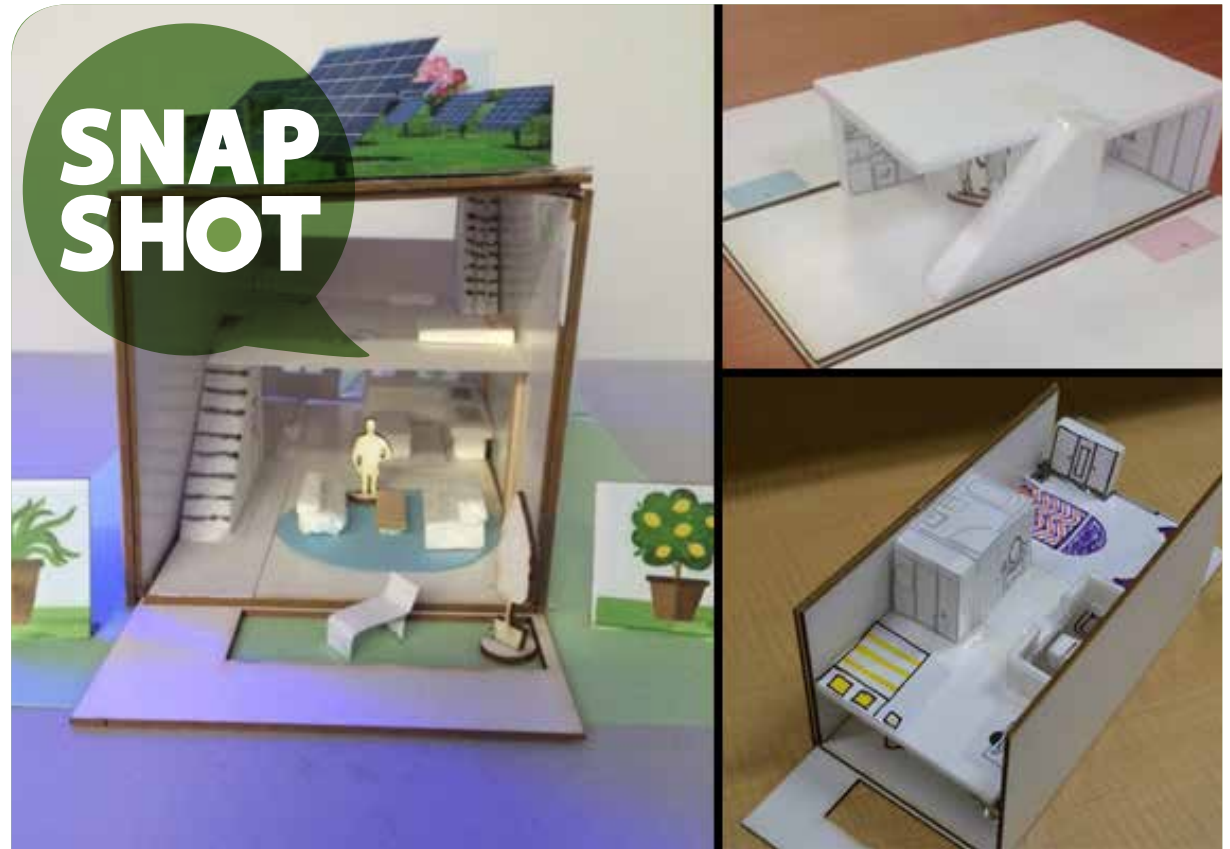
In 2016-17, the Authority engaged the University of Western Australia and Monash University to investigate precinct-scale redevelopment strategies and innovative architectural models for key land holdings within the suburb of Redcliffe. In collaboration with the City of Belmont, through a Memorandum of Understanding, stage one of the project provided a foundation to implement new planning and design regulations in the suburb that will facilitate future redevelopment, including any development around the Belmont Station which will be constructed consistent with METRONET's Forrestfield Airport Link project.

Sustainable Built Environment National Research Centre

The Authority is a partner in research through the Sustainable Built Environment National Research Centre, 2016 winner of the Ashley Goldsworthy Award for Sustained Collaboration between Business and Tertiary Education. Currently the Authority is engaged in projects relating to construction, building information and social housing. In April 2017, the partnership released a strategic framework for evaluating social housing called Valuing Social Housing.

Australian Housing and Urban Research Institute

The Authority supports the work of the Australian Housing and Urban Research Institute in furthering the body of knowledge on housing, homelessness and issues in the urban environment. Projects in 2016-17 included work to understand how providing a home for those who were previously homeless can create benefits beyond housing.



My Future Home Charrette

A collaboration between the Authority, the City of Fremantle and the Australian Urban Design Research Centre (AUDRC), the My Future Home charrette was held in Fremantle over three days in September 2016 and was attended by more than 1,000 people.

The charrette provided an opportunity for members of the public to engage with industry, housing professionals, leading academics and government to explore progressive, flexible and affordable living spaces.

Community members of all ages participated in the charrette's interactive discovery pathway, exploring a full-scale modular housing prototype and designing the interior layout of their own miniature model of a prefabricated home.

Informative displays from the Water Corporation and Department of Water stimulated discussions about sustainability while the senses lab encouraged participants to think about how a future home might smell, sound and feel.

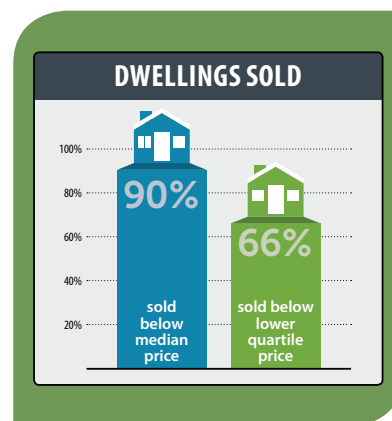
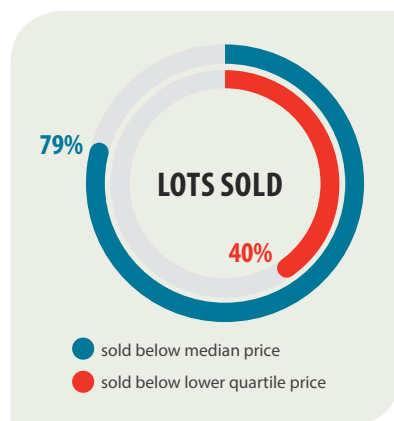
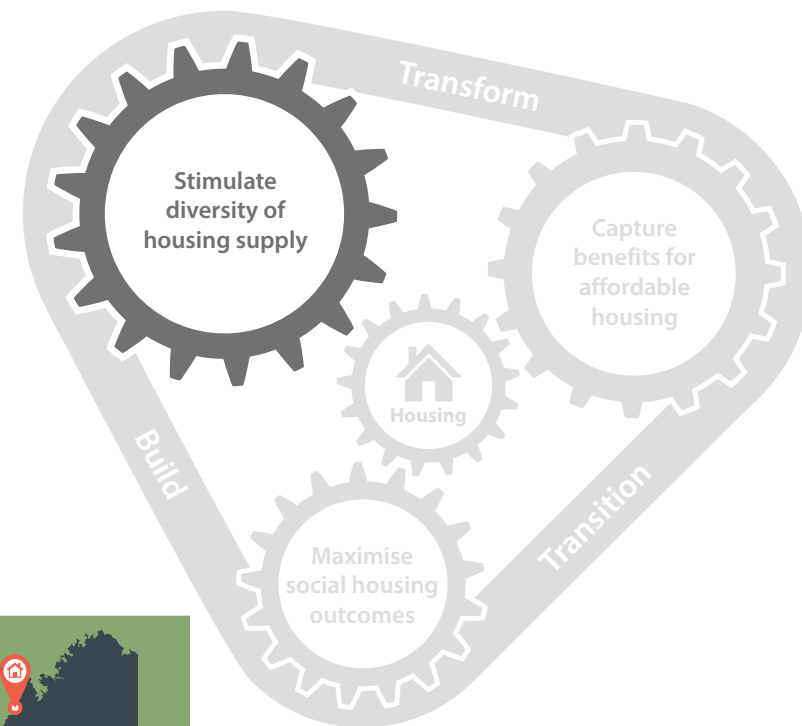
Stimulating diversity of land and housing supply

The Authority strategically partners to stimulate and diversify land and housing supply by:

- facilitating and leading innovation in the housing market
- optimising the use of assets the Authority either owns or has access to directly or in partnership
- planning and delivering enduring infill developments
- facilitating diversity of housing supply for specific target groups.

In doing this, the Authority ensures ongoing supply and helps to moderate prices at the lower cost end of the market.

The breadth of the Authority's land and housing development is wide ranging. Activity ranges from master-planned urban communities to apartment developments and medium-scale infill to urban renewal and housing construction projects around key transport links and activity centres.



Affordable land and housing targets

As part of the whole of government action plan, the Authority is committed to a requirement for 15 per cent of all Government land and housing developments to be affordable for low to moderate income households.

In 2016-17:

- Out of 2,015 land and housing opportunities delivered by the Authority in the Perth metropolitan area, 89 per cent were affordable for those on the median income; 81 per cent of the land delivered and 94 per cent of the dwellings delivered (40 per cent affordable sales and 54 per cent social housing) were affordable for those on the median income.
- Out of 452 land and housing opportunities delivered by the Authority in the rest of Western Australia, 98 per cent were affordable for those on the median income; 90 per cent of the land delivered and 100 per cent of the dwellings delivered (four per cent affordable sales and 96 per cent social housing) were affordable for those on the median income.

Residential land supply

A key purpose of the Authority's land development activity is to ensure ongoing opportunity for people on low to moderate incomes to purchase land in residential developments across Western Australia. To achieve this the Authority works with partners to develop land for its social, community and affordable housing programs, which include:

- land development: major new programs in metropolitan and regional areas
- urban renewal: redeveloping and deconcentrating locations with high public housing presence to provide more sustainable and attractive suburban areas
- urban development: developing greenfield broad-hectare land or underdeveloped sites in existing suburbs for residential purposes
- urban infill: strategically developing vacant or undeveloped land in existing urban areas to increase the supply, affordability and diversity of housing around the metropolitan area.

In 2016-17, the Authority managed the supply of affordable vacant residential land with a focus on the provision of new land in the lower price quartile of the market. A total of 971 lots were developed. Revenue from land sales was used to subsidise the operating costs of social housing and broader housing programs. A total of 1,168 lots were sold in 2016-17. Of the private residential lots sold, 79 per cent were below the Real Estate Institute of Western Australia median land price, and 40 per cent were below the lower quartile price.





Aerial view, Brighton



Community space, The Village at Wellard

Land development

A key component of affordable housing is maintaining continuity of affordable land supply through land development in partnership with the private sector.

In 2016-17, the Authority:

- continued to develop finance models to activate and stimulate supply in a challenging market and in conjunction with the private sector
- continued to work with industry partners to contribute to the ongoing supply of affordable land and delivery of diverse housing opportunities for Western Australians, integrating social and public housing with full sale to market affordable housing and shared equity houses
- entered into a partnership with the private sector and sold land on a deferred basis to a developer in Secret Harbour, who will construct 34 residential units and three commercial units
- continued to provide significant stock and a diverse range of affordable housing opportunities, despite very soft market conditions in 2016-17, through joint venture projects at Banksia Grove, Byford, Brighton, Dalyellup, Ellenbrook, Golden Bay, Harrisdale, Oyster Harbour, Seacrest, Sienna Wood and Wellard.



Beenyup Grove, Byford

Located 40 kilometres south-east of Perth in Byford, Beenyup Grove is a development partnership between the Authority and Parcel Property.

The development is expected to yield 460 lots as well as built-form products over the life of the project. Stage one sales launched in May 2017.



Ellenbrook

Ellenbrook is a joint venture between the Authority and Morella, and is managed by LWP Property Group. It is located 21 kilometres north-east of the Perth central business district in the City of Swan.

Ellenbrook will deliver approximately 11,500 lots and house up to 30,000 residents when the project is complete in 2025.

Annie's Landing, the final village in Ellenbrook, won the 2016 Urban Development Institute of Australia's Award for the best residential development over 250 lots.

Civil works began on the first 80 square metre residential lots at Ellenbrook and two display homes to showcase the innovative small lot products will be built and opened in 2017-18.

In another first, the Innovo display village opened in February 2017. This launched a new concept in small lot construction on 121 to 198 square metre lots, which has been well received by industry and the public.



The Village at Wellard

The Village at Wellard, located 35 kilometres south of Perth, is a joint venture between the Authority and Peet Limited. It is the first dedicated transit-oriented development in Perth's southern corridor, and features a pedestrian-friendly village centred around the Wellard train station on the Perth to Mandurah railway line. When complete in 2023, the Village at Wellard will be home to more than 10,000 residents and deliver approximately 3,150 lots.

The Village at Wellard received the 2016 Urban Development Institute of Australia (Western Australia) Best Sustainable Urban Development Award and the Value Adding Award at the National Areas Congress Awards.



Broome



Bentley



Beaconsfield



Fremantle

Urban renewal, development and infill

Urban renewal

The Authority undertakes redevelopment activities in areas identified as having a high public housing presence, or to rejuvenate or optimise underused public housing and land assets where opportunities exist.

A number of the Authority's urban renewal activities have recently reached maturity, while other projects were identified and commenced either planning or early development phases. Eight urban renewal projects have been identified through a program-based prioritisation approach – half in Perth metropolitan areas and half in regional locations at:

- Beaconsfield, City of Fremantle
- Bentley, City of Canning
- Broome, Shire of Broome
- North Beach, City of Stirling
- Rivervale, City of Belmont
- Spalding, City of Greater Geraldton
- Spencer Park, City of Albany
- Withers, City of Bunbury

While the Authority is aiming to reduce its public housing presence in these locations, a key objective is to create communities that are attractive, desirable, well serviced and contain a diverse mix of housing.

Memorandums of Understanding are now in place with the local authorities of Belmont, Broome, Stirling, Geraldton, Albany and Bunbury. Community reference group workshops are either under way or due to commence.

Beaconsfield and Bentley are urban renewal developments in more advanced planning stages:

Beaconsfield

The Beaconsfield Precinct Regeneration project will deliver market-leading construction, innovation and social policy outcomes, promoting jobs, activating a major parcel of land and improving the lifestyle for public and private residents.

The total land area of the broader precinct is approximately 40 hectares and key land owners include Fremantle College, the City of Fremantle and the Authority, which owns the Davis Park precinct.

The Authority is participating in the master-plan visioning and community consultation processes which are being led by the City of Fremantle. A rezoning application has been supported by the City of Fremantle and public consultation is under way.

Bentley

The Bentley regeneration project involves the revitalisation of approximately 25 hectares of land in the inner eastern corridor. It will establish the largest medium to high density development in Western Australia while delivering the latest innovations in community creation, housing affordability and sustainability.

Redevelopment of the site could yield between 1,500 and 2,000 new dwellings, creating a range of affordable housing options just eight kilometres south of the Perth central business district and close to key employment generators including Curtin University, Bentley Hospital and the Bentley Technology Park.

In 2016-17, the Authority continued to progress more detailed planning for the precinct and prepare for the procurement of a private sector partner to deliver the project.

The Authority regularly undertakes urban renewal in selected areas to create integrated, vibrant and liveable communities with a diverse mix of housing. Examples include:

Burt Street, Fremantle

The Burt Street redevelopment proposal will see the redevelopment of a 1.37 hectare public housing site into a medium to high density apartment project in the City of Fremantle. The successful delivery of the project will result in an integrated community consisting of public, shared equity opportunities and private sales. The development of Burt Street will create a new residential community within an existing urban zone, promoting housing diversity where people will live, work and play.

The Authority worked collaboratively with the City of Fremantle to obtain a scheme amendment to significantly increase the zoning of the site from Residential Design Code R60 to R160, enabling a potential construction of more than 200 apartments on the site. The Authority has progressed plans for the development of the site and intends to procure a private sector development partner in the latter half of 2017.

Hilton

The Hilton revitalisation project will seek to deconcentrate public housing in the suburb, increase the diversity of housing and promote the heritage conservation of post-war homes, while redeveloping 52 underused public housing assets. The project incorporates selective sales, subdivision and the construction of 33 new social housing units. To date, 14 properties have been subdivided and seven properties have been sold.

It is planned that a design competition will be launched in 2017-18 to appoint an architect for the delivery of the first 14 social housing units. The Hilton Design Competition is an innovative procurement approach that will deliver value for money and create responsive design outcomes.

Stirling Towers, Highgate

The redevelopment of the 11-storey Stirling Towers will see the delivery of a high-quality, well-designed, contemporary building offering a range of dwelling types. With a focus on affordability, environmental sustainability, design quality, diversity and financial sustainability, the 1960s-era apartment block will be transformed to meet current lifestyles and include car-sharing, family-oriented units to promote diversity and integration, as well as work/live units which capitalise on the building's proximity to the Perth central business district.

In November 2016, expressions of interest were called for experienced developers to financially participate with the Authority and provide development management services. The evaluation of the expressions of interest has been completed and a number of organisations have been shortlisted to submit detailed proposals in the next stage of the procurement process.



Stirling Towers, Highgate

Urban development

To help maintain the supply of affordable land throughout metropolitan and regional Western Australia, the Authority undertakes residential development of greenfield broad-hectare land to ensure aspiring home owners are given the opportunity to access future affordable housing.



Cassia Estates, Kwinana

Kwinana

The Authority is progressing with developing its broad-hectare landholdings in Parmelia, Bertram, Orelia and the Kwinana town centre. Currently, three parcels of vacant land are being developed, collectively known as the Cassia Estates, which will yield approximately 950 lots and provide affordable living with access to established amenities including Kwinana Marketplace, Kwinana train station, public and private schools, as well as local employment opportunities.

A total of 310 lots have been developed and a further 51 lots will be developed and released during 2017-18.

Brabham

The vision for Brabham is for a contemporary, master-planned community, designed to be in harmony with the natural environment, where everything is on the doorstep. The staged development of the 220 hectare landholding into a 2,500-3,000 home community will provide affordable land and housing for a broad range of people.

Detailed proposals from shortlisted proponents to partner with the Authority on this project have been evaluated and negotiations are under way with the preferred proponent.



Jindowie, Yanchep

Albany

Located around five kilometres from Albany central business district in McKail, the Authority's Clydesdale Park development will create 460 lots with prices ranging from \$70,000 for cottage lots to \$125,000 for larger traditional lots.

By the end of 2016-17, some 73 affordable residential lots were sold, with nine homes constructed and sold.

Yanchep

The Authority owns two neighbouring land developments in Yanchep, namely Jindowie and Everley.

Jindowie will see the creation of more than 1,000 lots, with a high proportion of these being for affordable housing. More than 307 lots have been developed across the six stages to date, including 56 lots upon which the Authority has constructed houses and sold these as complete home packages either through full or shared equity sales. Mariala Park, which incorporates a range of family facilities including a bicycle motocross track, children's adventure playgrounds and barbeque facilities, was opened in mid 2016.

Everley, which adjoins the future Mitchell Freeway reserve, will create approximately 750 lots including a proportion set aside for public and affordable housing. Although work has progressed on planning and approvals, the development is on hold due to prevailing market conditions.

Urban infill

In keeping with growing market sentiment and broader Government strategy to consolidate the city and strike a balance between greenfield and infill development, the Authority continues to undertake strategic infill developments and increase the supply, affordability and diversity of housing around the metropolitan area.

Kiara

The Authority is developing a 14 hectare site in Kiara, located approximately 11 kilometres north-east of the Perth central business district. The development will provide a range of housing options, including small single lots and group housing, which will cater for a diverse range of residents who will also be able to access existing amenities and services including the local centre adjacent to the site and public transport. In addition, around 30 per cent of the site will be set aside for public open space, including the protection of significant bushland, and part of the site has been allocated for a private high school.

The Authority obtained approval of the local structure plan which provides for housing densities ranging from Residential Design Code R30 to R60.

Kenwick

Working with the City of Gosnells and land owners, the Authority (which is the major land owner) is exploring ways to facilitate the development of 5.6 hectares of land fronting the Canning River into a safe, attractive and liveable community that offers a range of housing choices.

Ferndale

A concept plan and business case has been prepared to develop the former Kinlock Primary School into a community offering a range of housing options including single, grouped and multiple-dwellings. While embracing the existing character of the suburb, the needs of the future community have been addressed in the proposed concept plan with existing trees being preserved where possible to improve visual amenity, more usable parkland and a linear park system that links in with the existing open space network. It provides improved connectivity for pedestrians and vehicles in the surrounding area.

Woodbridge

A mix of shared equity, social housing and private sale dwellings in a modern apartment complex will be created within the Metropolitan Redevelopment Authority's Woodbridge Precinct. In partnership with leading property developer Psaros, the Authority will deliver a total of 79 modern contemporary apartments offering one, two and three-bedroom dwellings, providing much-needed infill development in the area.

The development is expected to take 18 months to complete from initial earthworks through to practical completion.



Artist impressions of Woodbridge on Green, Woodbridge

SNAP SHOT



Transforming urban living

Greenwood will soon welcome a new residential community with the Authority and developer Frasers Property Australia partnering to deliver the East Green estate.

Built on the former East Greenwood Primary School site, East Green will comprise a mix of 138 contemporary apartments and houses, offering private, social and shared equity housing opportunities.

The Authority's Acting Chief Executive Officer, Paul Whyte, said the Authority and Frasers had worked closely with local residents and the local council to ensure East Green delivered the best value to the community.

"Following discussions with the community, we've included significant tree retention and 25 per cent public open space in the design – more than double the requirement," Mr Whyte said.

"We will also be building out the site rather than selling off parcels of land to ensure there is an integrated outcome," he said.

The Authority's General Manager of Strategy and Policy, Tania Loosley-Smith, said East Green was an excellent example of the concept-to-keys approach to development.

"We remain an active partner in the project from inception to handover and we reinvest development profits to put keys into the hands of people who really need them," Ms Loosley-Smith said. "This sets us apart from other developers and agencies."

Civil works commenced on-site in May 2017, with construction scheduled for completion in 2020.

Housing supply

Affordable Aboriginal short stay visitors' centres

Two special purpose Aboriginal short stay facilities exist in Western Australia: a 41-bed facility in Kalgoorlie-Boulder and a 54-bed facility in Derby. The facilities provide safe and affordable short-term accommodation and access to support services for Aboriginal people who visit regional centres from remote communities.

A third facility is under construction in Broome and is expected to be operational in the first half of 2018.



Aboriginal short stay facility, Derby

Pilbara Respite Centre

In 2016-17 the Authority worked in partnership with the (former) Disability Services Commission to design and construct the Pilbara Respite House, which is a seven-bedroom respite centre in Port Hedland for people with a disability. Due to be completed in 2017-18, the centre is built on land owned by the Authority and will allow people with disability or their carers to have a short-term stay away from home in an accessible, home-like environment. The first stage of the respite centre, including accommodation for up to four people with a disability, continued construction during the year and is expected to be completed in late 2017. The second stage of the centre will contain accommodation for up to three people with a disability and is expected to be developed in future years, subject to funding availability.

Step-up step-down mental health facilities

The Authority worked with the Mental Health Commission to develop a 10-bed step-up step-down mental health facility in Rockingham, which opened in October 2016. The facility provides a step between home and hospital, with temporary accommodation and support for people at risk of becoming unwell, as well as for people who leave hospital but still require intensive support before they return home. This support will increase the opportunity for occupants' successful recovery and reduce the pressure on hospital resources. Further step-up step-down facilities are being planned for Bunbury, Broome and Karratha.

Housing for people who are homeless or in crisis

In partnership with the lead agency the (former) Department for Child Protection and Family Support, the Authority continued to assist people who were homeless or at risk of being homeless by providing homes to individuals and families through the National Partnership Agreement on Homelessness.

Having strong engagement and referral processes in place, with support agencies funded under the agreement, ensures that clients have smooth access to social housing as it becomes available.

Across Western Australia, properties were made available to assist people who are homeless or in immediate housing crisis. The Authority's crisis accommodation program provides capital funds to build and buy residential premises such as women's refuges, night shelters and emergency accommodation for youth. Accommodation is primarily managed by community housing organisations, with many support services funded through the (former) Department for Child Protection and Family Support.

Wooree Miya Refuge

The Wooree Miya Refuge, managed by the Aboriginal Alcohol and Drug Service, was relocated to expand the accommodation available to 10 units, 22 bedrooms and improved facilities for women and children at risk of domestic violence. The relocation project commenced in June 2015 and was completed in December 2016.

St Emilie's Crisis Accommodation Facility

When complete, St Emilie's, located in Kalamunda, will provide short-term accommodation for women experiencing abuse, homelessness or mental health issues. Funded by Lotterywest, the project will see the historical site situated on Authority land developed into a 20-bedroom, 40-bed facility. In 2016-17, the three-way partnership between the Authority, the Esther Foundation and Community Housing Limited was finalised, and construction commenced. The Authority will provide a \$200,000 (approximately) grant for a post-completion fit-out in 2017-18.



Housing construction

Construction, spot purchase and refurbishment

The Authority has a significant residential dwelling construction program to provide new public housing, community disability housing, crisis accommodation, affordable housing, Government Regional Officers' Housing, key worker housing in regions and housing in remote Aboriginal communities. From time to time, the Authority also purchases established dwellings. Appendix 3: Housing statistics provides information on construction, spot purchases and refurbishments undertaken under the Authority's various capital works programs during the year.

Building permit authority

Under the *Building Act 2011*, the Authority is considered a Building Permit Authority with control over the building permit process and other relevant building approvals for the Authority's construction program. In 2016-17, the Building Permit Authority issued 626 permits relating to construction, demolition and occupancy of buildings.



Construction in Broome



Mr John Barrington, Anglicare WA Chairman; Ms Rieki Rolle, Manager Y-Shac; Her Excellency the Honourable Kerry Sanderson AC, Governor of Western Australia; and Mr Ian Carter AM, Anglicare WA Chief Executive Officer.

Y-Shac changing lives

Y-Shac is Rockingham's newest youth crisis accommodation facility – officially opened by the Governor of Western Australia in May 2017.

Y-Shac provides crisis accommodation for youth who are experiencing or at risk of homelessness and is a prime example of government and non-profit agencies collaborating to improve outcomes for Western Australians.

The purpose-built facility was developed by the Authority on land it purchased, for a total cost of \$1.73 million. The facility receives funding from government to operate, with management and support services provided by Anglicare WA.

Y-Shac's main building offers six bedrooms for youth, along with staff quarters, administrative offices and shared kitchens, bathrooms and living areas. There are also two self-contained units available for youth preparing for the transition to private tenancy.

Y-Shac Rockingham manager Rieki Rolle said the team was grateful to the Authority for delivering

an exceptional and well-located property.

"With the facility now being located in the centre of this community, the young people have greater access to jobs and appropriate education to move forward with their lives," Ms Rolle said.

Y-Shac is also the first facility of its kind in Western Australia to offer a non-gender-specific program, allowing residents to be housed wherever they feel most comfortable, making the facility feel much more like home.

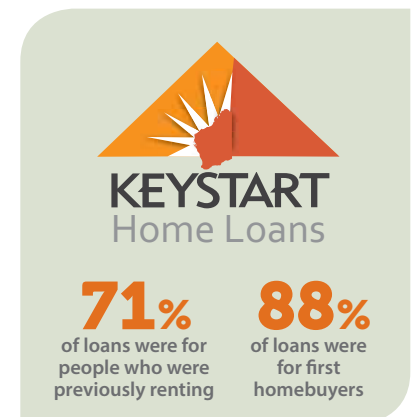
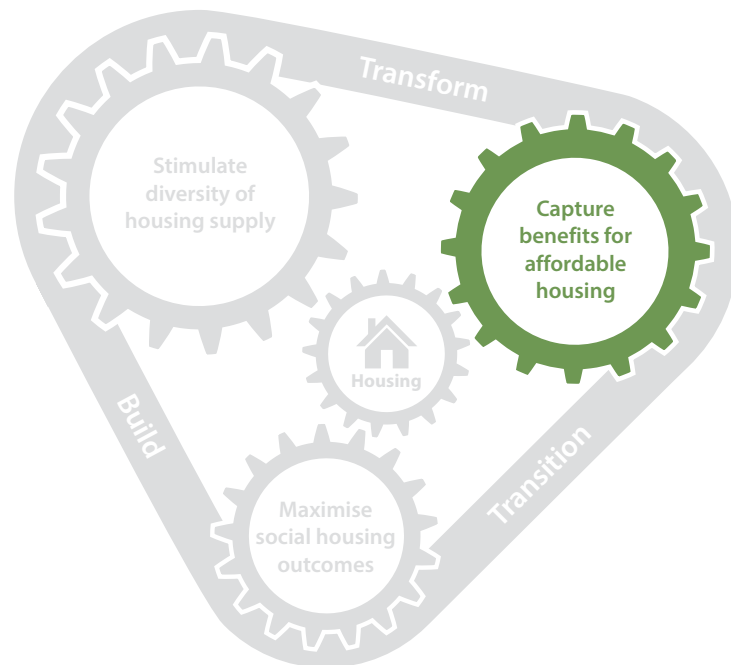
The Authority's Director of Housing Programs, Simon Bell, said Y-Shac offered vital assistance to young people escaping an unstable home life, exposure to crime, drugs and violence, or dealing with complex mental health issues.

"They are greatly in need of a safe place that provides them with stability, and also need access to agencies that can provide a range of support services," Mr Bell said. "Y-Shac can give them what they need to get back on track and end the cycle of homelessness."

Capturing benefits for affordable housing

The Authority captures the benefits of supply for low to moderate income earners to:

- facilitate transition through the housing continuum
- implement mechanisms to improve affordable rental supply
- influence Government, partners and stakeholders to deliver affordable housing through policy, planning and investment.





Affordable sales property, Midland

Home ownership

The Authority, through Keystart, offers a range of home ownership opportunities for low to moderate income households via the provision of low-deposit loans and shared equity home ownership schemes. These are complemented by the ongoing supply of low-cost, entry-level land and housing to the market through the Authority's development activities.

Shared equity home ownership

Shared equity home ownership schemes assist credit-worthy low to moderate income families to achieve their dream of home ownership. The Authority generally provides around 20 to 30 per cent of the equity which significantly reduces the up-front costs and loan amount required to buy a home. Shared equity is made possible by the combination of the Authority's co-ownership of the dwelling and Keystart's provision of low-deposit home loans.



Keystart home loans

Lending that Keystart provides assists low to moderate income earners, particularly first homebuyers, who have a good credit history but are unable to raise a deposit through mainstream lenders or who may be unable to afford the full cost of a home.

In December 2016, Keystart increased the qualifying income limit for applicants and the property purchase price limit in response to changing market conditions. This enables more households who cannot access mainstream home ownership options to buy their own home.

In 2016-17, \$1.2 billion worth of Keystart loans were transferred to Bendigo and Adelaide Bank as part of the Government's asset sales program. This will have no impact on current Keystart customers.

Keystart products

Since Keystart commenced in 1989, more than 64,000 new loans have been approved for home ownership. In 2016-17, Keystart approved a total of 2,180 new loans valued at \$750.6 million. These loans were provided through the schemes outlined below.

Keystart standard low-deposit home loan scheme

Keystart approved 1,826 new standard loans during the financial year, comprising 75 per cent for new construction and 25 per cent for established properties, with loans approved totalling \$668.6 million.

Access shared equity scheme

The access shared equity product helps people with a permanent disability or those who care for a dependant with a permanent disability to purchase a home. In 2016-17, 40 loans to the value of \$6.2 million were approved.

SharedStart shared equity scheme

SharedStart is available to households wishing to buy a home constructed under the Authority's shared equity home ownership scheme. In 2016-17, 253 loans totalling \$59 million were provided by Keystart.

Aboriginal home ownership scheme

This product assists Aboriginal and Torres Strait Islander people to own their own home (through full and shared ownership options). During the year, 39 loans were provided to the value of \$12.3 million.

Goodstart shared equity scheme

The Goodstart shared equity scheme assists public housing rental tenants and non-first home buyers to transition out of their current public housing rental into their own homes. During the year, 17 loans to the value of \$3.6 million were approved.

Sole parent shared equity scheme

The sole parent shared equity scheme assists sole parents to try to retain their current family home following a separation or bereavement. In 2016-17, five loans to the value of \$0.9 million were approved.

Yawuru scheme

The Yawuru scheme finances 50 per cent client owned shared equity loans under the Yawuru Home Ownership project. The other 50 per cent equity is held by Nyamba Buru Yawuru, the Yawuru community's administrative organisation. No Yawuru scheme loans were approved in 2016-17.

Keystart borrower profile

As a targeted lender, Keystart addresses a market gap for credit-worthy low to moderate income households that cannot raise the deposit required by mainstream lenders. Analysis suggests that a couple with two children on a single income of \$110,000 per year and renting an average home would take almost 14 years to save a 10 per cent deposit with the on-costs required to buy a \$430,000 home through mainstream lenders. As a comparison, meeting the deposit requirements of Keystart's standard home loan with a two per cent deposit would take less than three years.

Consistent with Keystart's target market, for 2016-17:

- 71 per cent of Keystart loans were for people who were previously renting
- 88 per cent of loans were for first homebuyers
- 76 per cent of buyers were aged 20 to 40 years
- 69 per cent of purchases were in the lower price quartile range
- 86 per cent of loans were in the well-established markets of Perth and Peel
- the major occupations of borrowers include technicians and tradespeople, sales, clerical and administrative position holders, carers and aides, labourers, those working in the education and health sectors, hospitality, retail and service workers, and construction tradespeople.

Since January 2010, 62 per cent of loans were for new construction rather than the purchase of an established home, creating an indirect benefit in generating economic activity and jobs.



Shared equity home owner, Doubleview

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Affordable sales

Through the affordable sales program the Authority continued to provide people on low to moderate incomes with the opportunity to purchase a home, including detached and semi-detached houses, units and apartments in proximity to employment nodes, amenity and strategic transport links in both metropolitan and regional locations.

Since its inception, the affordable sales program has provided the market with more than 3,100 dwellings.

In 2016-17, 387 homes were completed for sale to the market, worth approximately \$135 million. Of these, 153 sales were part of the shared equity home ownership scheme, worth a total of \$50.2 million.

The average price per dwelling sold under the program was \$356,112 (full sale price). Of the total dwellings sold, 90 per cent have been sold under the median dwelling price and 66 per cent were below the lower price quartile.

An Affordable Housing Memorandum of Understanding between the Authority and the Metropolitan Redevelopment Authority (MRA) was signed in August 2016. The memorandum supplements the 2013 Heads of Agreement between the two agencies, under which the Authority has delivered affordable housing within the MRA's redevelopment areas. To date, affordable owner-occupier opportunities have been created through fixed shared equity sales within East Perth and Subiaco.



Affordable rentals

The Authority supports access to affordable rental housing opportunities for low to moderate income households by:

- providing financial assistance, such as bond assistance loans, to consumers to support them in obtaining rental accommodation
- providing support to help people with adequate earning capacity transition into affordable housing options
- supporting the National Rental Affordability Scheme; investing in affordable rental projects and providing incentives to owners and landlords to make properties available.

Financial assistance for private rental tenants

The Authority assists eligible Western Australians to enter private rental accommodation by supplying an interest-free loan to help pay the rental bond and two weeks' rent in advance.

A private rental assistance loan is also offered as an early intervention mechanism for Aboriginal clients to sustain their private rental tenancy when rent arrears caused by extraordinary circumstances place them at risk of eviction. Clients are provided with an interest-free loan of up to six weeks' rent.

In 2016-17, bond assistance loans continued to be a popular product to ease the financial pressures of moving into private rental accommodation. Over the year, 14,925 bond assistance loans (including rent in advance payments) and 75 private rental Aboriginal assistance loans were issued to the value of \$17.98 million.

Support to transition into affordable housing and rentals

The Authority is committed to encouraging those tenants who are able to transition out of the social housing system to do so. Tenants who are no longer eligible for public housing are actively assisted to pursue a range of affordable housing options including through the Authority's transitional housing projects, community housing, the National Rental Affordability Scheme, private rentals, the Assisted Rental Pathways pilot and home ownership through various schemes offered by the Authority and Keystart. In the past four years, more than 656 tenants have been supported to transition into alternative affordable accommodation.

National Rental Affordability Scheme

The National Rental Affordability Scheme (NRAS) is a Commonwealth initiative delivered in partnership with State and Territory governments to invest in affordable private rental housing. The scheme aims to stimulate the supply of new dwellings, which are owned by private investors and rented to eligible low to moderate income households for at least 20 per cent below market rates for up to 10 years.

Investors receive a financial incentive for each total annual incentive was \$11,048 per dwelling – the Commonwealth's component was \$8,286 (as a refundable tax offset or payment) and the State's component was \$2,762 (cash or in-kind support).

As at 30 June 2017, 4,082 NRAS properties had been delivered across Western Australia since the commencement of the scheme in 2008-09.

In 2014, the Commonwealth Government decided not to proceed with round five of NRAS, signalling the cessation of the scheme. This resulted in a loss of 1,568 incentives in Western Australia. In addition, complications with the scheme have resulted in delayed delivery of incentives. The Authority is continuing to work closely with the Commonwealth Department of Social Services and approved participants to ensure that as many incentives as possible are delivered in Western Australia.

Affordable housing for people with specific needs

While shortage of affordable housing has a major impact on a wide range of low to moderate income households, specific groups within the community face particular disadvantages and impediments in the market.

Transitional housing

Recognising that there are impediments and barriers that prevent people with capacity from transitioning along the housing continuum, the Authority provides special purpose housing and works in partnership with support service agencies and other stakeholders to address the issue.

By combining housing assistance with targeted support services, transitional housing works to drive long-term improvements in the lives of capable and motivated people, while providing a pathway for them to achieve their optimal housing outcome.



Transitional housing tenant, Halls Creek

People with disability or mental illness

Access to appropriate and affordable housing remains a challenge for many people with disability. People with physical disability face a double disadvantage as most dwellings require modifications to standard housing specifications. In addition, mainstream rental housing provides very little opportunity for the group in terms of affordability and appropriateness.

In 2016-17, the Authority procured 12 homes to provide long-term rental housing for people with disability who require ongoing support to live in the community. With funding from the (former) Disability Services Commission, construction commenced on a further two homes specially designed to cater for the requirements of the occupants (based on the nature of their disability) which will allow them to live more independent lives within the community.

The Authority continues to provide housing for people with disability and/or mental illness through its vacation and reallocation process for the Community Disability Housing Program.



Social housing tenant



Seniors

Seniors are among the most vulnerable in the community. In 2016-17 the Authority worked closely with specialist care providers, local governments and regional development commissions to deliver housing for people aged over 55 in various metropolitan and regional locations.

Ridgewood

A partnership with not-for-profit aged-care provider Southern Cross Care, the Ridgewood project will provide a range of tenures including social housing, seniors' housing and affordable house and land opportunities. Situated 37 kilometres north of Perth on a 6.8 hectare site, Ridgewood will feature a commercial precinct with a supermarket and other retail stores, as well as a medical centre and other health care services.

In accordance with the Development Management Agreement, ownership of the site was transferred to Southern Cross Care in January 2016 to facilitate the delivery of the project. The launch to market is expected in late 2017.

Manjimup Seniors Living Project

The Authority's Manjimup Seniors Living Project located almost 300 kilometres south-west of Perth has the potential to deliver up to 50 affordable, age-friendly independent living units for seniors to purchase or lease, less than one kilometre from the town centre and close to key services and amenities. The project will fill a gap in the market for homes for seniors in the area looking to downsize and will provide smaller modern dwelling types on cottage lots.

The delivery of quality, affordable housing and operational management to cater for people in the region aged over 55 is being made possible with \$2 million of Royalties for Regions funding provided via the Shire of Manjimup.

Staged delivery over four years will see 10-15 units per annum released to the market. Civil works will commence in late 2017.



Bethanie Peel seniors' housing development

The final stage of the Bethanie Peel seniors' housing development was officially opened in early 2017, providing much needed social housing for seniors in the Peel region.

The Coodanup development provides opportunities for seniors to transition out of their existing rental housing into secure, supported accommodation that suits their needs, enabling them to age in place.

Delivered in partnership with Bethanie Housing Limited, the second and final stage of the development has provided 32 one-bedroom and 66 two-bedroom units for seniors.

Bethanie's General Manager of Property Development, Jacob Hollenberg, said the project had delivered a new style of social housing for seniors.

"The support of the Housing Authority has allowed Bethanie to develop a successful campus model of delivering social housing for seniors in a supportive environment that has a real sense of community," he said.

The Bethanie Peel complex is supported by onsite management and communal facilities including a club room, library, gym, hairdressing salon, playground, craft room and barbecues.

It is also located in close proximity to the Mandurah Forum Shopping Centre and the Mandurah Train Station.

The Authority's Partnering and Contract Development Manager, Ivor Byrde, said the development showcased a modern approach to housing.

"It's designed with users in mind, with a focus on independent living, delivered through an innovative partnership between government and the private sector," he said.

The Authority and Bethanie have partnered previously to deliver high quality, affordable seniors' housing in the region, with the Authority providing grant funding to Bethanie for the first stage of the Coodanup complex in 2011. A total of 194 units have been developed on the site.

Employment based housing

The Authority delivers workers' accommodation in regional communities under the Affordable Housing Strategy and Royalties for Regions – Housing for Workers initiative. This program aims to address shortages of supply of appropriate and affordable housing in regional locations, especially in areas linked to major economic development or where there is an absence of an affordable private rental market for employees.

With targeted developments such as key and service worker housing and employment-related accommodation, this initiative ensures key community and essential services are maintained in regional areas, enabling small to medium businesses and non-government organisations to attract and retain qualified and experienced employees to maintain or expand services.

Key service worker housing

The Royalties for Regions – Housing for Workers initiative provides homes for key workers in regional Western Australia in areas where housing markets are experiencing critical shortages in affordable and appropriate housing. The State Government committed \$203.3 million over seven years (2011-12 to 2017-18) to the initiative and funding has been allocated to 10 projects in various locations across the Pilbara, Kimberley, Gascoyne, Peel and Wheatbelt.

These projects are expected to provide 584 housing opportunities for regional key workers, with 549 units delivered to date and the remainder scheduled to be delivered by 2017-18. Projects have ranged from individual houses to key worker villages, providing homes for employees of local businesses, not-for-profit sector organisations, government and the wider community.

Aboriginal employment and education housing

The Authority continued to provide employment and education housing facilities for Aboriginal people entering the workforce or undertaking employment training courses in the Kimberley and Pilbara regions.

Service providers are engaged to manage the facilities and provide support services to the residents. Each facility is being assessed to ensure it continues to address the housing needs for Aboriginal people from regional towns and remote communities.

Following the Minister for Housing's announcement in June 2017 of \$12.8 million in funding for an Aboriginal accommodation project at St Catherine's College at the University of Western Australia's Crawley campus, construction will commence in the second half of 2017. The new accommodation at the college, will double the capacity of the Dandjoo Darbalung Program to 100 students. Designed to support Aboriginal students from regional and remote Western Australia to take up further education and employment opportunities in Perth, the program is expected to be fully operational by the start of semester one in 2019.

Housing for non-government organisations

The affordable housing shortfall in some regional locations can severely impact on the ability of non-government organisations to deliver key government-funded services to regional communities. Non-government organisations often struggle to attract and retain the necessary employees, partly due to the limited availability of affordable and appropriate housing. To date 101 dwellings have been delivered.

In 2016-17, the Authority delivered 10 dwellings in Broome, Halls Creek and Kununurra for non-government organisations. Practical completion of a further eight dwellings in Fitzroy Crossing and seven dwellings in Halls Creek will be achieved in 2017-18, following a prolonged wet season in the region which impacted the ability to complete the dwellings.

Government Regional Officers' Housing

The Authority is responsible for providing housing to more than 4,750 government officers who provide essential public services. These include education, law enforcement and other vital government services across the State's vast regions.

By 30 June 2017, the Authority managed 5,292 dwellings of which 2,883 were owned by the Authority and 2,409 were leased from the private market. During the year, 500 requests for accommodation in regional Western Australia from government agencies were satisfied by the Authority.

As part of the Authority's capital works program, 31 new dwellings were completed at a cost of \$19 million.

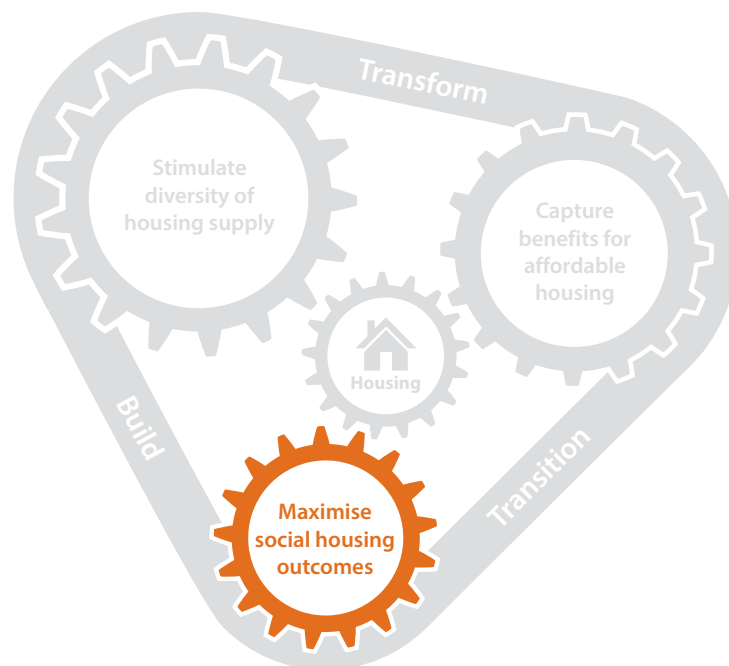
A number of Government Regional Officers' Housing properties throughout regional Western Australia were upgraded to meet client agency expectations and assist in the recruitment and retention of government employees. The refurbishment program also provided an economic stimulus for regional towns through local contractor employment.

In 2016-17 there was a reduced demand for Government Regional Officers' Housing which resulted in higher than usual lease cancellations and reversions of owned dwellings. Surplus properties located in stable property markets were targeted for sale as part of a four-year staged initiative to sell Authority-owned assets that are no longer required or fit-for-purpose.

Maximising social housing outcomes

The Authority supports a housing safety net for the community's most vulnerable, as well as providing a pathway to self-sufficiency for those who have the capacity by:

- diversifying and creating efficiencies in the social housing delivery system
- facilitating transition through the housing continuum
- growing the non-government sector to deliver a greater proportion of social housing
- working in partnership to develop and maintain a sustainable social housing safety net.



3,724

public housing applicants
accommodated including

1,715

priority applicants

Tenant
support



Tenant
management



**IMPROVE
MANAGEMENT
OF PUBLIC
HOUSING**



Maintenance
spending



Electrical Safety
Device Program

**KIMBERLEY
TRANSITIONAL
HOUSING**

>80%
school
attendance





Social housing tenants with Authority staff members



Public housing

The Authority provides public housing for the most vulnerable and most in need in the community, including housing for remote and town-based Aboriginal communities.

Collectively around 37,000 Western Australian homes are managed by the Authority and made available to families.

The Authority manages its services for clients through its network of local offices (Appendix 4: Housing Authority offices), contracted Aboriginal regional service providers, head maintenance contracts and contracted not-for-profit organisations (which manage more than 20 per cent of Western Australia's social housing).

The Authority also works in partnership with the not-for-profit sector to provide rental housing for people on very low and low incomes. Collectively this is known as the provision of social housing.

Waiting for housing

Demand for public and community housing greatly exceeds supply which cannot be delivered by the market and requires a significant subsidy.

While the trends have been more positive in recent years, there remain over 16,500 applicants seeking subsidised housing. This includes 1,590 with an identified priority need.

During 2016-17:

- 3,724 applicants, including 1,715 with a priority need, were accommodated in public housing
- on average, applicants waited 139 weeks to be housed.

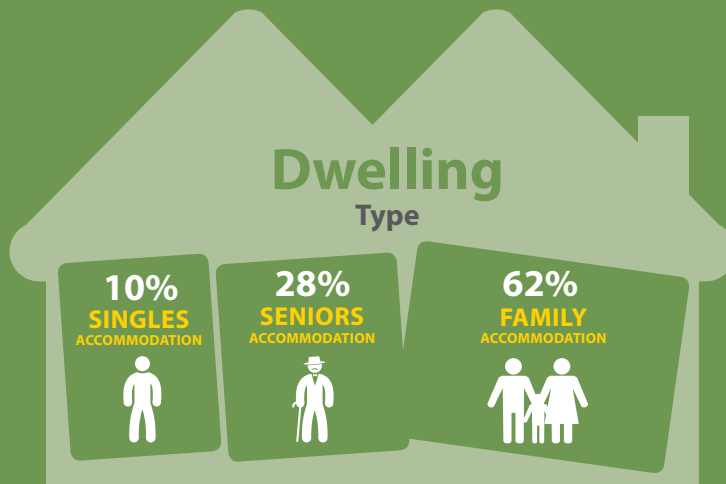
Factors influencing the time an applicant waits to be housed include the area in which housing is being sought, the turnover of properties in the region, the type of accommodation required, and the number and priority status of people ahead of the applicant on the waiting list. All public housing tenancies are reviewed annually for ongoing eligibility for assistance to ensure public housing is provided to those with the greatest need.

Managing tenancies

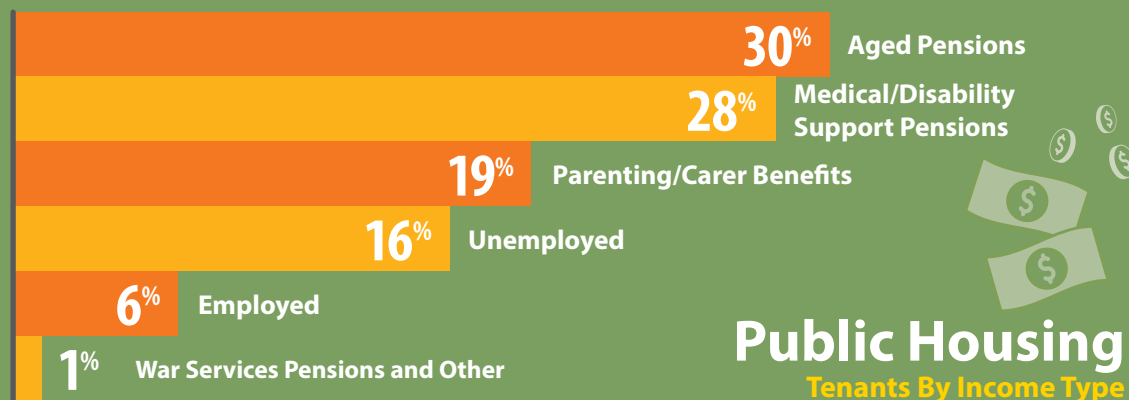
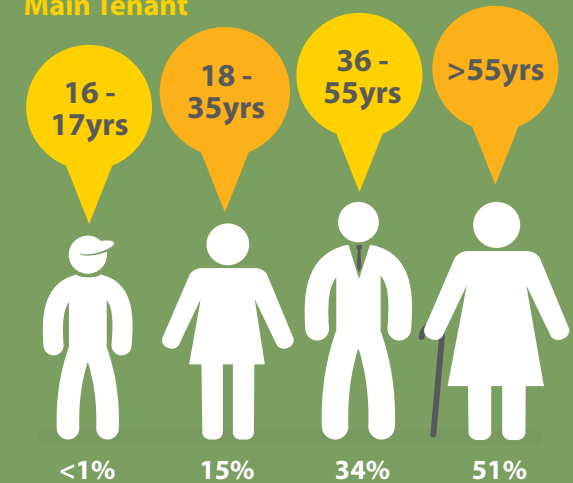
In 2016-17, the Authority provided safe and secure rental housing to approximately 37,000 households. The Authority works closely with tenants, other government and support agencies and community organisations to assist and encourage them in meeting their tenancy obligations and sustaining tenancies.

The Authority's public housing properties:

- are situated throughout Western Australia, with approximately 80 per cent within the metropolitan area and 20 per cent in regional areas
- range from one to six bedrooms
- comprise units, townhouses, duplexes and single detached dwellings
- are managed directly through a network of 11 regions across the State (Figure 8 and Appendix 4 lists the Housing Authority offices).



Age of Main Tenant



Indicative only, based on the ratio of first strikes issued during 2016-17 to occupied properties as at 30 June 2017.

Support and tenant education

The Support and Tenant Education Program provides a free case management service for tenants who are experiencing or at risk of having problems managing their tenancy including those at risk of eviction due to problematic behaviour, rent arrears or poor property standards.

In 2016-17:

- seven non-government organisations were funded to provide tenancy support
- 1,375 tenancies were referred to the program
- 786 participants exited the program of which 628 showed moderate to significant improvement in their tenancies
- the Authority continued to assist tenants to access financial counselling and social support programs provided by other government and non-government organisations.

Financial counselling

A partnership between the Authority, the (former) Department of Local Government and Communities and other government and non-government organisations to provide free of charge financial counselling services was established in 2015-16 and continued during 2016-17.

At 31 March 2017 around 16 per cent of clients (or 800) who attended the Financial Counselling Network were Authority tenants, of which 30 per cent presented with specific Authority-related issues and 82 per cent were able to maintain stable housing repayment arrangements.

80% improved tenancies

SUPPORT & TENANT EDUCATION PROGRAM

- Manage budgets
- Maintain households
- Resolve conflicts
- Understand obligations



Social housing tenant with Authority staff member

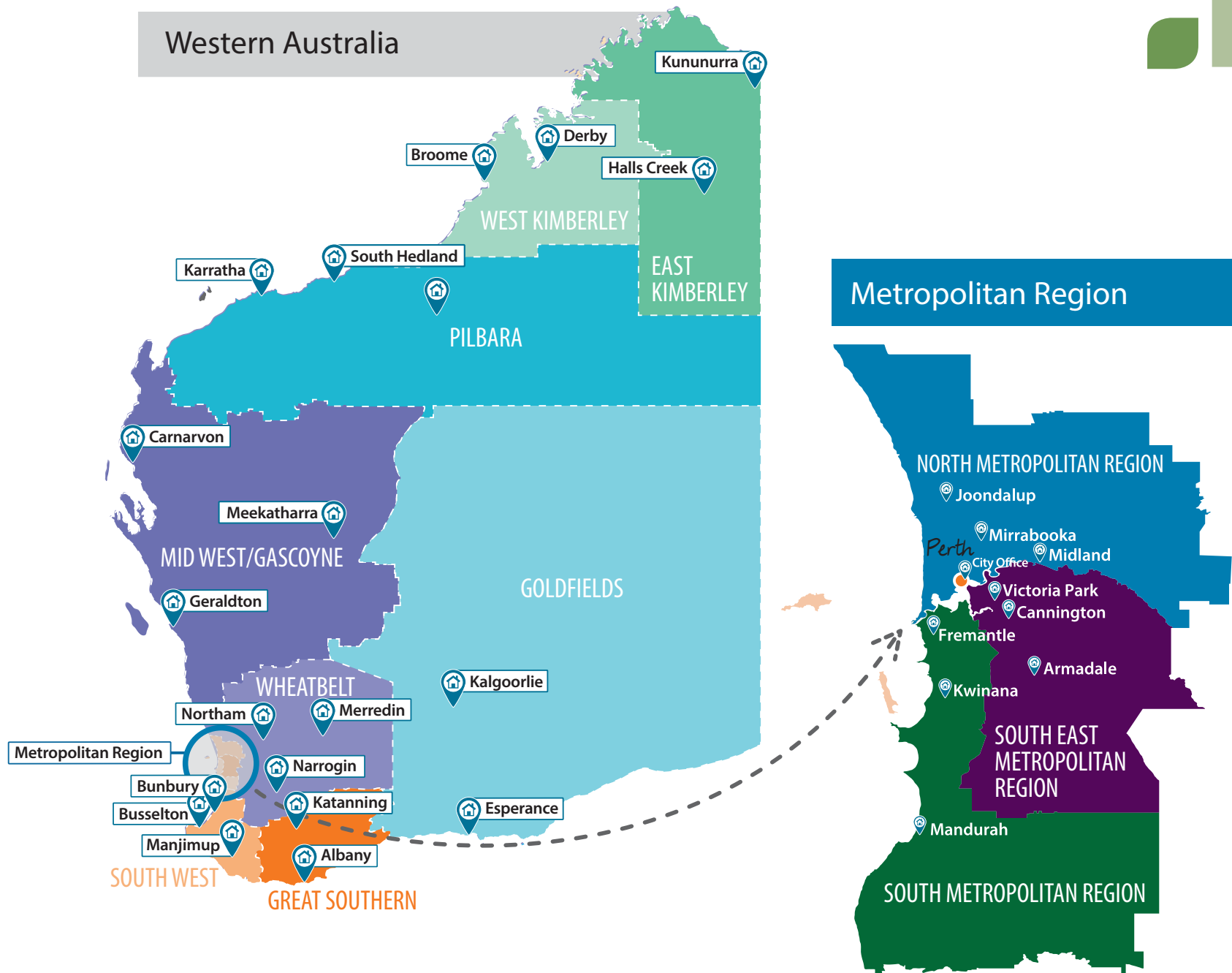


Figure 8 Map of Authority's service delivery regions and office locations

Housing appeals

The Authority’s public housing appeals mechanism offers applicants and recipients of public housing a quick, informal, thorough and fair means of appealing an administrative decision affecting them. The two-tier appeal process allows clients to provide further information regarding their appeal and affords them the opportunity to have a face-to-face discussion with members of the relevant Regional Appeals Committee. Each committee consists of one Authority representative and two independent community members.

In 2016-17, 2,305 appeals were recorded and progressed through the appeals mechanism. Of these, 43 per cent or 991 appeal submissions were successful and had the original decision overturned.

Fixed-term tenancies

A trial of probationary tenancies in public housing occurred during 2015-16 and informed the broader roll-out of new approaches to tenancy management in 2016-17.

The trial involved the Authority entering into six-month fixed-term tenancy agreements at the start of all new tenancies in the south metropolitan region. Prior to the trial, fixed-term tenancies had only been used where applicants with poor tenancy histories sought further public rental housing assistance. The trial was intended to improve the level of understanding among new public housing tenants of both community expectations and the Authority’s tenancy requirements.

Tenants who met relevant standards were transitioned to a standard periodic rental agreement at the end of the fixed-term period. Where tenants were identified as experiencing difficulties meeting their obligations, a further fixed-term tenancy could be offered with additional conditions and/or supports. Alternatively, where a tenancy was identified as dysfunctional and the tenant was unwilling to participate or engage with the Authority to resolve the issues, the tenancy agreement can be terminated at that point.

Disruptive behaviour management

The Disruptive Behaviour Management Strategy seeks to ensure tenants comply with community expectations for those receiving government-subsidised public housing. These expectations include that housing should be appropriately used by the residents, should be well-managed and should not negatively impact others in the local community.

The Authority views terminating a tenancy for disruptive behaviour or any other issue as a serious last resort option. Current disruptive behaviour procedures are based on the principle of providing tenants with the opportunity to resolve tenancy issues and modify behaviour (with relevant assistance), while also providing clarity and standards for tenants and the community regarding the consequences of continued ongoing disruptive behaviour. It includes making appropriate referrals to support services, including a Support and Tenant Education Program and the (former) Department for Child Protection and Family Support where children are involved.

Illegal use of premises

In 2016-17, the Authority continued to address illegal activities in public housing where such activities pose an immediate risk to the safety or security of people or property. Common issues include possession of prohibited drugs, drug paraphernalia and possession of stolen property. The Authority’s effective management in these instances helps to ensure that public housing is made available to people who abide by the terms and conditions of their tenancy agreement.

Authority data shows that in the vast majority of instances its management of disruptive behaviour is working. The impact of these efforts to drive improved tenancy accountability can be seen in the reduction in number of strikes issued between the first and subsequent strikes (Table 3).

Table 3: Summary of performance for 2016-17 relating to disruptive behaviour management and illegal use of the premises

Summary	2014-15	2015-16	2016-17 ⁽¹⁾
Total disruptive behaviour complaints	12,593	12,761	11,573
Total first strikes issued	1,171	1,090	877
Total second strikes issued	527	423	282
Total third strikes issued	170	134	101
Total tenancies ended after action to manage disruptive behaviour or illegal use of the premises had commenced ⁽²⁾	60	94	73

(1) Illegal use of premises complaints now included in 2016-17 figures. Previous years include disruptive behaviour only.

(2) Total tenancies ended have been updated to reflect the inclusion of tenancies managed for illegal use.

Community housing

Community housing includes social and affordable rental housing provided mainly by not-for-profit organisations and local government authorities at below market rent to low to moderate income tenants. The Authority continues to build the capacity of community housing organisations and has invested over \$555 million into the sector over the past seven years as part of the asset transfer initiative. This has occurred mainly through the title transfer of housing assets, head leases and provision of grant funding for dwelling purchase and refurbishment, together with relinquishment of the Authority's equity in joint venture arrangements. In 2016-17, a further 198 housing assets were delivered to the community housing sector as part of this initiative.

In 2016-17, the Authority initiated a new administrative regulatory system for the sector. The regulatory system aims to build capacity within the sector, improve tenant outcomes, increase investor confidence and provide greater protection for government assets. The system is responsive to government regulatory reforms and consistent with the National Regulatory System for Community Housing.

Transitional housing in the Kimberley

Transitional housing in the Kimberley provides stable, affordable social housing for Aboriginal people who are employed or in training, and who ensure their children attend school regularly. The Authority partners with not-for-profit organisations to manage the properties and deliver specific support services to assist Aboriginal people with capacity to transition along the housing continuum.



Transitional housing, Broome

East Kimberley program

As at 30 June 2017, the East Kimberley program:

- provided 55 properties (40 in Kununurra and 15 in Halls Creek)
- housed 107 individuals including 57 adults and 50 children (of the 57 adults, 41 are employed or in training)
- enabled three participants to purchase and move into their own homes
- enabled four participants to transition into private rental accommodation
- assisted eight families to begin the process of applying for home loans.

Children of participating families have a combined overall school attendance of 79.5 per cent, well above the regional average for Aboriginal children. The first successful participant in Kununurra, a single mother with four children, achieved her goal of home ownership after participating in the project for just 18 months.

In 2014, the (former) Department of Regional Development approved \$33 million of Royalties for Regions funding for capital expenditure to build 60 transitional housing dwellings in the West Kimberley, while the Authority contributed the land. In partnership with the Kimberley Development Commission, the final dwellings in the West Kimberley were delivered in 2016-17, ranging from one-bedroom to four-bedroom properties.

West Kimberley program

As at June 2017 the West Kimberley program:

- provided 40 properties in Broome and 20 in Derby
- housed 138 individuals - 83 adults and 55 children (of the 83 adults, 69 are employed or in training and all households have at least one working adult)
- enabled one participant to purchase and move into their own home
- enabled seven participants to transition into private rental accommodation
- assisted 46 families who are aspiring to reach home ownership.

Children of participating families have a combined overall school attendance rate of 95 per cent, well above the average for Aboriginal children.

Housing in remote Aboriginal communities

Managing tenancies in remote communities

The Authority delivers housing management services for 2,649 homes in 113 remote Aboriginal communities across the State. Of these homes, 1,480 properties are managed under a contractual arrangement and 1,169 houses are directly managed by the Authority. All rent collected under both delivery methods goes towards repairs and maintenance costs in the communities.

Contracts with five regional service providers (four of which are Aboriginal not-for-profit organisations) provide property and tenancy management services for the 1,480 properties. The contracts are managed under a quality assurance framework in line with legislative requirements and based on the Authority's public housing policies and practices.

The Authority continued to implement a rental transition program in remote Aboriginal communities for those who had signed a Housing Management Agreement with the Authority. Agreements have been established in 76 communities, impacting the management of more than 1,900 tenancies. All tenancies subject to Housing Management Agreements are progressively being aligned to the processes, policies and standards that apply to public housing properties.

Support for remote tenancies

In addition to the Support and Tenant Education Program, the My Tenancy My Home Public Housing Toolkit involves a collaborative approach to managing and sustaining tenancies in the most remote parts of Western Australia. Originally developed in 2012, the toolkit includes a number of storyboards which are used by employees and tenant support workers to tell the 'story of tenancy' and clarify the rights and responsibilities that come with renting. The tool also provides the ability to evaluate a tenant's progress over time. In late 2015, employees working in the Kimberley and the Ngaanyatjarra Lands refreshed the tool by adopting more images and easily recognisable emoticons to replace text, embracing a culturally sensitive approach to the delivery of housing management and tenancy support services.

North West Aboriginal Housing Fund

In January 2017, a four-year \$200 million North West Aboriginal Housing Fund was established as part of regional services reform to help break the cycle of generational welfare dependency and improve the lives of Aboriginal people in regional and remote Western Australia. The fund includes a \$25 million Commonwealth Government commitment from the National Partnership on Remote Housing.

The Regional Services Reform Unit (RSRU) was established within the (former) Department of Regional Development in 2015 to drive the reform and develop the Resilient Families, Strong Communities Roadmap, an initiative aimed at breaking the cycle of inter-generational welfare dependency. As one of 10 priority actions under the roadmap, the North West Aboriginal Housing Fund will be used to develop innovative housing initiatives to support Aboriginal people to move out of social housing and into transitional housing, private rental accommodation or home ownership and, in turn, put families on the path to greater educational and economic success and improved wellbeing.

In partnership with the RSRU, the Authority will deliver elements of the North West Aboriginal Housing Fund and in 2016-17 commenced initial works, assisting in the development of program logic and project co-design with local Aboriginal partnerships.

Planning is under way to develop 50 additional transitional houses in the Kimberley, which are funded through the North West Aboriginal Housing Fund and which align with the RSRU road map. At least 45 per cent of the construction workforce for these dwellings will consist of Aboriginal employees. The four year duration of the program will allow for the qualification of Aboriginal apprentices and trainees.

National Partnership on Remote Housing

A variety of housing and related services are provided to remote and town-based Aboriginal communities in Western Australia. The Commonwealth has provided funding under the National Partnership Agreement on Remote Indigenous Housing (NPARIH) helping address poor conditions and overcrowding, and improving property and tenancy management. NPARIH investment has also provided increased employment opportunities to local Aboriginal workers and businesses, and support for people wanting to move from remote communities to regional town locations.

Western Australia entered a new National Partnership on Remote Housing (NPRH) for 2016-17 and 2017-18, which replaced the final two years of the 10-year NPARIH agreement. The new agreement seeks to deliver similar outcomes to NPARIH but includes higher Aboriginal employment and business engagement targets. In addition, there is a focus on creating more Aboriginal home ownership opportunities.

Remote communities building and construction

The primary aim of the partnership on remote housing is to improve housing in remote communities. The majority of investment is directed at building and refurbishing housing and the Authority has endeavored to adopt a close relationship management approach with the private sector, involving builders early in the process to build new houses and undertake refurbishments of existing houses.

Additionally, NPRH contractors are required to provide a minimum of 40 per cent Aboriginal employment within their workforce and this requirement is being met within current contracts.

As part of the two-year \$9 million NPRH program, 25 refurbishments and 17 new houses were completed in 2016-17, towards 30 June 2018 targets of 181 and 133 respectively.

The Authority has successfully supported Aboriginal employment, business development and apprenticeships within this program through its construction programs and projects. Small and medium-sized Aboriginal businesses are supported under the 2016-2018 NPRH, with approximately 45 per cent of the works being contracted to Aboriginal-owned or managed businesses. Additionally, NPRH contractors are required to provide a minimum of 40 per cent Aboriginal employment within their workforce and this requirement is being met within current contracts.



Improving outcomes for students

Broome North Primary School Principal Noel Morgan has seen firsthand the positive impact the Authority's Transitional Housing Program has had on the families in the Waranyjarri area.

Mr Morgan has found that the program is providing families so much more than a place to call home. By requiring that all school aged children regularly attend school, the program is setting children up for a brighter future.

Mr Morgan said about one-quarter of Indigenous students at Broome North are involved in the Transitional Housing Program—and he has seen the difference it makes to the lives of the children involved.

"We see a different type of student come to our school when the families are immersed in transitional housing," Mr Morgan said.

"We see students who are well balanced, well prepared, and certainly their attendance rate is significantly higher than the average of students not in transitional housing.

"The families, by nature, are much more engaged with the school on a positive level.

"The commitment that the parents need to make to be part of the program assures us that there is an ongoing and viable commitment to an education for their children."

Mr Morgan said the program ultimately benefits all involved, labelling it a "real win-win situation".

"It's probably one of the more profoundly positively influencing programs that we've seen come through in a long time.

"It's well resourced, well implemented, well maintained, and the governance and accountability—and the accountability of families—are absolutely positive.

"We're very happy to be engaged with the Transitional Housing Program."



Aboriginal short stay facility construction, Broome

Delivering municipal and essential services in remote areas

In 2016-17 the Authority provided a range of essential and municipal services to more than 11,000 people living in remote communities during the year.

Essential services include periodic maintenance and breakdown services for power, water and waste water across 165 remote Aboriginal communities. Municipal services or local government-type services include maintenance of roads and drainage, rubbish collection and landfill management, management of public areas and maintenance of airstrips.

On 1 July 2015 the Authority, on behalf of the State Government, assumed responsibility for the delivery of municipal services and some essential services formerly provided by the Commonwealth Government to 165 communities. During 2016-17 all but five of the 165 remote communities were visited by Authority employees, many on multiple occasions. Field surveys of each community were used to document and assess the state of infrastructure and services. Following completion of the reform process, the Authority intends to put the required services out to public tender in late 2017, with contracts to be appointed by 1 January 2018. In 2016-17, State Government funding of approximately \$25.63 million was provided for the delivery of municipal and essential services to remote communities.

Additional investment was allocated under the NPRH for extensions and upgrades to essential service infrastructure to support the agreed building program. However, much of the infrastructure in remote communities is beyond normal service life and the Authority is actively working with communities and service providers to manage the risk of failures and maintain services.

Maintaining properties

Maintenance services are performed on more than 42,000 residential properties owned by the Authority, including Government Regional Officers' Housing homes and 113 remote and town-based Aboriginal communities.

During the year, the Authority issued an average of over 19,000 job orders per month across 11 administrative regions around Western Australia, with services managed by a central business unit. This ensured tenant safety, asset protection and the longevity of stock. Maintenance work was carried out as required when a property was vacated, on a day-to-day basis as repairs became necessary or through planned programs.

In 2016-17, \$199.2 million was spent on day-to-day maintenance, vacated maintenance, refurbishments and improvements, planned and cyclical maintenance, estates maintenance and insurance work.

Since July 2015, maintenance services to town and remote Aboriginal communities have been delivered under the Authority's head maintenance contract. This contract sets an aspirational target of 20 per cent Aboriginal employment and the head contractor is encouraged to engage with Aboriginal trades and business as subcontractors to work towards the target.

In accordance with the recommendations of the Public Accounts Committee (Report no.s 8 and 13), each year the Authority publishes information in relation to the head maintenance contract model, providing an overview of the head contractors' performance to demonstrate how the Authority is realising better maintenance outcomes in the areas of timeliness, reduced costs, and quality of workmanship. This information for 2016-17 can be found in appendix 2.

Housing Direct

The Housing Direct call centre operated year-round receiving more than 182,000 inbound calls and 43,000 online forms relating to the management of customer enquiries, maintenance repairs and complaints about potentially disruptive behaviour. This represented an average of over 600 enquiries each day. When the Authority's maintenance contracts extended to work in Aboriginal remote and town-based communities in 2016, Housing Direct began coordinating maintenance services to the most remote areas of Western Australia.

Maintenance contracts

Maintenance services are delivered across social housing, Government Regional Officers' Housing and Aboriginal housing (town-based and remote communities) via the Authority's four head maintenance contractors:

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

Head contractors are managed under a performance management framework which operates on an incentive and abatement process including following up non-compliance issues. Key performance indicators are used to assist in identifying performance issues and informing business improvement opportunities. Details of the operational performance of the contractors are provided in Appendix 2.

Asbestos management

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

Electrical safety

The Authority has invested significantly over the past five years in improving its management of safety devices and has made substantial progress towards its goal of achieving a best practice approach by:

- introducing a 365 day inspection regime to ensure devices are installed and functioning in all public housing properties
- commissioning new technology to enable employees to more effectively identify, report and action the replacement of damaged or faulty safety devices during inspections
- improving oversight and quality assurance of the inspection process to ensure all failures are appropriately actioned
- improving maintenance procedures and contracting arrangements to ensure identified faulty or damaged safety devices are replaced within eight hours
- replacing the Authority's core information management systems with the Habitat tenancy management system to enable it to capture, maintain and interrogate information on safety devices fitted to its properties
- awarding a public tender for qualified technicians to inspect and collect information on safety devices
- implementing rigorous competency-based training for frontline employees involved in inspecting safety devices.



Authority staff member

In 2016, the Authority implemented an electrical safety device program to inspect and re-baseline safety switches (residual current devices), smoke alarms and main earth wires within all public housing properties owned by the Authority by 2020.

Independent inspectors have been engaged to perform the electrical inspections and gather the necessary data required to manage and maintain electrical safety devices going forward. An automated process captures safety device inspection certificates and asset information electronically, simultaneously updating the information in the Authority's core information management system and automatically issuing work orders to the maintenance head contractor as required. Daily dashboard-style reporting provides real-time data on the progress of the program in each administrative region.

The \$26 million, three-year inspection and testing program is on track and anticipated to be completed by December 2019. The program includes inspection (and, where necessary, replacement) of safety devices at all of the Authority's properties. As at 30 June 2017, 9,304 properties had been inspected.

Transforming the organisation

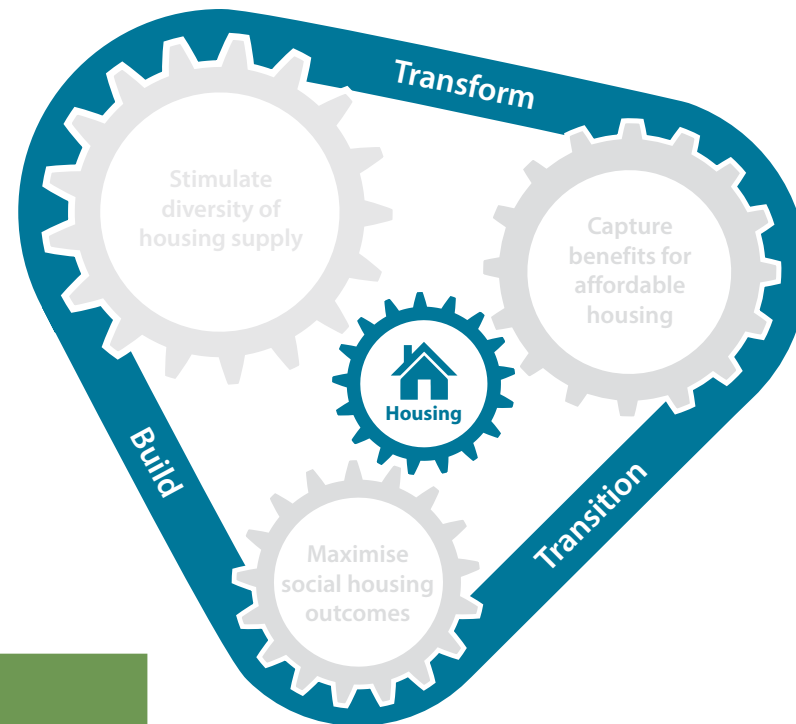
Transforming the Authority continued by aligning capability and capacity to deliver the Authority's strategic direction.

The Authority is transforming how it goes about doing its business as it strives to become a world-class housing agency. This includes reviewing and updating systems, processes, services and practices on an ongoing basis. The Authority has a proud history of innovating with new products, policy settings, services and procurement practices to meet the needs of the community. Innovation is embraced across the organisation from its corporate functions to frontline service.

By transforming the way it engages with stakeholders, the Authority can make better policy decisions and influence housing outcomes.

Better use of digital technology will enable the Authority to design systems for the future, creating efficiencies for customers and contractors.

The Authority strives to employ well-qualified, value-based, adaptable people in all areas of the organisation. Investing in leadership and employees' capability enables the Authority to have the right skills for now and the future. The Authority relies on the diverse backgrounds, skills and contributions of its employees and promotes an inclusive working environment reflecting the complexity and diversity of the community it serves.





DIGITISATION

- **Electronic conveyancing** - fully digitised property conveyancing process
- **Tenders** - fully digitised tender evaluation process

SYSTEMS

- **Cloud computing capabilities:** Sharepoint and Microsoft 365
- **Project and portfolio management tool**



AWARDS

Australasian Reporting Awards
Silver

Urban Development Institute of Australia (WA)
2016 Awards for Excellence

- The New North
- The Village at Wellard
- Annie's Landing Ellenbrook

CitySwitch Green Office Award

Learn X Best Induction Project
Welcome to Housing
Gold

Auscontact Awards



PEOPLE

Developing capabilities and leadership:
Leadership speaker series

Diversity and inclusion:
Aboriginal Leadership and Mentoring Yorga Djenna Bidi Program

Business operations

Fremantle office relocation

In November 2016, it was announced that more than 1,500 employees of the Authority, the (former) Department of Corrective Services and the (former) Department of Transport would move to new office space in Fremantle in the second quarter of 2020 to support the growth of urban office precincts.

Early preparations commenced during the year and will be considered in the context of preparing an accommodation plan for the new Department of Communities next financial year.

Interagency agreements

The Authority works closely with various government and non-government agencies to assist Western Australia's vulnerable and most in need. These collaborative efforts are in place to aid mutual clients in stabilising their lives and enhancing future outcomes.

During 2016-17, the Authority entered into new partnerships and agreements with various government and non-government organisations, including:

- Safer Pathways for Women and Children Program – a partnership between Zonta House Refuge and the Authority to help support and improve the lives of women and children affected by family and domestic violence
- Homes for Carers Program – a partnership between the (former) Department for Child Protection and Family Support, Foundation Housing Limited and the Authority which leverages off the private rental market to provide more suitable housing for carers
- a partnership between Water Corporation and the Authority to promote water efficiency practices to support the most vulnerable tenants in saving water and reducing their water bills.

Partnerships and stakeholder engagement

The Authority continues to deliver on its commitments through partnerships within government and with the private and not-for-profit sectors.

During 2016-17 the Authority supported and worked with a wide range of stakeholders in the housing sector including the Real Estate Institute of Western Australia, Housing Industry Association of Western Australia (HIAWA), Urban Development Industry Association of Western Australia (UDIWA), Property Council (Western Australia) and Master Builders Australia. These collaborations helped drive the transformation of the Western Australian housing sector, including helping the Authority to leverage Government resources and procurement to lead and drive innovation and market responses.

The Authority is a corporate member, partner or sponsor of a range of industry associations such as the UDIWA, the Property Council, the HIAWA, the Australian Urban Design Research Centre, Leadership Western Australia and the Institute of Public Administration Australia. These relationships allow the Authority to engage thought leaders and policy makers and access valuable research and information that supports the Authority and its work.

The Authority is also an active participant in industry events and forums that build cross-sector engagement, including the Partnership Forum between the State Government and not-for-profit sector.

During the year, the Authority continued to work closely with organisations that represent the interests of vulnerable Western Australians in need of affordable housing, including the Western Australia Council of Social Services and Shelter WA. One of the key mechanisms for engaging with these and other key stakeholder groups is the Housing Advisory Roundtable, which provides a forum for strategic social policy discussion between the Authority and key stakeholders. The Roundtable is co-chaired by the Authority and Shelter WA.

Housing Industry Forecasting Group

Comprising key industry and State Government agencies, the Housing Industry Forecasting Group continued to be a reliable source of housing supply information and forecasts for Western Australia through its twice-yearly reports. LandCorp, Landgate and the Property Council joined the Housing Industry Forecasting Group in 2016-17, bringing valuable insight to the consensus-based forecasts on supply trends which inform policy makers and industry. In 2016-17, the Authority and the (former) Department of Planning continued to jointly fund and provide the secretariat function of the group. Reports are made available to the public.

Affordable Housing Working Group

Throughout 2016-17, the Authority actively participated alongside the Western Australian Department of Treasury in the Commonwealth Government's Affordable Housing Working Group, which was established in early 2016 to identify potential financing models to increase the provision of affordable rental housing for people on low incomes.

Following on from the Working Group, the Commonwealth Government announced the establishment of the National Housing Finance and Investment Corporation (NHFIC) as part of the 2017-18 Federal Budget. The NHFIC will act as a financial intermediary between the capital markets and registered providers of affordable housing, and provide long-term well-priced finance to help providers grow their affordable rental portfolios.

Peak body arrangements

In 2016-17, the Authority continued its relationship with Shelter WA as the peak body for affordable housing, providing a voice for the sector and advice to Government. Shelter WA encourages consumers, housing providers, Government and industry across Western Australia to work together to address housing affordability issues for low to moderate income earners. Through its policy advice and stakeholder input, Shelter WA has engaged with a number of the Authority's strategic policy projects.

Process improvement

The Authority is building on previous successes and continuing to transform how clients, contractors, service providers and employees experience its systems to help achieve its vision.

Transitioning to a digital environment

In 2016-17, the Authority transformed a range of operational processes facilitated largely through digitisation and automation. These achievements reflect the goals and principles of the Western Australian Government ICT Strategy (Digital WA). The implementation of several new information systems has resulted in improved quality and timeliness in responding to business needs. Improvement in digital processes has been achieved through system analysis, skill sharing across the Authority and access to new technology made possible with the implementation of cloud computing capabilities within Microsoft 365 and SharePoint Online.

Electronic conveyancing

Consistent with the Government's Digital WA strategy, significant progress continued to be made to move from a paper-based, standard mail and cheque system to a fully digitised property conveyancing process. The Authority has already become a subscriber to the online electronic conveyancing browser platform PEXA (Property Exchange Australia) and continued to trial the lodgement of conveyancing documents electronically with Landgate.

Access control in tendering

In 2016, the Authority received and processed 665 tender submissions, each tender submission contained, on average, more than 150 pages. There was a 17 per cent increase in the number of Authority electronic tenders published on Tenders WA, with a 45 per cent increase in electronic submissions received and processed by the Authority. This reflects the strong trend towards a digital working environment and reducing paper use.

With the aim of digitally transforming the end-to-end process of receiving and evaluating tender submissions, a pilot project referred to as 'Access Control' was undertaken in 2016-17. The pilot highlighted how digitisation strategies can contribute to transforming business operations and achieving a greener work place. The pilot significantly reduced paper use, improved operational efficiencies and increased the security and confidence in the transmittal of private documents submitted by external parties.

Innovation

The Authority's Innovate program provides the opportunity for individuals to develop business improvement, team work, creativity and strategic thinking skills. Since the program was introduced in 2013 more than 600 unique ideas have been submitted by employees contributing towards more efficient service delivery, more comprehensive business intelligence and reporting, and new ways to help meet the challenge of providing fit-for-purpose housing for an aging population.

The Authority has maintained its position as a key supporter of innovation across the public sector. By hosting and participating in cross-sector events and communities of practice, the program continues to facilitate innovation and business improvement as a key focus across Government.



Project and portfolio management system

In 2016-17, the Project and Portfolio Management (PPM) system was launched, providing the next evolution in the agency's commitment to project management discipline and offerings. The system uses the newly launched Microsoft SharePoint and Project Online applications to draw information from each project and report on performance on all projects across the business.

The PPM system provides the ability to manage at an organisation level and produces information that assists project boards and the Corporate Executive to have oversight of portfolios, programs and projects across the Authority.

During the year business units introduced a standardised methodology for evaluating and implementing process and functional changes.

This consistency in reporting and use of a project management approach will increase operational efficiencies in response to risks and changes and assist in managing expectations from external project stakeholders



Authority's workforce

The capability and commitment of the Authority's people is central to achieving the Authority's vision of Opening Doors. In 2016-17, the Authority further aligned its corporate planning and workforce planning processes, and continued to offer programs that focus on developing employees from key diversity groups.

In 2016-17, the Authority employed 1,792 people (1,670 full time equivalents) at 30 locations around the State.

THE AUTHORITY
EMPLOYS

1,792
employees
(1,670 full time equivalents)



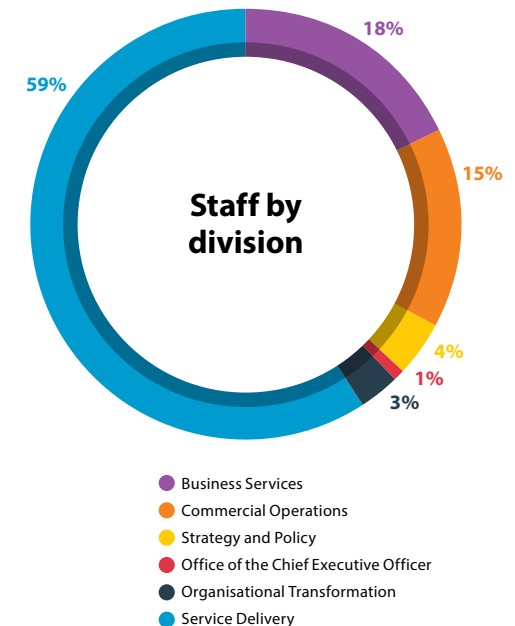
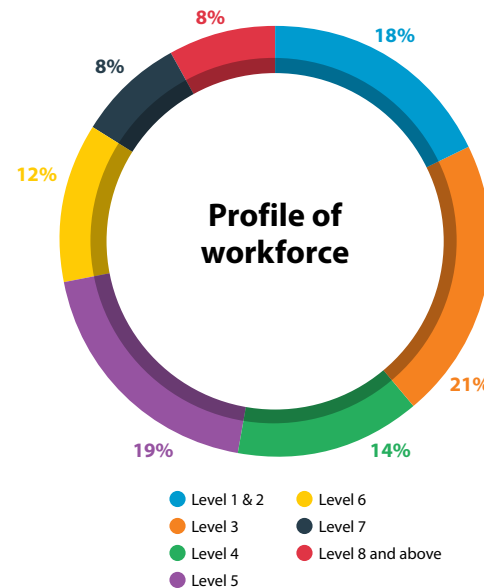
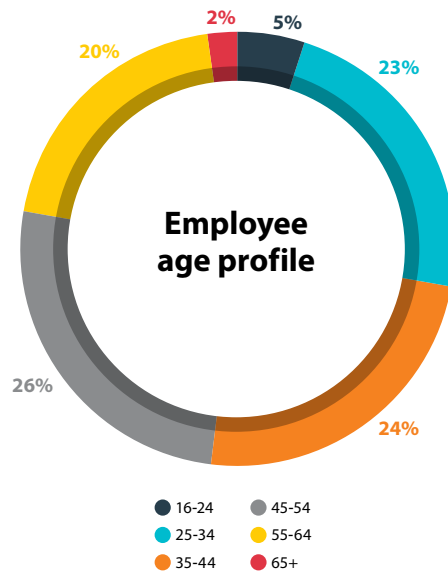
across
more than



LOCATIONS

20%
of employees
work outside
the Perth
metropolitan
area

Our employees are critical to organisational success and positive outcomes for clients.
The profile of our workforce shows our diversity.



Culture and values

The Authority incorporates its core values into all aspects of organisational development and service delivery.

In 2016-17, support for a constructive workplace culture continued through a comprehensive induction program for new employees, including training that covers the Authority's Code of Conduct and policies on accountable and ethical decision making, substantive equality and prevention of bullying, harassment and discrimination.

Strategic People Plan

In 2016-17, the Strategic People Plan for the next five years was developed to position the Authority to meet the organisational transformation challenges of the future. The plan supports whole of government objectives including the delivery of more efficient and effective services.

The plan is focused on remaining responsive in a dynamic environment. Key strategies ensure that the future work environment and workforce is flexible, adaptable and positioned to deliver public value.

The plan was developed by a diverse cross-section of employees. Their active participation in the planning was a collaborative process that demonstrated the organisation's values.

Diversity and inclusion

A diverse and inclusive workforce underpins the Authority's effectiveness, including its relationships with customers, the community and partners.

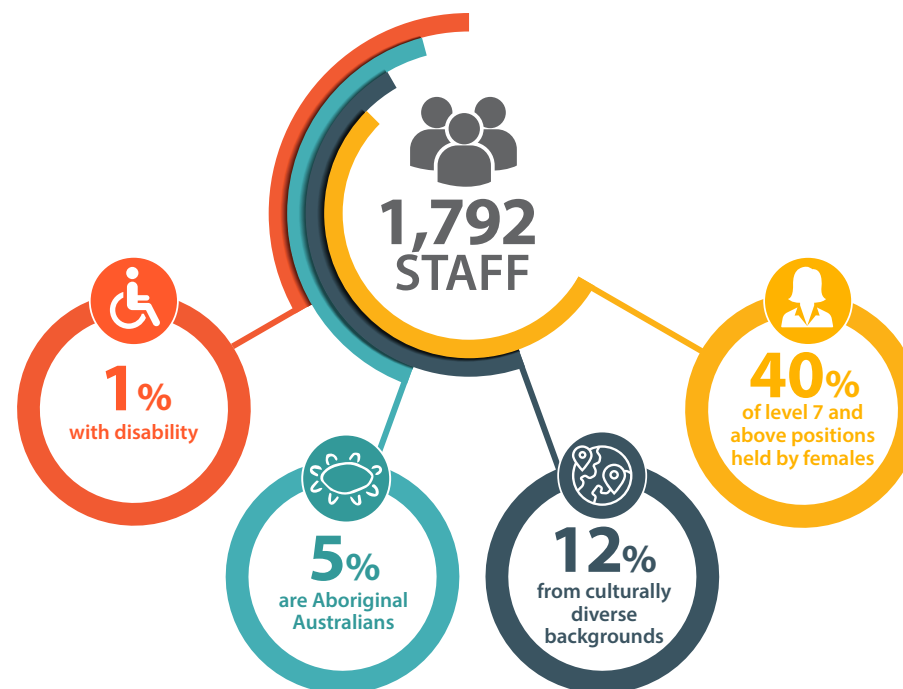
The Authority's diversity strategies aim to increase representation of and support for Aboriginal and Torres Strait Islander people, people with disability and women in senior management.

Reconciliation

The Authority's vision for reconciliation is a culturally inclusive workplace that respects and values the contribution of Aboriginal and Torres Strait Islander members of its workforce and partners. The Reconciliation Action Plan outlines a range of strategies to achieve that vision. Strategies include promoting career development opportunities for Aboriginal and Torres Strait Islander employees and their contribution towards sustainable business growth and economic participation for Aboriginal and Torres Strait Islander people. The Reconciliation Action Plan is overseen by a working group comprising a diverse mix of Aboriginal and non-Aboriginal Authority employees from around Western Australia.



Authority staff member



Aboriginal employment

Aboriginal employment and engagement continued to be a priority for the Authority and, in 2016-17, the number of Aboriginal employees increased from 73 (four per cent of the total workforce) to 82 (five per cent of the total workforce).

The Aboriginal and Torres Strait Islander Employment Strategy 2012-2017 assists the Authority in increasing the representation of Aboriginal and Torres Strait Islander employees across the organisation. Key highlights from 2016-17 include:

- 45 employees attended the annual Aboriginal and Torres Strait Islander employee conference, designed to connect and support employees and provide professional development opportunities
- five employees were awarded Aboriginal Leadership and Mentoring through South Metropolitan TAFE
- two employees completed the Yorga Djenna Bidi Program through Leadership WA's Aboriginal Women's Leadership Initiative
- 11 Aboriginal employees trained as recruitment panel members to enhance cultural security in recruitment processes

Aboriginal cultural protocols including Welcome to Country or Acknowledgement of Country were observed at all events.

Jawun Indigenous Corporate Partnerships

In 2016-17, an employee was sponsored to share their skills and experience with Aboriginal people and organisations through the Jawun Secondment. The Jawun experience provides employees with the opportunity to gain first-hand experience living and working with Aboriginal people in the Kimberley region, building relationships, respect and providing opportunities

National Aboriginal and Islanders Day Observance Committee (NAIDOC) Week

The Authority continued its sponsorship of the Male and Female Elder of the Year Awards at the NAIDOC Perth Awards for a third year in 2016-17. This sponsorship helps acknowledge and celebrate the vital role that elders play in Aboriginal families and communities. The Authority celebrated NAIDOC Week with a range of activities including an opening ceremony with Welcome to Country by Elder Marie Taylor. Employees across the State volunteered in local community events including the Jacaranda Community Centre NAIDOC Family Day and the Town of Bassendean and Derbarl Yerrigan Health Service NAIDOC Family Day.



National Reconciliation Week

In May 2017, as part of National Reconciliation Week, the Authority held an all-employee event - 'Aboriginal employment and engagement: let's take the next steps' to facilitate early engagement in shaping a new approach to meaningful, practical, inclusive Aboriginal employment and to develop an integrated approach to Aboriginal engagement as part of its planning and decision making.

The Authority also supported National Reconciliation Week by again participating in the Department of Aboriginal Affairs' Street Banner Project. Reconciliation banners were displayed in prominent locations across Perth and the Cities of Armadale, Bunbury, Cockburn, Gosnells, Greater Geraldton, Kalgoorlie-Boulder, Perth, South Perth, Subiaco, Swan, Vincent and Shires of Bassendean, Broome and Victoria Park.

Aboriginal Art

The Authority's Aboriginal Artwork initiative was developed in 2012-13 to demonstrate respect for traditional custodianship and acknowledge the importance of Aboriginal culture. Local Aboriginal Art is displayed in the foyers of offices throughout the State. The Program demonstrates the commitment of the Authority to supporting Aboriginal and Torres Strait Islander people and contributing to the creation of culturally inclusive workplaces. There is a strong focus on community engagement and liaison with Aboriginal Elders, artists, community representatives and Authority employees. Displays of local Aboriginal artwork in 2016-17 included South Hedland, Mandurah, Merredin and Fremantle.

Attraction and retention

The Authority continued to implement the Workforce and Diversity Plan 2014-2017 strategies, including recruitment and retention activities which are building a talented, skilled and diverse workforce. The Authority practises an agile approach to recruitment, incorporating previously piloted pool recruitment into the Authority's suite of recruitment options.

Traineeships

The Authority maintained its active support for the Public Sector Commission's Aboriginal Traineeship and School-Based Traineeship programs.

The Aboriginal Traineeship program offers young Aboriginal trainees the opportunity to study for a Certificate II or III in Government (Public Administration) while working in a metropolitan or regional office. During the year-long program, trainees are supported by ongoing professional development and an Aboriginal mentor who provides guidance and cultural security. In 2016-17 five trainees successfully completed the program and joined the Authority as permanent employees. A new intake of six trainees commenced the year-long program in September 2016. In May 2017, trainee Thomas Betts represented Western Australia at the National Indigenous Youth Parliament.

Under the School-Based Traineeship Program, the Authority currently employs one school-based trainee in its metropolitan office.



The Authority's graduates 2016-17

Graduate program

The Authority offers a two-year graduate development program with a dedicated stream for Aboriginal graduates. The rotational program ensures each of the graduates has a unique experience, with opportunities to work across various business streams. More than 430 applicants applied for the 2017 intake. The program currently has eight graduates in progress, six of whom were appointed during the year.

Health and wellbeing

In May 2017, the Authority launched a new employee wellness program, 'OurWellbeing'. This program takes a new approach to delivering support to people working in regional areas and has an enhanced focus on mental health. A pilot mental health program in the Albany region achieved significant employee engagement and the outcomes will inform future mental health wellbeing initiatives.

Health and wellbeing events in 2016-17 included flu vaccinations, healthy heart and skin checks, and specialist fitness classes, all of which achieved good levels of participation.

Developing capabilities and leadership

During 2016-17 the Authority continued to develop employees and managers through a range of focused learning activities. This includes formal training, mentoring, regular feedback provided by line managers and buddies, leadership events and programs, and on-the-job learning. Supervisors and line managers participated in a management development program to support managers to develop effective people management practices in the coaching and development of their employees.

Leadership development in 2016-17 was enhanced through active participation in strategic planning, coaching and events. To develop potential future leaders from within the organisation, the Authority sponsored selected employees to participate in key leadership opportunities such as the Leadership WA program, and offered internal programs and events with a focus on building diversity in leadership.

With 19 per cent of the workforce located outside the Perth metropolitan area, flexible and responsive development has been essential to build capability in the regions. During the year, the Authority focused on blended training delivery in regional areas including tailored workshops delivered on-site in the regions implementing a job readiness training program for frontline officers.

Mentoring

The Authority's Mentoring Program supports participants to build networks, receive career support and guidance, and access role models.

The program is also building role models for the future. It includes a tailored stream for Aboriginal and Torres Strait Islander employees, in which all new employees are connected with a mentor. The proportion and classification level of women participating in the program has steadily increased since its commencement in 2013 to 88.

SNAPSHOT



Making a difference in people's lives

Neila Williams got her start at the Authority 20 years ago as a member of the agency's Aboriginal traineeship program, learning the ropes at the front desk of the Narrogin branch office.

In the years since, Ms Williams has taken up every opportunity that has come her way, which in June saw her permanently appointed to the position of Regional Manager, overseeing all service delivery in the Great Southern region.

Ms Williams has always been particularly drawn to roles in the Authority's Service Delivery division, finding enjoyment in dealing with clients face-to-face and collaborating with other service providers to ensure better outcomes for those clients.

"Here, in Service Delivery, you make a decision and you can see the outcomes," she said. "This has a huge impact on the client and their families, ensuring they have a home."

"That's what I really enjoy about my work."

Ms Williams said she has really appreciated the support she has received from her colleagues during her time at the Authority.

"This division is like a family. We are part of a really close-knit group of people who do nothing but support one-another."

"I've also been very lucky to have some great leaders and mentors who have given me really good advice about what works and what doesn't work on the ground—though of course some of that you need to work out for yourself."

While the agency has had a few name changes in the time Ms Williams has been employed, it has always kept its focus on providing Western Australians with a place to call home. This, Ms Williams said, is what has kept her here all these years.

"What I really love about what we do is being able to give people opportunities to get their lives back on track," she said.

"You can see people who have been living on the streets or living with family in overcrowded conditions and then they get their own house and they turn things around."

"We make such a difference in people's lives."

Investment in the regions

In 2016-17, the Authority targeted progressive development of regional managers and senior leaders through action learning in the strategic planning process. Leaders gained skills and knowledge in the management discipline of systems thinking before transferring their learnings into practice through divisional planning. In this process, service delivery leaders developed a plan to facilitate the transformation of the Service Delivery division over the next three to five years. An additional outcome of this planning process was building the capability of the group to better understand the operating environment, stakeholder needs and expectations and identify business critical areas and be positioned to shape and inform strategy.

A broader group of leaders participated in other strategic and business planning learning opportunities, and had access to 360 degree feedback and coaching tailored to the individual. This approach supports the transfer of learning into work practice. More broadly, employees participated in action learning groups, communities of practice, coaching, and membership of groups and committees such as the Idea Champions Team and the Reconciliation Action Plan Committee.



Authority staff member with Noongar Elder Marie Taylor at the Authority's International Women's Day event

Women in leadership

The Authority established a Women in Leadership Program in 2014, and 89 women have participated to date including 20 in 2016-17. This structured program is designed to enable women to equip themselves with the skills and networks they need to develop into senior roles. Each year, 20 women across levels and roles are selected to participate in the program of experiential learning, skills-based workshops, networking opportunities and coaching. In 2016-17, 36 per cent of participants attributed an increase in position or responsibility to their participation in the program.

To celebrate International Women's Day in March 2017, all employees were invited to hear Acting Deputy Police Commissioner Michelle Fyfe share her leadership journey and the challenges she had overcome. The event played a role in broadening perspectives and increasing awareness of gender diversity issues.

At 30 June 2017, 65 per cent of the Authority workforce were women and women held 14 per cent of Senior Executive Services roles.

Leadership speaker series

A new initiative in 2016-17 was the introduction of a series of leadership events. The Authority's program of guest speakers provided employees with opportunities to meet and hear from diverse and influential leaders from across government, business, academia and the broader community. Issues discussed included commissioning and contestability, women at work and Aboriginal employment and engagement.

In addition to the Acting Deputy Police Commissioner for International Women's Day, speakers included Professor Gary Sturgess AM, Chair of Public Service Delivery at the Australia and New Zealand School of Government, Kieran Kinsella, Chief Executive Officer of the Metropolitan Redevelopment Authority and Dr Richard Walley OAM, a leading Aboriginal performer, musician and writer.

Over 240 employees attended the events, which were filmed for employees in regional areas to have access.

Awards

In 2016-17, the Authority and its team earned the following awards:



Authority staff member Tanya Steinbeck (far right)

Urban Development Institute of Australia, Western Australia and Frasers Property

Women in Leadership Award, Winner

Tanya Steinbeck, Director, Social Housing Investment Package was recognised for her leadership, extensive mentoring roles and willingness to give back to the industry and the wider community. Tanya is committed to changing outdated methods and influencing community perceptions about development

LearnX Impact Awards,

Best Induction Project, Gold Winner

The Learning Media Team joined high-profile award winners in this category including Foxtel, Medibank and McDonald's. The award recognised the Authority's new program of five custom-designed online learning modules for new starters that follow best practice for adult learning and e-learning design.



Authority staff members Hugh Matkovich, Beck Jackson, Kristy Swain and Suzana Stojkoski

Auscontact Awards,

State and National Award Winners

The Authority won three state and one national award at the 2016 Auscontact Awards, which recognise individuals and teams in the customer service industry:

- State Award Customer Contact Professional of the Year: Beck Jackson
- State Award Team Leader of the Year: Kristy Swain
- State and National Award for Contact Centre of the Year in the 21-49 Full-Time Employees category.

CitySwitch Awards 2016

National Award Winner

The Authority won the 2016 CitySwitch Green Office State Signatory of the Year Award (for buildings above 2,000 square metres) for its head office's energy efficiency improvement initiatives. Despite being an old building with an original National Australian Built Environment Rating System rating of 1.5-stars, it now boasts a 4-star rating, thanks to a holistic, comprehensive strategy addressing infrastructure, behaviour, culture and policy aspects of energy, water and waste management.



Authority staff member Nigel Hindmarsh (far left)

Urban Development Institute of Australia, Western Australia Award winners

Three Housing Authority projects were recognised in the 2016 Urban Development Institute of Australia, Western Australia Awards for Excellence held in September:

- Urban Renewal, joint winner: the New North
- Sustainable Urban Development: The Village at Wellard
- Residential Development Over 250 Lots category: Annie's Landing, Ellenbrook.

Delivered through effective partnerships with the private sector, these projects demonstrated innovation in urban renewal design while addressing housing affordability. The Authority's partners included the Satterley Property Group, Peet Limited, Morella Pty Ltd and the LWP Property Group.

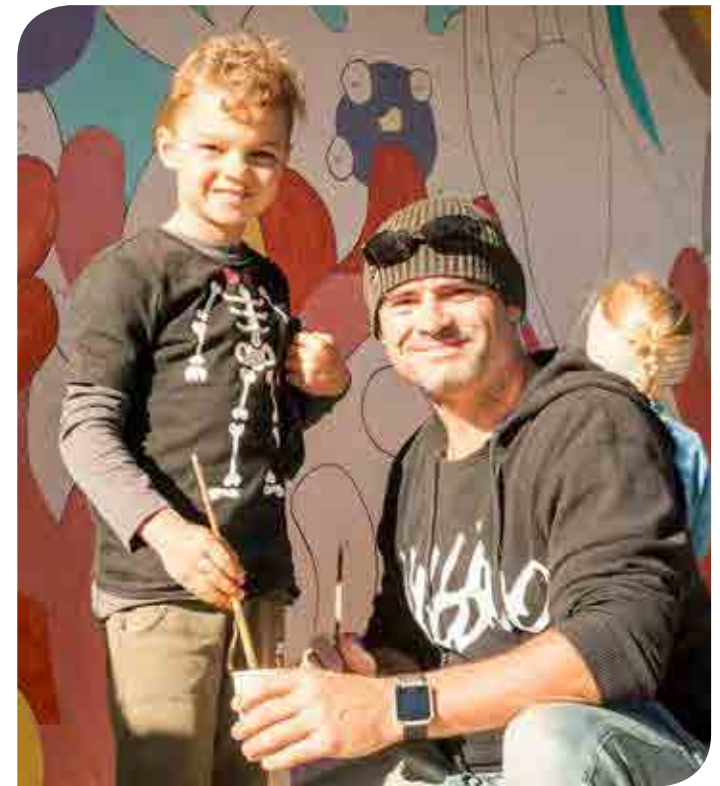
Australasian Reporting Awards, Silver Award

The Authority was awarded a 2016 Silver Award and was a finalist in the Special Award – Online Reporting (Public Sector). The Awards provide an opportunity for organisations in Australasia to benchmark their annual reports against best practice criteria.



Significant Issues Impacting the Authority

The Authority operates across the land, housing and finance sectors to deliver homes and support for a growing number of Western Australians who are in need, vulnerable or unable to access affordable or appropriate housing through the market. Given these diverse functions and operating environment, the Authority's ability to fulfil its role continues to be affected by a broad range of factors.



Community members, Highgate



Housing affordability

There were incremental improvements in housing affordability in 2016-17. This was due to higher overall levels of housing supply, higher rental vacancy rates, low interest rates, subdued house prices and lower rents (particularly compared to the market peaks of 2013-14). However, affordable, entry-level housing and the rental market remains chronically undersupplied and unattainable for many people on low incomes.

Estimates indicate a household on the 2016-17 Perth median income of \$90,000 would be able to afford a home costing around \$450,000. A household on a low income of \$72,000 would be able to afford a home costing around \$360,000. A household on the minimum wage of around \$35,000 is effectively priced out of the private ownership market because the Perth median house price is estimated at above \$506,500.

Making home ownership a reality for people who might otherwise not be able to afford their own house remains core to the Authority's mission. The challenge for the Authority will continue to be delivering the appropriate mix of housing, land and financial assistance that balances the needs and aspirations of the community, especially in the context of potentially higher development costs in a subdued housing construction sector.



Rental access and affordability

Around 84,000 Western Australian households are suffering from rental stress; that is, paying more than 30 per cent of their income in rent (Census 2016).

Approximately 27 per cent of Western Australian households are on less than \$45,000 per annum – or half of the Perth median household income. These very low income households can potentially afford rent of \$260 per week. This is well below the lower quartile Perth rent of \$320 per week, or the median rent of \$360 per week. A household on the minimum wage of \$35,000 per annum could afford rent of \$200 per week.

A key missing ingredient in the Australian housing system is an efficient mechanism to facilitate access to long-term private finance at scale to help address the lack of secure rental stock for people on low incomes. The Authority is an active participant, alongside the Department of Treasury, in the Federal Government's Affordable Housing Working Group which is focused on creating a Housing Finance and Investment Corporation which is aimed at helping to address this critical issue.

Lending environment

As the Australian banking sector continues to apply stricter lending criteria and regulators enforce more robust lending practices, the operating costs associated with loans may rise in the future.

In September 2016, Keystart announced it had entered into an agreement with Bendigo and Adelaide Bank for the partial divestment of its loan book in order to reduce its impact on State borrowings, while maintaining its lending priorities to low and moderate income earners. Under the transaction it will effectively be business as usual for existing Keystart customers, with no change to service levels or the terms and conditions.

Commonwealth funding for remote Aboriginal communities

Providing housing and essential services in small, isolated Western Australian communities presents significant challenges for the Authority. This situation is exacerbated by uncertainties surrounding adequate long-term funding for communities to maintain housing assets, and upgrade and replace critical essential infrastructure in these remote locations.

The Commonwealth ceased funding for essential and municipal services in remote Aboriginal communities in 2014, which could negatively impact the Authority's ability to provide services to a reasonable standard and on a sustainable basis in the future for these communities.

To address this situation, the Authority continues to engage with relevant State agencies on the longer-term funding and delivery arrangements for housing and municipal and essential services in the context of the Western Australian Regional Services Reform agenda.

In December 2016, the State entered into a new National Partnership for Remote Housing (NPRH) with the Commonwealth to replace the former National

Partnership Agreement on Remote Indigenous Housing. A total of \$214 million in Federal funding is available to the State under the new NPRH agreement over the next 12 months, subject to meeting agreed performance targets and milestones.

This NPRH agreement ceases on 30 June 2018. No further funding was allocated in the 2017 Federal Budget.

At financial year end, the Commonwealth was yet to engage substantively with the Western Australian Government on addressing what will occur after the current NPRH funding runs out. Without Commonwealth funding beyond 2018, the State faces a substantial funding deficit for providing sustainable housing and municipal and essential services to remote communities.

The Authority is working with relevant State agencies, and with agencies in similarly affected jurisdictions, to secure an ongoing commitment from the Commonwealth for shared funding of remote Indigenous housing beyond 2018.

Partnerships

One of the key philosophies underpinning the affordable housing strategy is developing value-adding partnerships with the private and not-for-profit sectors. Combining the strengths of all three sectors has over the past decade enabled the delivery of a larger number, and wider diversity, of affordable housing options.

By actively participating in residential land development targeted at the lower end of the market, the Authority and its partners have progressed innovative procurement and construction arrangements which increase the supply of affordable entry level lots within new and established communities, as well as providing land for the State's social policy programs and initiatives.

In 2016-17 alone, the Authority delivered 971 lots for the Western Australian market through its land development activities. This included 809 lots developed with joint venture partners. The Authority also delivered a total of 387 affordable homes for the year.



Aboriginal short stay accommodation, Derby



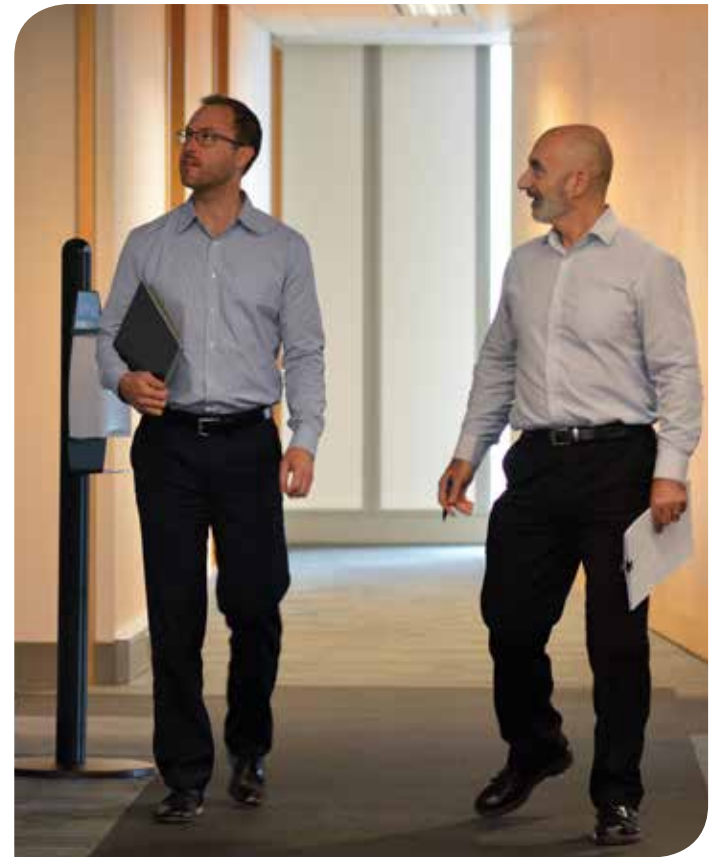


Disclosures and Legal Compliance

This section contains the audited Financial Statements and Key Performance Indicators, other financial disclosures and reports on compliance with various legislative requirements and Government policy requirements.



Authority staff members



Auditor General's opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

HOUSING AUTHORITY

Report on the Financial Statements

Opinion

I have audited the financial statements of the Housing Authority which comprise the Statement of Financial Position as at 30 June 2017, 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, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Housing Authority and the consolidated entity for the year ended 30 June 2017 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Non-Current Assets Held for Sale

The Authority had non-current assets held for sale totalling \$23.366 million at 30 June 2017, which was a significant value for my audit. Australian Accounting Standard AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* requires assets that meet the criteria to be classified as held for sale, to be disclosed separately in the statement of financial position. The assets also need to be measured at the lower of carrying amount and fair value, less costs to sell.

Page 1 of 6

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My audit procedures included reviewing whether the Authority's accounting policy for non-current assets held for sale complied with the standard, and sample testing of assets to confirm that their value had been appropriately measured or estimated. The Authority's disclosures about its non-current assets held for sale are included in Note 2(m) and Note 26 to the financial statements.

Borrowings

At 30 June 2017, the Authority had a borrowings liability (current and non-current) of \$4.505 billion representing 97% of total liabilities. Because of the size of the borrowings balance and the importance of the capital structure for continued growth, the accounting for the Authority's borrowings is considered a key audit matter. My audit procedures included obtaining confirmations from the Authority's financial institutions to confirm all significant borrowings, including amounts, tenure and conditions. I reviewed the recent agreements to understand the terms associated with the facilities and the amount of the facility available for drawdown. For non-current borrowings, I tested whether the Authority has the unconditional right to defer payment, to confirm that those liabilities were not current liabilities payable within 12 months. The Authority's disclosures about its borrowings are included in Note 2(p) and Note 37 to the financial statements.

Responsibility of the Chief Executive Officer for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer.
- Conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Chief Executive Officer, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by the Housing Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2017.

The Chief Executive Officer's Responsibilities

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

Auditor General's Responsibilities

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

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

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

Report on the Key Performance Indicators**Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of the Housing Authority for the year ended 30 June 2017. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Housing Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2017.

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

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

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

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of the Housing Authority for the year ended 30 June 2017 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.


COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
7 September 2017



Financial Statements

Certification of financial statements

For the year ended 30 June 2017

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 reporting period ended 30 June 2017 and the financial position as at 30 June 2017.

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
Acting Chief Executive Officer
Accountable Authority

5 September 2017



Liam Carren
Chief Finance Officer

4 September 2017



**THE HOUSING AUTHORITY AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
Income					
Sales	7	301,411	379,832	299,272	376,734
Rental revenue	8	395,841	420,744	395,841	420,744
Commonwealth grants and contributions	9	173,118	284,235	173,118	284,235
Interest revenue	10	180,450	224,994	82,856	111,227
Other gains	11	21,705	27,416	89,946	112,551
Total Income		1,072,525	1,337,221	1,041,033	1,305,491
Expenses					
Cost of sales	7	213,165	245,285	210,803	241,824
Rental expenses	13	353,050	355,603	353,050	355,603
Community support expense	14	125,295	184,638	125,295	184,638
Employee benefits expense	15	146,765	134,818	146,209	134,185
Supplies and services	16	34,344	41,488	29,641	36,953
Depreciation & amortisation expense	17	144,461	150,009	143,368	148,406
Finance costs	18	126,505	160,945	126,502	160,942
Accommodation expenses	19	12,604	13,305	11,903	12,223
Loss on disposal of non-current assets	12	20,008	27,133	20,008	27,118
Other expenses	20	177,129	150,684	172,017	127,153
Total Expenses		1,353,326	1,463,908	1,338,796	1,429,045
Loss before grants and subsidies from State Government		(280,801)	(126,687)	(297,763)	(123,554)
Grants and subsidies from State Government	9	70,310	105,448	70,310	105,448
Gain (Loss) for the period		(210,491)	(21,239)	(227,453)	(18,106)
Other Comprehensive Income					
Remeasurements of defined benefit liability	38	-	(44)	-	(44)
Changes in asset revaluation surplus	41	(1,035,240)	(775,430)	(1,035,236)	(775,425)
Total other comprehensive income		(1,035,240)	(775,474)	(1,035,236)	(775,469)
Profit (Loss) Attributable to:					
Consolidated Entity		(210,149)	(20,837)	-	-
Non-controlling interest	49	(342)	(402)	-	-
		(210,491)	(21,239)	-	-
Total comprehensive income attributable to:					
Consolidated Entity		(1,245,389)	(796,311)	-	-
Non-controlling interest	49	(342)	(402)	-	-
		(1,245,731)	(796,713)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,245,731)	(796,713)	(1,262,689)	(793,575)

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

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

**THE HOUSING AUTHORITY AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current Assets					
Cash and cash equivalents	21	301,701	366,971	287,435	333,065
Inventories	22	435,667	440,767	426,350	428,266
Loans and receivables	23	583,443	1,067,789	183,855	210,873
Other current assets	25	16,335	16,936	24,390	34,055
Non-current assets classified as held for sale	26	23,366	28,402	23,366	28,402
Other financial assets	27	210,063	164,984	-	-
Total Current Assets		1,570,575	2,085,849	945,396	1,034,661
Non-current Assets					
Inventories	22	503,252	529,827	492,083	518,010
Loans and receivables	23	2,892,649	3,458,188	3,326,336	4,290,716
Other financial assets	27	24	24	17,743	37,374
Rental properties	28	11,734,060	12,500,948	11,734,060	12,500,948
Community Housing properties	29	838,644	856,958	838,644	856,958
Shared Equity properties	30	569,442	589,270	569,442	589,270
Other properties	31	98,071	112,382	98,073	112,382
Plant & equipment	32	4,727	5,641	3,352	4,149
Buildings under construction	33	40,037	110,656	40,037	110,656
Intangible assets	35	32,668	40,473	31,058	38,688
Total non-current Assets		16,713,574	18,204,367	17,150,828	19,059,151
TOTAL ASSETS		18,284,149	20,290,216	18,096,224	20,093,812
LIABILITIES					
Current Liabilities					
Payables	36	34,773	43,458	34,628	43,268
Borrowings	37	134,359	79,132	134,359	79,132
Provisions	38	54,200	57,715	54,200	57,715
Other current liabilities	39	36,888	28,125	27,476	23,081
Total Current Liabilities		260,220	208,430	250,663	203,196
Non-current Liabilities					
Payables	36	554	554	554	554
Borrowings	37	4,370,846	5,335,251	4,370,846	5,335,251
Provisions	38	11,722	12,275	11,722	12,275
Total non-current Liabilities		4,383,122	5,348,080	4,383,122	5,348,080
TOTAL LIABILITIES		4,643,342	5,556,510	4,633,785	5,551,276
NET ASSETS		13,640,807	14,733,706	13,462,439	14,542,536
EQUITY					
Contributed equity	40	2,397,866	2,349,485	2,413,450	2,335,305
Reserves	41	8,208,078	9,243,318	8,207,354	9,242,590
Retained earnings	42	3,033,463	3,139,161	2,841,635	2,964,641
Total Equity attributable to the Consolidated Entity		13,639,407	14,731,964	13,462,439	14,542,536
Non-controlling interest	49	1,400	1,742	-	-
TOTAL EQUITY		13,640,807	14,733,706	13,462,439	14,542,536

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

**THE HOUSING AUTHORITY AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated	Parent
		2017 \$000	2016 \$000
Balance of equity at start of period		14,731,964	15,298,940
		15,298,940	14,542,536
			15,120,961
CONTRIBUTED EQUITY			
Balance at start of period	40	2,349,485	2,239,906
Transactions with owners in their capacity as owners:			
Capital contribution		2,700	64,370
Other contributions by owner		45,681	49,759
Distributions to owners		-	(4,550)
Balance at end of period		2,397,866	2,349,485
		2,413,450	2,335,305
RESERVES			
Balance at start of period	41	9,243,318	10,018,748
Profit/loss from asset revaluation		(926,701)	(651,494)
Impairment loss on rental properties		(4,088)	(4,180)
Transfer to retained earnings		(104,451)	(119,756)
Balance at end of period		8,208,078	9,243,318
		8,207,354	9,242,590
RETAINED EARNINGS			
Balance at start of period	42	3,139,161	3,040,286
Transfer from reserves		104,451	119,756
Gain (Loss) for the period		(210,149)	(20,881)
Balance at end of period		3,033,463	3,139,161
		2,841,635	2,964,641
Balance of equity at end of period		13,639,407	14,731,964
		13,462,439	14,542,536

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 2017**

	Note	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Commonwealth grants and contributions		173,118	284,235	173,118	284,235
Rental receipts		368,060	420,990	368,060	420,990
Interest received		188,450	223,974	91,198	100,255
Inventory receipts on sales		320,120	370,543	317,657	366,921
Other receipts		21,923	23,736	110,825	106,885
GST receipts on sales		26,034	841	26,034	841
GST receipts from taxation authority		9,377	53,779	9,286	53,779
Payments					
Employee benefits		(156,111)	(117,022)	(156,111)	(117,022)
Accommodation		(11,049)	(12,223)	(11,049)	(12,223)
Supplies & services		(42,651)	(91,109)	(19,022)	(61,788)
Finance costs		(130,739)	(152,030)	(130,739)	(151,902)
Purchase and development of inventory		(185,352)	(274,171)	(185,352)	(274,171)
GST payments on purchases		(40,974)	(49,715)	(40,974)	(49,600)
GST payments to taxation authority		-	-	-	-
Rental property payments		(359,865)	(371,087)	(359,865)	(371,087)
Other payments		(205,693)	(282,650)	(205,694)	(282,651)
Net cash used in operating activities	43	(25,352)	28,091	(12,628)	13,462
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds from the sale of non-current physical assets		115,246	115,766	115,246	115,764
Home loan repayments received		1,822,841	862,602	-	-
Other investing receipts		-	-	1,265,000	-
Payments					
Purchase of non-current physical assets		(360,386)	(152,502)	(359,587)	(151,133)
New home loans advanced		(784,114)	(1,110,438)	-	-
Other investing payments		(176)	(2)	(295,176)	(175,000)
Net cash used in investing activities	44	793,411	(284,574)	725,483	(210,369)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Proceeds from borrowings WA Treasury Corporation		420,000	436,928	420,000	436,928
Payments					
Repayment of borrowings from WA Treasury Corporation		(1,307,134)	(320,090)	(1,307,134)	(316,928)
Commonwealth Government		(15,850)	(15,525)	(15,850)	(15,525)
Net cash used in financing activities		(902,984)	101,313	(902,984)	104,475
CASH FLOWS FROM STATE GOVERNMENT					
Net capital contribution		-	59,820	29,764	45,640
Royalties for Regions Fund		45,681	49,759	45,681	49,759
Proceeds from grants		69,054	105,448	69,054	105,448
Net cash provided by State Government		114,735	215,027	144,499	200,847
Net increase in cash and cash equivalents		(20,190)	59,857	(45,630)	106,415
Cash and cash equivalents at the beginning of the period		531,946	472,089	333,056	224,641
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	43	511,756	531,946	287,426	333,056

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

1. Australian Accounting Standards

General

The Housing Authority (the "parent entity") and controlled entities financial statements for the year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

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

Early adoption of standards

The Consolidated Entity cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards that have been issued or amended (but not operative) have been early adopted by the Housing Authority for the annual reporting period ended 30 June 2017.

2. Summary of significant accounting policies

(a) General statement

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

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

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

(b) Basis of preparation

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

(c) Basis of consolidation

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

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the Consolidated Entity, being The Housing Authority (the "parent entity") and its controlled entities, in accordance with AASB 10 "Consolidated Financial Statements" and modified by Treasurer's Instruction 1105. Consistent accounting policies have been applied and all inter-entity balances, transactions and unrealised profits arising within the Consolidated Entity are eliminated in full.

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

(d) Legal form of controlled entities

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

The structure comprises 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 KPMG Financial Advisory Services (Australia) Pty Ltd as treasury advisor.
- Keystart Support Pty Ltd - A special purpose nominal capital company as trustee of the support trust. The manager is Keystart Scheme Management Pty Ltd.
- Keystart Support (Subsidiary) Pty Ltd - A special purpose nominal capital company created to assist Keystart Support Pty Ltd in its obligations.
- Keystart Scheme Management Pty Ltd - A special purpose nominal capital company created to provide management services to the Keystart Trustee and group of companies.

All of these Keystart trusts and companies have been established in the State of Western Australia. The financial transactions for these entities have no effect on the net profit of the Housing Authority.

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

2. Summary of significant accounting policies (continued)

- (ii) Homeswest Loan Scheme Trust - A special purpose Trust established by a Trust Deed in the State of Western Australia dated 19 September 1995 to operate as an agent for the Housing Authority's home loan schemes. In its capacity as agent, the Trust receives advances for the purpose of providing mortgages to Western Australians. The Housing Authority is the sole beneficiary of the Trust, and Keystart Loans Ltd is the trustee of the Trust.
- (iii) Goldmaster Enterprises Pty Ltd - A property development company to assist the Housing Authority achieve its objectives. The Authority has equity interest of 87.18% and effective control via representation on the Board of this company, effective 27 August, 2014.
- (e) Ownership interest
- The Housing Authority is the instigator of the Keystart Housing Scheme and has effective control over the whole structure either directly or indirectly through various agreements which constitute the structure and to which it is a party. The Board of Directors of the Keystart group of companies comprise one Director from the Housing Authority and seven directors from the private sector.
- The Housing Authority is a shareholder in Goldmaster Enterprises Pty Ltd, the board of which comprises two directors from the Government of Western Australia and one from the private sector.
- The ownership interest held by the Housing Authority in the companies is as follows:
- Keystart Bonds Ltd : 100% of the total shareholding
 - Keystart Loans Ltd : 100% of the total shareholding
 - Keystart Support Pty Ltd : 100% of the total shareholding
 - Keystart Support (Subsidiary) Pty Ltd: 100% of the total shareholding
 - Keystart Scheme Management Pty Ltd: 100% owned by Keystart Loans Ltd
 - Goldmaster Enterprises Pty Ltd: 87.18% owned by the Housing Authority.

Controlled entities and contribution to retained earnings.

Name	Percentage owned		Contribution to Consolidated Entity result (\$'000)		Investment shares at cost (\$'000)	
	2017	2016	2017	2016	2017	2016
Goldmaster Enterprises Pty Ltd	87.18	87.18	(2,670)	(3,134)	37,350	37,350
Profit/(loss)						
Keystart Bonds Ltd	100	100	Nil	Nil	-	-
Keystart Loans Ltd	100	100	Nil	Nil	-	-
Keystart Support Pty Ltd	100	100	Nil	Nil	-	-
Keystart Support (Subsidiary) Pty Ltd	100	100	Nil	Nil	-	-
Keystart Scheme Management Pty Ltd	100	100	Nil	Nil	-	-
Keystart Housing Scheme Trust			Nil	Nil		
(Loss)/Profits						
Transfer from Reserve			Nil	Nil		
Keystart Support Trust			4	5		
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 2016-17 financial year.

(f) Property, plant and equipment

Capitalisation/expensing of assets

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

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

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

Subsequent measurement

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

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

2. Summary of significant accounting policies (continued)

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

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

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

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

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

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

Derecognition

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

Asset revaluation reserve

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

Depreciation

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

Major depreciation rates are:

	2017
Rental properties	2%
Community Housing properties	2%
Shared Equity properties	3%
Other properties	
- Commercial properties	2%
- Office properties	5%
Plant & equipment	10% - 50%

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

(g) Buildings under construction

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

(h) Inventories

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

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

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

(h) Inventories (continued)

Joint Operations

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

2. Summary of significant accounting policies (continued)

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

(i) Loans and receivables

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

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

Loans

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

Recognition and derecognition

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

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

Subsequent measurement

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

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

Fair value

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

Impairment of loans

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

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

(i) Derivative financial instruments and hedging

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

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.

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

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

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

2017
20% - 50%
20%

Computing software
Computing development

(l) Other financial assets

(a) Deposits at call

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

(b) Parent Financial Statements

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

(c) Consolidated Financial Statements

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

- (a) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated.
- (b) non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period are identified; and
- (c) non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the parent shareholders' equity in them. Non-controlling interests in the net assets consist of:
 - (i) the amount of those non-controlling interests at the date of the original combination calculated in accordance with AASB 3 - Business Combinations and
 - (ii) the non-controlling's share of changes in equity since the date of the combination.
- (m) Non-current assets held for sale

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

(n) Impairment of assets

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

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

2. Summary of significant accounting policies (continued)

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

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

(o) Payables

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

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

(p) Borrowings

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

(q) Income

Revenue recognition

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

(i) Rental property revenue

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

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

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

(ii) Sales

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

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

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

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

(iv) Interest

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

Gains

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

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 for insurable risks.

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

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

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

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

(s) Provisions

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

(i) Employee benefits

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

Annual leave

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

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

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

Long service leave

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

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

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

Superannuation

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

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

2. Summary of significant accounting policies (continued)

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

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

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

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

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

(ii) Other

Employment on-costs

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

Development levies

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

(t) Accrued salaries

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

(u) Borrowing costs

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

(v) Superannuation expense

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

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

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

(w) Leases

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

(x) Rental expenses

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

2. Summary of significant accounting policies (continued)

(y) Comparative figures

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

(aa) Segment Information

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

These are:

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

(ab) Financial Instruments

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

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

These have been disaggregated into the following classes:

Financial Assets

Cash and cash equivalents
Restricted cash and cash equivalents
Other financial assets
Receivables
Other current assets

Financial Liabilities

Borrowings
Payables
Other current liabilities

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

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

Keystart

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

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

Market Risk

Keystart

(i) Interest rate risk

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

HEDGE RATIO LIMITS				BM = Benchmark
	BM	Min	Max	
0-1 Year	55%	0%	70%	
1-2 Years	20%	0%	30%	
2-3 Years	10%	0%	20%	
3+ Years	0%	0%	15%	

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 2017 and the prior financial year, there were no hedges used by the Trust. Borrowings were denominated in Australian Dollars.

2. Summary of significant accounting policies (continued)

- (ab) Financial Instruments (continued)
- (ii) Summarised sensitivity analysis

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

Based on a 99% confidence level and a 250 day observation period, the VaR for the Consolidated Entity was 0.14% of its capital at 30 June 2017 (2016 0.37%). This VaR indicates the Consolidated Entity earnings are exposed to interest rate risk when interest rates decrease.

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

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

2017

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

2016

Historical VaR (99%, 20 day) By risk type	Average	Minimum	Maximum	Year End
	\$'000	\$'000	\$'000	\$'000
Total VaR Exposure	784	386	1,599	800

Credit Risk Exposure

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

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

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

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

Keystart

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

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

Housing Authority

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

Liquidity Risk

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

Keystart

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

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

2. Summary of significant accounting policies (continued)**(ab) Financial Instruments (continued)**

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

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

(ac) Capitalisation policy

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

(ad) Income tax

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

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

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

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

(ae) Contributed equity

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by TI 965 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

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

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

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

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

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

The Housing Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2016 that impacted on the Housing Authority.

AASB 1057 Application of Australian Accounting Standards

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

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

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

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

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

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

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

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

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

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

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

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

AASB 2015-10 Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 & 128. This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

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

	Operative for reporting periods beginning on/after
AASB 9 Financial Instruments - This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and AASB 2014-1 Amendments to Australian Accounting Standards. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 15 Revenue from Contracts with Customers - This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Authority has not yet determined the application or the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broader terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue.	1 Jan 2018
AASB 16 Leases This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Whilst the impact of AASB 16 has not yet been quantified, the Authority currently has operating lease commitments for \$36.052m. The worth of non-cancellable operating leases which the Authority anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expenses will increase and rental expense will decrease.	1 Jan 2019
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127] This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-1 Amendments to Australian Accounting Standards. Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Authority to determine the application or potential impact of the Standard.	1 Jan 2018
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014). This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Authority has not yet determined the application or the potential impact of the Standard.	1 Jan 2018

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

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

Future impact of Australian Accounting Standards not yet operative (continued)

Operative for
reporting periods
beginning on/after

1 Jan 2018

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]
This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The mandatory effective date (application date) for the Standard has been deferred to 1 January 2018 by AASB 2015-10. The Authority has not yet determined the application or the potential impact of the Standard.

1 Jan 2019

AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15
This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. Not-For-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Authority has not yet determined the application or the potential impact of AASB 15.

1 Jan 2017

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.

1 Jan 2017

AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.

4. Key sources of estimation uncertainty

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

Defined benefit superannuation plans

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

Long service leave liability

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

Depreciation and amortisation

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

Revaluation

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

5. Judgements made by management in applying accounting policies

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

Joint Operations

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

6. Schedule of income and expenses by service

2017						2016					
Rental Housing	Government Regional Officers' Housing	Home Loans	Land and Housing Supply	Elimination	Total	Rental Housing	Government Regional Officers' Housing	Home Loans	Land and Housing Supply	Elimination	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME						Revenue					
-	250	-	304,073	-	304,323	651	242	-	396,379	-	397,272
-	-	-	-	(2,912)	(2,912)	-	-	-	-	(17,440)	(17,440)
239,883	155,879	2	77	-	395,841	236,631	183,949	3	161	-	420,744
173,118	-	-	-	-	173,118	284,235	-	-	-	-	284,235
(14,856)	5,079	184,650	5,577	-	180,450	907	3,944	225,950	(5,807)	-	224,994
-	-	-	-	-	-	-	-	-	-	-	-
9,224	11	10,492	1,978	-	21,705	19,960	33	4,590	2,833	-	27,416
407,369	161,219	195,144	311,705	(2,912)	1,072,525	542,384	188,168	230,543	393,566	(17,440)	1,337,221
Gains						Total revenue					
-	-	-	-	-	-	125	-	6	42	-	173
-	-	-	-	-	-	125	-	6	42	-	173
407,369	161,219	195,144	311,705	(2,912)	1,072,525	542,509	188,168	230,549	393,608	(17,440)	1,337,394
EXPENSES						Cost of sales					
117	288	-	212,760	-	213,165	-	231	-	245,054	-	245,285
253,561	99,317	2	170	-	353,050	239,051	116,451	-	101	-	355,603
125,236	23	-	36	-	125,295	184,638	-	-	-	-	184,638
115,376	13,793	3,006	14,590	-	146,765	104,036	13,512	3,472	13,798	-	134,818
21,442	106	5,553	7,243	-	34,344	28,675	252	5,405	7,156	-	41,488
121,541	11,718	8,722	2,480	-	144,461	124,491	14,474	9,045	1,999	-	150,009
22,013	7,955	91,109	5,428	-	126,505	18,080	8,624	126,741	7,500	-	160,945
10,835	17	713	1,039	-	12,604	11,083	-	1,102	1,120	-	13,305
15,136	1,272	3,434	166	-	20,008	20,889	4,708	1,705	-	-	27,302
93,542	1,294	24,821	57,472	-	177,129	97,175	538	23,999	28,972	-	150,684
778,799	135,783	137,360	301,384	-	1,353,326	828,118	158,790	171,469	305,700	-	1,464,077
Profit/(loss) before grants and subsidies						from government					
(371,430)	25,436	57,784	10,321	(2,912)	(280,801)	(285,609)	29,378	59,080	87,904	(17,440)	(126,683)
70,310	-	-	-	-	70,310	100,683	4,765	-	-	-	105,448
Grants and subsidies from government						Profit/(loss) after grants and subsidies					
(301,120)	25,436	57,784	10,321	(2,912)	(210,491)	(184,926)	34,143	59,080	87,904	(17,440)	(21,239)
-	-	-	342	-	342	-	-	-	402	-	402
(301,120)	25,436	57,784	10,663	(2,912)	(210,149)	(184,926)	34,143	59,080	88,306	(17,440)	(20,837)
Profit/(loss) for the period						Non-controlling interest					

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

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

2017						THE HOUSING AUTHORITY	2016					
Rental Housing	Government Regional Officers' Housing	Home Loans	Land and Housing Supply	Elimination	Total		Rental Housing	Government Regional Officers' Housing	Home Loans	Land and Housing Supply	Elimination	Total
\$000	\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000	\$000
-	250	-	301,934	-	302,184		651	242	-	393,281	-	394,174
-	-	-	-	(2,912)	(2,912)		-	-	-	-	(17,740)	(17,740)
239,883	155,879	2	77	-	395,841		236,631	183,949	3	161	-	420,744
173,118	-	-	-	-	173,118		284,235	-	-	-	-	284,235
(14,856)	5,079	86,462	6,171	-	82,856		907	3,944	112,042	(5,666)	-	111,227
-	-	-	-	-	-		-	-	-	-	-	-
9,224	11	79,091	1,620	-	89,946		19,960	33	89,725	2,833	-	112,551
407,369	161,219	165,555	309,802	(2,912)	1,041,033		542,384	188,168	201,770	390,609	(17,740)	1,305,191
-	-	-	-	-	-		125	-	6	42	-	173
-	-	-	-	-	-		125	-	6	42	-	173
407,369	161,219	165,555	309,802	(2,912)	1,041,033		542,509	188,168	201,776	390,651	(17,740)	1,305,364

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
7. Trading profit				
Sales				
Joint operations land	103,004	119,212	103,004	119,212
Land	41,913	64,425	41,913	64,425
House and land packages	156,494	196,195	154,355	193,097
	<u>301,411</u>	<u>379,832</u>	<u>299,272</u>	<u>376,734</u>
Less cost of sales				
Joint operations land	35,608	50,109	35,608	50,109
Land	24,173	27,224	24,173	27,224
House and land packages	153,384	167,952	151,022	164,491
	<u>213,165</u>	<u>245,285</u>	<u>210,803</u>	<u>241,824</u>
Trading Profit	88,246	134,547	88,469	134,910
8. Rental revenue				
Rental and other properties	392,773	417,091	392,773	417,091
Rental amenities	3,068	3,653	3,068	3,653
Total rental revenue	395,841	420,744	395,841	420,744
9. Commonwealth and State grants, contributions and subsidies				
Commonwealth grants and contributions				
Aboriginal housing	50,731	163,487	50,731	163,487
Commonwealth rental grants	121,144	106,408	121,144	106,408
Crisis accommodation & Community Housing	1,243	14,340	1,243	14,340
Total Commonwealth grants and contributions	173,118	284,235	173,118	284,235
Grants and subsidies from State Government				
Department of Treasury	68,487	92,221	68,487	92,221
Royalties for Regions-Regional Infrastructure and Headworks Account	-	945	-	945
Department of State Development	-	4,764	-	4,764
Disability Services Commission	330	5,318	330	5,318
Mental Health Commission	-	1,900	-	1,900
Landcorp	-	300	-	300
Department of Child Protection & Family Support	74	-	74	-
Department of Premier & Cabinet	564	-	564	-
Department of Regional Development	567	-	567	-
Services received free of charge - Department of Finance	288	-	288	-
Total State grants and subsidies	70,310	105,448	70,310	105,448
Interest revenue				
Loan interest				
Keystart secured mortgage advances	172,259	213,926	-	-
Total Loan Interest	172,259	213,926	-	-
Other interest				
Interest on cash at bank	2,783	5,302	2,782	5,302
Interest on investments	4,192	4,747	78,858	105,389
Interest other	1,216	1,019	1,216	536
Total other interest	<u>8,191</u>	<u>11,068</u>	<u>82,856</u>	<u>111,227</u>
Total interest revenue	180,450	224,994	82,856	111,227
11. Other gains				
Bad debts recovered	922	848	922	848
Conveyancing fees	1,725	2,074	1,725	2,074
Dividends	-	-	77,501	87,432
Other revenue	19,058	24,494	9,798	22,197
Total other revenues	21,705	27,416	89,946	112,551
12. Net gain/(loss) on disposal of non-current assets				
Proceeds from the disposal of non-current assets				
Rental properties	80,197	85,616	80,197	85,616
Community Housing properties	3,358	5,616	3,358	5,616
Shared Equity properties	32,027	39,036	32,027	39,036
Plant & equipment and intangible assets	-	293	-	293
	<u>115,582</u>	<u>130,561</u>	<u>115,582</u>	<u>130,561</u>
Carrying amount of non-current assets disposed				
Rental properties	91,683	109,724	91,683	109,724
Community Housing properties	8,454	7,109	8,454	7,109
Shared Equity properties	34,646	40,726	34,646	40,726
Plant & equipment and intangible assets	807	135	807	120
	<u>135,590</u>	<u>157,694</u>	<u>135,590</u>	<u>157,679</u>
Net loss	(20,008)	(27,133)	(20,008)	(27,118)

The cost on disposal of rental properties includes the value of properties demolished of \$7.732 million (2016: \$12.412 million).

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
13. Rental expenses				
Maintenance expenses	147,090	123,931	147,090	123,931
Debt collection expenses	1,044	1,254	1,044	1,254
Estate management expenses	3,645	6,418	3,645	6,418
General expenses	17,244	12,725	17,244	12,725
Insurance expenses	11,059	7,703	11,059	7,703
Rates expenses	89,671	94,985	89,671	94,985
Renovations & improvements	14,122	26,038	14,122	26,038
Demolition costs	1,424	65	1,424	65
Non cancellable operating leases:				
- Rental properties	67,751	82,484	67,751	82,484
Total rental expenses	353,050	355,603	353,050	355,603
14. Community support expense				
Aboriginal Housing (a)	117,264	177,143	117,264	177,143
Community Housing (b)	8,031	7,495	8,031	7,495
Total community support expense	125,295	184,638	125,295	184,638
(a) Aboriginal housing community support consists of expenses incurred in the provision of remote indigenous community housing and support programmes including capitalised administration of \$27.01 million (2016: \$25.45 million).				
(b) Community Housing support consists of expenses incurred in the provision of housing undertaken by community groups.				
15. Employee benefits expense				
Salaries (a)	150,422	150,466	149,866	149,833
Superannuation - defined contribution plans (b)	14,971	14,129	14,971	14,129
Superannuation - defined benefit plans (Note 3b)	680	377	680	377
Other employee benefits expenses	880	-	880	-
	166,953	164,972	166,397	164,339
Less Credits:				
Administration capitalised	19,824	28,068	19,824	28,068
Recoups	364	2,086	364	2,086
Total credits	20,188	30,154	20,188	30,154
Total employee benefits expenses	146,765	134,818	146,209	134,185
(a) Included in Salaries are voluntary severances of \$1,006 million which were offered to employees during the financial year.				
(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds. Employment on-costs expenses, such as workers' compensation insurance, are included in note 20 'Other expenses'. Employment on-costs liability is included at note 38 'Provisions'.				
16. Supplies and services				
Other personnel costs	10,950	7,088	10,950	7,088
Travel	2,305	2,227	2,305	2,227
Stationery & supplies	930	958	557	660
Communication	5,349	5,602	5,214	5,476
Other costs & expenses	12,144	22,626	8,253	18,847
External and Internal Audit fees	684	821	380	489
Motor vehicles	959	1,034	959	1,034
	33,321	40,356	28,618	35,821
Lease expenses				
Non cancellable operating leases:				
- Motor vehicles	1,023	1,132	1,023	1,132
	1,023	1,132	1,023	1,132
Total supplies and services	34,344	41,488	29,641	36,953
17. Depreciation and amortisation expense				
Depreciation				
Rental properties	111,870	119,769	111,870	119,769
Community Housing properties	10,477	10,023	10,477	10,023
Shared Equity properties	7,394	7,258	7,394	7,258
Other properties	1,310	1,448	1,310	1,448
Plant & equipment	1,770	2,604	1,302	1,489
Amortisation				
Intangible assets	-	8,419	11,015	8,419
Other assets	625	488	-	-
Total depreciation and amortisation expense	144,461	150,009	143,368	148,406
18. Finance costs				
Interest expense	126,502	160,942	126,502	160,942
Finance charges	3	3	-	-
Total finance costs	126,505	160,945	126,502	160,942

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
19. Accommodation expenses				
Office rental & accommodation	11,933	7,673	11,903	7,634
Non cancellable operating office properties leases	671	5,632	-	4,589
Total accommodation expenses	12,604	13,305	11,903	12,223
20. Other expenses				
Doubtful debts expense	15,897	14,515	7,668	7,595
Fees - Keystart	14,696	13,194	-	-
Grants & subsidies	2,272	758	2,272	758
Land expenses	42,269	15,874	42,269	13,838
Loan scheme expenses	902	1,412	902	1,412
Write down of assets classified as held for sale	1,303	1,145	1,303	1,145
Employee on costs	10,204	8,951	10,204	8,951
Impairment - Assets (Goldmaster)	-	-	19,631	-
Other expenses	45,483	35,665	43,665	34,284
Assets transferred to Community Housing (a)	44,103	59,170	44,103	59,170
Total other expenses	177,129	150,684	172,017	127,153

(a) As at 30 June 2017, the Housing Authority transferred 106 property assets valued at \$44,103 million (2016: 115 property assets valued at \$22.35 million) to Community Housing Organisations in accordance with Commonwealth Stimulus funding requirements.

21. Cash and cash equivalents

Cash at bank - operational	212,666	211,032	198,400	177,126
Cash advances	9	9	9	9
	212,675	211,041	198,409	177,135
Restricted cash:				
Rental tenants bonds	9,213	12,029	9,213	12,029
Joint operations cash	17,919	29,828	17,919	29,828
Unspent Municipal and Essential Services funds	41,517	62,789	41,517	62,789
Remote indigenous housing	4,994	3,106	4,994	3,106
Royalties for Regions Fund	15,383	48,178	15,383	48,178
	89,026	155,930	89,026	155,930
Total cash and cash equivalents	301,701	366,971	287,435	333,065

Rental Tenants Bonds represents bond monies received by the Housing Authority from rental clients. These funds are held in trust in accordance with the Residential Tenancies Act. Joint Operations Cash is restricted for the use of joint operations 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.

22. Inventories

Current				
Land held for sale at cost (note 2(h)) current	126,079	170,855	116,923	170,855
Cost of acquisition and development	1,196	1,291	1,196	1,291
Capitalised rates, taxes, administration and interest	127,275	172,146	118,119	172,146
Joint operations land at cost (note 2 (h))	57,052	67,261	57,052	67,261
House and land packages for sale	167,278	134,128	167,117	121,627
House and land packages construction in progress	84,062	67,232	84,062	67,232
Total current inventories	435,667	440,767	426,350	428,266
Non-current				
Land held for sale at cost (note 2(h)) non - current	389,657	427,685	378,488	415,868
Cost of acquisition and development	5,685	7,029	5,685	7,029
Capitalised rates, taxes, administration and interest	395,342	434,714	384,173	422,897
Joint operations land at cost (a)	107,910	95,113	107,910	95,113
Total non-current inventories	503,252	529,827	492,083	518,010

22. Inventories (Continued)

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

Butler

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

Dalyellup Beach

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

Ellenbrook

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

Wandina

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

Oyster Harbour

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

Wellard

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

Banksia Grove

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

Brookdale

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

Harrisdale

The Housing Authority holds an interest in an unincorporated joint operation with Cedar Woods Properties Harrisdale Pty Ltd for the development of its land at Harrisdale. The Housing Authority contributes the land and the participant contributes the funds for the development of the land. The Housing Authority receives a 30% land payment on the sale of the lots, a 10% land payment on the sale of built form products and a 66.6% share in the profits. The principal place of business is in Western Australia.

Beeliar

The Housing Authority holds an interest in an unincorporated joint operation with Beeliar Partnership Pty Ltd for the development of its land at Beeliar. The Housing Authority contributes the land and the participant contributes the funds for the development of the land. The Housing Authority receives a 33% land payment on the sale of each lot and 50% share in the profits. The project is now complete with the last lots sold during the year.

Golden Bay Estate

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

Beenyup Grove Byford

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

22. Inventories (Continued)
JOINT OPERATIONS

		2017											
		Butler	Dalyellup Beach	Ellenbrook	Wandina	Oyster Harbour	Golden Bay Estate	Brookdale	Beeliar	Harrisdale	Wellard	Banksia Grove	Byford
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT ASSETS													
Cash and cash equivalents	21	4,810	3,273	4,052	128	99	966	4,591	-	-	-	-	-
Receivables	23	1,418	214	1,769	18	53	65	249	-	-	-	-	-
Inventories	22	12,020	4,297	30,375	-	2,010	3,961	4,389	-	-	-	-	-
Other current assets	25	-	-	1,031	7	-	-	-	-	-	-	-	-
		18,248	7,784	37,227	153	2,162	4,992	9,229	-	-	-	-	-
NON-CURRENT ASSETS													
Receivables	23	530	-	-	69	-	-	-	-	-	-	-	-
Office Equipment	32	11	15	37	3	-	4	-	-	-	-	-	-
Buildings	31	1,057	51	135	8	-	-	-	-	-	-	-	-
Development costs (1)	22	15,911	16,945	2,824	2,513	3,410	3,184	22,046	-	-	-	-	-
		17,509	17,011	2,996	2,593	3,410	3,188	22,046	-	-	-	-	-
Total assets		35,757	24,795	40,223	2,746	5,572	8,180	31,275	-	-	-	-	-
CURRENT LIABILITIES													
Payables	36	2,164	604	524	23	107	4,171	165	-	-	-	-	-
Other Liabilities	39	-	-	-	142	-	-	941	-	-	-	-	-
Provisions	38	-	-	963	2	-	521	572	-	-	-	-	-
		2,164	604	1,487	167	107	4,692	1,678	-	-	-	-	-
NON-CURRENT LIABILITIES													
Payables and Interest-bearing liabilities	36	530	-	24	-	-	-	-	-	-	-	-	-
		530	-	24	-	-	-	-	-	-	-	-	-
Total liabilities		2,694	604	1,511	167	107	4,692	1,678	-	-	-	-	-
NET ASSETS		33,063	24,191	38,712	2,579	5,465	3,488	29,597	-	-	-	-	-
Land (1)	22	1,469	-	1,515	176	6,302	11,893	4,443	-	920	2,731	3,414	8,214
													41,077

1. The total of development costs (\$66.833 million) and Authority land (\$41.077 million) represents the total (\$107.910 million) joint operations land.

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

22. Inventories (Continued)
JOINT OPERATIONS

		2016										
		Butler	Dalyellup Beach	Ellenbrook	Wandina	Oyster Harbour	Golden Bay Estate	Brookdale	Beeliar	Harrisdale	Wellard	Banksia Grove
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT ASSETS												
Cash and cash equivalents	21	8,776	4,725	1,940	219	58	904	13,207	-	-	-	- 29,828
Receivables	23	4,489	446	1,879	1,920	228	95	249	-	-	-	- 9,306
Inventories	22	15,191	4,064	32,480	-	3,374	5,658	6,495	-	-	-	- 67,261
Other current assets	25	-	-	2,044	22	-	-	-	-	-	-	- 2,066
		28,456	9,235	38,343	2,161	3,660	6,657	19,951	-	-	-	- 108,461
NON-CURRENT ASSETS												
Receivables	23	530	-	186	-	-	-	-	-	-	-	- 716
Office Equipment	32	11	7	7	-	-	15	-	-	-	-	- 39
Buildings	31	1,081	62	156	-	-	-	-	-	-	-	- 1,299
Development costs (1)	22	12,939	15,530	3,369	2,620	2,935	2,185	17,839	-	-	-	- 57,417
		14,561	15,599	3,718	2,620	2,935	2,200	17,839	-	-	-	- 59,471
Total assets		43,017	24,834	42,061	4,781	6,595	8,857	37,790	-	-	-	- 167,932
CURRENT LIABILITIES												
Payables	36	3,520	647	546	1,951	488	3,447	192	-	-	-	- 10,792
Other Liabilities	39	-	-	-	142	-	-	9,164	-	-	-	- 9,306
Provisions	38	-	-	1,107	9	-	841	596	-	-	-	- 2,553
		3,520	647	1,653	2,102	488	4,288	9,953	-	-	-	- 22,651
NON-CURRENT LIABILITIES												
Payables and Interest-bearing liabilities	36	530	-	24	-	-	-	-	-	-	-	- 554
		530	-	24	-	-	-	-	-	-	-	- 554
Total liabilities		4,050	647	1,677	2,102	488	4,288	9,953	-	-	-	- 23,205
NET ASSETS		38,967	24,187	40,384	2,679	6,107	4,569	27,837	-	-	-	- 144,727
Land (1)	22	1,594	-	1,729	206	6,932	10,948	8,063	-	1,026	3,142	4,055 37,694

1. The total of development costs (\$57.417 million) and Authority land (\$37.696 million) represents the total (\$95.113 million) joint operations land.

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

23. Loans and receivables

	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
Current				
General	20,031	34,665	18,673	34,499
Loans to homebuyers	480,365	955,449	-	-
Joint operations receivables	3,786	9,306	3,786	9,306
Rental and Lease bonds	30,977	27,734	30,977	27,734
Rents from tenants and other rents	56,877	48,576	56,877	48,576
Commercial organisations (a)	-	-	4,634	11,267
Dividend receivable	-	-	77,501	87,432
Less provision for impairment	592,036	1,075,730	192,448	218,814
Total receivables current	8,593	7,941	8,593	7,941
	583,443	1,067,789	183,855	210,873

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

Reconciliation of changes in the allowances for impairment of receivables

Carrying amount at start of period	7,941	7,611	7,941	7,611
Charge for the period	7,668	7,595	7,668	7,595
Amounts written off during the period	(7,016)	(7,265)	(7,016)	(7,265)
Impairment losses reversed during the period	-	-	-	-
Carrying amount at end of period	8,593	7,941	8,593	7,941

An impairment loss of \$7.668 million (2016: \$7.595 million) 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

	1,527	154	1,527	154
Impairment loss	(1,527)	(154)	(1,527)	(154)
	-	-	-	-

(a) The current loans to Commercial Organisations includes loan facilities provided to Goldmaster Enterprises of \$4.634 million. This loan balance is secured against a second fixed charge over the land held for resale by Goldmaster Enterprises and a second ranking floating charge over the assets of Goldmaster Enterprises. The loan is repayable at call and the interest rate is 3.95% per annum.

Non current

Non-current loans and advances	-	-	3,320,000	4,290,000
Keystart preferential shares (b)	-	-	5,737	-
Commercial organisations (c)	2,913,069	3,474,965	-	-
Loans to homebuyers (d)	21,019	17,493	-	-
Less provision for impairment	2,892,050	3,457,472	3,325,737	4,290,000
Joint operations receivables	599	716	599	716
Total receivables non current	2,892,649	3,458,188	3,326,336	4,290,716

Provision for impairment loss

As at 30 June 2017, loans to homebuyers with a nominal value of \$4.815 million (2016:\$2.095 million) were impaired and written off against provision for impairment following disposal of mortgaged property. The individually impaired receivables are mainly due to property abandonment and voluntary property surrender.

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

Movement in Provisions for Impairment

Carrying amount at start of period	17,493	12,541	-	-
Charge for the year	8,229	6,920	-	-
Amounts written off	(4,703)	(1,968)	-	-
Carrying amount at end of period	21,019	17,493	-	-

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

Not more than 3 months	167,512	222,125	3,489	7,616
More than 3 months but less than 6 months	1,722	6,681	1,722	6,681
More than 6 months but less than 1 year	3,834	7,481	3,834	7,481
More than 1 year	6,954	(524)	6,954	(524)
	180,022	235,763	15,999	21,254

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	55,213	30,097	-	-
Provision for impairment	(13,149)	(6,717)	-	-
	42,064	23,380	-	-

Interest foregone on repossessed loans

	2,213	1,454	-	-
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23. Loans and receivables (continued)

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

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

	Number	2017	Number	2016
Safety net loans	102	29,296	215	61,266
Provision for impairment		(806)		(1,307)
	102	28,490	215	59,959

(b) Keystart preferential shares

The Western Australian Treasury Corporation has provided the Housing Authority with a \$5,000 million loan facility to fund Keystart Loans Ltd. The Housing Authority has purchased redeemable preference shares in Keystart Loans Ltd to the same value as the drawn down loan facility as security over the funds. The terms and conditions of the shares reflect the terms and conditions of the loan facility. Keystart Loans Ltd. meets all principal, interest and other costs associated with the facility. To date \$3,320 million (June 2016 \$4,290 million) of this facility has been drawn down.

(c) The Non-Current loans to Commercial Organisations represents Acknowledgement of Debt totalling \$5.737 million to Goldmaster Enterprises at an interest rate of 5.25% per annum.**(d) Loans to Homebuyers****(a) Interest rate risk**

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

(b) Fair value and credit risk**Loans and receivables**

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

	Consolidated	2016	Parent	2016
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
The fair values and carrying values of receivables are as follows:				
Loans and receivables - fair value				
	3,386,458	4,422,608	-	-

Credit Risk

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

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

(c) Collateral held

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

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

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

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

	Consolidated	2016	Parent	2016
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Fair value of collateral obtained in terms of the exercising of rights under the mortgages				
	57,592	32,460	-	-

Reposessed Loans

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

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

24. Deferred Income Tax asset

For Goldmaster Pty Ltd

	Consolidated 2017 \$'000	2016 \$'000	Parent 2017 \$'000	2016 \$'000
Numerical reconciliation of income tax expense to the prima facie tax payable:				
Accounting profit/(loss) before income tax	(2,670)	(3,134)	-	-
Prima facie tax payable on profit/(loss) at 30% Add/(less) tax effect of:	(801)	(940)	-	-
Current year taxable differences not recognised	(14)	77	-	-
Previously unrecognised taxable differences	-	-	-	-
Previously unrecognised tax losses	-	-	-	-
Write down of deferred tax asset	-	-	-	-
Deferred tax benefits not recognised	815	863	-	-
Income tax expense/(benefit)	-	-	-	-

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

The company estimates it has accumulated income tax losses of \$30.514 million (2016 \$27.797 million). The benefit of these losses and timing difference will only be obtained if:

The company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;

The company continues to comply with the conditions for deductibility imposed by law; and

No changes to tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

25. Other current assets

Accrued revenue	1,339	1,744	1,339	1,744
Interest on cash at bank	2,344	7,107	2,344	7,107
Accrued housing sales	-	-	8,078	17,119
Interest Keystart investments	3,683	8,851	11,761	25,970
Prepayments				
General	5,241	5,712	5,218	5,712
Development proposals	6,373	307	6,373	307
Joint operations	1,038	2,066	1,038	2,066
	12,652	8,085	12,629	8,085
Total other current assets	16,335	16,936	24,390	34,055

26. Non-current assets classified as held for sale

Opening Balance	28,402	34,668	28,402	34,668
Rental properties				
Assets reclassified as held for sale	28,830	32,437	28,830	32,437
Rental properties	2,448	1,145	2,448	1,145
Less impairment	26,382	31,292	26,382	31,292
Total assets classified as held for sale				
Rental properties	54,784	65,960	54,784	65,960
Less assets sold				
Rental properties	31,418	37,558	31,418	37,558
Closing balance				
Rental properties	23,366	28,402	23,366	28,402

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

27. Other financial assets

Current				
Deposits at call (a)	210,063	164,984	-	-
Debentures	-	-	-	-
Total current other financial assets	210,063	164,984	-	-
Non - current investments				
Ellenbrook Management Pty Ltd Shares (b)	24	24	24	24
Goldmaster Enterprises Pty Ltd Shares (b)	-	-	37,350	37,350
Less provision for impairment - Goldmaster Enterprises Pty Ltd Shares (a) (ii)	-	-	19,631	-
Total non - current other financial assets	24	24	17,743	37,374

Total Shared Equity properties

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

31. Other properties

	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
Other properties at fair value				
Improvements	35,094	33,629	35,094	33,629
Land	45,051	47,597	45,051	47,597
Joint operations buildings	1,995	1,951	1,995	1,951
	82,140	83,177	82,140	83,177
Less accumulated depreciation:				
Other properties at fair value - Improvements and Land (a)	-	173	-	173
Joint operations buildings	744	652	744	652
	744	825	744	825
	81,396	82,352	81,396	82,352
Leasehold improvements at cost	4,823	4,823	4,823	4,823
Less accumulated depreciation:	3,073	2,881	3,073	2,881
	1,750	1,942	1,750	1,942
Vacant land at fair value	14,925	28,088	14,925	28,088
Total other properties	98,071	112,382	98,071	112,382

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

32. Plant and equipment

Plant & equipment at cost	14,237	21,279	9,574	15,436
Office equipment and computing facilities	226	158	226	158
Joint operations office equipment	54	46	54	46
Works of art	6,063	6,673	6,020	6,253
Plant & equipment	20,580	28,156	15,874	21,893
Less accumulated depreciation:				
Office equipment and computing facilities	11,104	18,520	7,804	13,395
Joint operations office equipment	156	119	156	119
Plant & equipment	4,593	3,876	4,562	4,230
	15,853	22,515	12,522	17,744
Total plant and equipment	4,727	5,641	3,352	4,149

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

33. Property, plant and equipment reconciliation

2017							CONSOLIDATED
Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	
12,500,948	856,958	589,270	112,382	5,641	110,656	14,175,855	Carrying amount at start of period
238,488	6,352	43,483	404	1,353	98,466	388,546	Additions
145,287	16,429	2,193	5,176	-	(169,085)	-	- Transfers
(124,367)	(23,182)	(34,721)	(4,618)	(2,368)	-	(189,256)	Disposals
(28,830)	-	-	-	-	-	(28,830)	Classified as held for sale
(4,088)	-	-	-	-	-	(4,088)	Impairment of property (c)
(882,336)	(8,201)	(23,648)	(13,871)	-	-	(928,056)	Revaluation increments (decrements) (a)
(111,042)	(9,712)	(7,135)	1,402	6,662	-	(119,825)	Depreciation
11,734,060	838,644	569,442	100,875	11,288	40,037	13,294,346	Carrying amount at end of period

2016							
Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	
13,280,271	918,309	600,453	128,408	8,184	89,649	15,025,274	Carrying amount at start of period
40,665	9,041	31,610	520	239	100,090	182,165	Additions
67,663	11,420	-	-	-	(79,083)	-	- Transfers
(110,282)	(48,187)	(41,195)	(978)	(1,582)	-	(202,224)	Disposals
(32,437)	-	-	-	-	-	(32,437)	Classified as held for sale
(4,180)	-	-	-	-	-	(4,180)	Impairment of property (c)
(621,521)	(23,825)	5,417	(14,224)	-	-	(654,153)	Revaluation increments (decrements) (a)
(119,231)	(9,800)	(7,015)	(1,344)	(1,200)	-	(138,590)	Depreciation
12,500,948	856,958	589,270	112,382	5,641	110,656	14,175,855	Carrying amount at end of period

2017							PARENT
Rental Properties	Community Housing Properties (b)	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	
12,500,948	856,958	589,270	112,382	4,149	110,656	14,174,363	Carrying amount at start of period
238,488	6,352	43,483	404	554	98,466	387,747	Additions
145,287	16,429	2,193	5,176	-	(169,085)	-	- Transfers
(124,367)	(23,182)	(34,721)	(4,618)	(12)	-	(186,900)	Disposals
(28,830)	-	-	-	-	-	(28,830)	Classified as held for sale
(4,088)	-	-	-	-	-	(4,088)	Impairment of property (c)
(882,336)	(8,201)	(23,648)	(13,871)	-	-	(928,056)	Revaluation increments (decrements) (a)
(111,042)	(9,712)	(7,135)	(1,402)	(1,339)	-	(130,630)	Depreciation
11,734,060	838,644	569,442	98,071	3,352	40,037	13,283,606	Carrying amount at end of period

2016							
Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Buildings under Construction	Total	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	
13,280,271	918,309	600,453	128,408	5,840	89,649	15,022,930	Carrying amount at start of period
40,665	9,041	31,610	520	216	100,090	182,142	Additions
67,663	11,420	-	-	-	(79,083)	-	- Transfers
(110,282)	(48,187)	(41,195)	(978)	(1,407)	-	(202,049)	Disposals
(32,437)	-	-	-	-	-	(32,437)	Classified as held for sale
(4,180)	-	-	-	-	-	(4,180)	Impairment of property (c)
(621,521)	(23,825)	5,417	(14,224)	-	-	(654,153)	Revaluation increments (decrements) (a)
(119,231)	(9,800)	(7,015)	(1,344)	(500)	-	(137,890)	Depreciation
12,500,948	856,958	589,270	112,382	4,149	110,656	14,174,363	Carrying amount at end of period

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

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

(b) Community Housing Properties disposals include the transfer of properties to community housing organisations totalling \$44.103 million (2016:\$22.35 million), see note 20.

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

34. Fair value measurements

Assets measured at fair value:

	Level 1	Level 2	Level 3	Fair value at the end of period
2017	\$'000	\$'000	\$'000	\$'000
Non-current assets classified as held for sale (Note 26)	-	23,366	-	23,366
Land (Note 28, 29, 30 and 31)	-	7,311,826	-	7,311,826
Buildings and improvements (Note 28, 29, 30 and 31)	-	5,921,954	-	5,921,954
	-	13,257,146	-	13,257,146
2016	\$'000	\$'000	\$'000	\$'000
Non-current assets classified as held for sale (Note 26)	-	28,402	-	28,402
Land (Note 28, 29, 30 and 31)	-	8,496,307	-	8,496,307
Buildings and improvements (Note 28, 29, 30 and 31)	-	5,557,550	-	5,557,550
	-	14,082,259	-	14,082,259

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

Valuation techniques to derive Level 2 fair values

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

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

Valuation processes

There were no changes in valuation techniques during the period.

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

35. Intangible assets

	Consolidated 2017 \$'000	2016 \$'000	Parent 2017 \$'000	2016 \$'000
Computing software at cost	7,733	9,715	3,314	5,720
Less accumulated amortisation	5,425	5,623	2,616	3,413
	2,308	4,092	698	2,307
Computing development at cost	52,510	52,302	52,510	52,302
Less accumulated amortisation	22,150	15,921	22,150	15,921
	30,360	36,381	30,360	36,381
Borrowing costs	-	-	-	-
Less accumulated amortisation	-	-	-	-
	-	-	-	-
Total intangible assets	32,668	40,473	31,058	38,688

Intangible assets reconciliation

Carrying amount at start of period	40,473	33,455	38,688	32,273
Additions	4,604	15,925	4,180	14,834
Transfers	-	-	-	-
Disposals	(795)	-	(795)	-
Amortisation expense	(11,614)	(8,907)	(11,015)	(8,419)
Carrying amount at end of period	32,668	40,473	31,058	38,688

36. Payables

Current

Contractors retention monies	9,059	9,584	9,059	9,584
Joint operations creditors	7,758	10,792	7,758	10,792
Rental tenants bonds	9,212	12,029	9,212	12,029
Trade creditors	8,744	11,053	8,599	10,863
Total current payables	34,773	43,458	34,628	43,268

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

	2017	2016
Amounts carried forward from previous financial year.	30,305	30,673
Payments made by the Commonwealth for IOT services.	25,750	27,500
Cost of services.	37,963	27,868
Construction paid	-	-
Amounts carried forward to following financial year.	18,092	30,305

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

36. Payables (continued)

	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
Non - current				
Joint operations creditors	554	554	554	554
Total non-current payables	554	554	554	554

37. Borrowings

Current				
WA Treasury Corporation	118,089	63,282	118,089	63,282
Commonwealth advances	16,270	15,850	16,270	15,850
Total current borrowings	134,359	79,132	134,359	79,132
Non - current				
WA Treasury Corporation	3,948,721	4,896,855	3,948,721	4,896,855
Commercial loan	62,276	62,276	62,276	62,276
Commonwealth advances	359,849	376,120	359,849	376,120
Total non-current borrowings	4,370,846	5,335,251	4,370,846	5,335,251
Total borrowings	4,505,205	5,414,383	4,505,205	5,414,383

The fair values for WATC borrowings have been calculated by Western Australian Treasury Corporation, based on market valuations. The State Nominated and Commonwealth advances have been calculated using a discount rate of 2.59% which is the Commonwealth bond rate. (June 2016 1.87%).

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

Consolidated

	Total carrying amount 2017 \$000	2016 \$000	Aggregate Net Fair Value 2017 \$000	2016 \$000
Borrowings - WATC				
Commercial Loan	4,066,810	4,960,137	4,079,500	4,979,481
Borrowings - Commonwealth advances				
	376,119	391,970	442,992	563,220
	4,505,205	5,414,383	4,594,870	5,624,423

Parent

	Total carrying amount 2017 \$000	2016 \$000	Aggregate Net Fair Value 2017 \$000	2016 \$000
Borrowings - WATC				
Commercial loan	4,066,810	4,960,137	4,079,500	4,979,481
Borrowings - Commonwealth advances				
	376,119	391,970	442,992	563,220
	4,505,205	5,414,383	4,594,870	5,624,423

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

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

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

38. Provisions

Current				
Employee benefits provision				
Annual leave (a)	13,892	15,552	13,892	15,552
Long service leave (b)	17,560	17,606	17,560	17,606
Superannuation (d)	18,612	19,772	18,612	19,772
Purchased leave (e)	-	165	-	165
Total current provisions	50,064	53,095	50,064	53,095
Other provisions				
Employment on-costs (c)	2,078	2,067	2,078	2,067
Joint operations provisions	2,058	2,553	2,058	2,553
Total current provisions	54,200	57,715	54,200	57,715

Non - Current

Employee benefits provision				
Long service leave (b)	8,152	8,326	8,152	8,326
Total non-current provisions	8,152	8,326	8,152	8,326
Other provisions				
Employment on-costs (c)	522	594	522	594
Development levies (note 2s(iii))	3,048	3,355	3,048	3,355
Total non-current provisions	11,722	12,275	11,722	12,275

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

38. Provisions (continued)

	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
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- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlements of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	9,347	9,975	9,347	9,975
More than 12 months after the end of the reporting period	4,545	5,576	4,545	5,576
	<u>13,892</u>	<u>15,551</u>	<u>13,892</u>	<u>15,551</u>

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

Within 12 months of the end of the reporting period	6,073	6,321	6,073	6,321
More than 12 months after the end of the reporting period	19,639	19,611	19,639	19,611
	<u>25,712</u>	<u>25,932</u>	<u>25,712</u>	<u>25,932</u>

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

- (d) Defined benefit superannuation plans

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

- (e) Purchased leave

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

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

	Pension Scheme	Pre-transfer benefit - Gold State scheme
Liability at start of period	2017 \$000	2016 \$000
Included in surplus/(deficit)		
Current service cost	16,494	17,788
Past service cost	-	3,278
Interest cost	-	3,960
	353	67
	<u>353</u>	<u>67</u>

Included in Other Comprehensive Income:

Remeasurement loss/(gain) recognised:

- Actuarial (gains)/loss arising from:
demographic assumptions
- financial assumptions
- experience adjustments

	13	(2)
	636	69
	155	(15)
	<u>155</u>	<u>(15)</u>

Benefits paid

	(1,616)	(1,788)
	<u>(1,616)</u>	<u>(1,788)</u>

Liability at end of period

	15,386	16,494
	<u>15,386</u>	<u>16,494</u>

Fair value of Scheme assets

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

Significant actuarial assumptions at the reporting date;

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

	2017	2016
Discount rate	2.26%	2.74%
Future salary increases	2.50%	4.00%
Future pension increases	2.50%	2.50%

Assumptions to determine defined benefit obligation at the valuation date.

	2017	2016
Discount rate	2.26%	2.26%
Future salary increases	1.50%	3.50%
Future pension increases	2.50%	2.50%

At 30 June 2017, the weighted-average duration of the defined benefit obligation was: Pension Scheme 8.8 years; Gold State Scheme 4.0 years.

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

38. Provisions (continued)

Sensitivity analysis

	Defined benefit obligation	
	Base case	+0.5%
	\$'000	\$'000
Gold State scheme		
Discount rate (0.5% movement)	3,225	3,289
Future salary growth (0.5% movement)	3,225	3,164
		3,288
Pension scheme		
Discount rate (0.5% movement)	15,387	16,080
Future pension growth (0.5% movement)	15,387	14,745
		16,076

Employer funding arrangements for the defined benefit plans

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

(ii) Employer contributions of \$1,555,000 (2016: \$1,713,000) are expected to be paid to the Pension Scheme in the subsequent annual reporting period.

(iii) Employer contributions of \$610,000 (2016: \$623,000) are expected to be paid to the Gold State Superannuation Scheme in the subsequent annual reporting period.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Movements in other provisions				
Employment on-costs				
Carrying amount at start of period	2,600	2,661	2,600	2,661
Additional provisions recognised	2,661	2,856	2,661	2,856
Payments	8,835	8,164	8,835	8,164
Carrying amount at end of period	(8,896)	(8,359)	(8,896)	(8,359)
Development levies				
Carrying amount at start of period	3,048	3,355	3,048	3,355
Additional provisions recognised	3,355	3,791	3,355	3,791
Payments	2,326	1,048	2,326	1,048
Carrying amount at end of period	(2,633)	(1,484)	(2,633)	(1,484)
Joint operations provisions				
Carrying amount at start of period	2,058	2,553	2,058	2,553
Additional provisions recognised	2,553	1,600	2,553	1,600
Payments	1,528	953	1,528	953
Carrying amount at end of period	(2,023)	-	(2,023)	-
	2,058	2,553	2,058	2,553

39. Other liabilities**Current**

Accrued expenses:

Administrative & general expenses

	22,505	9,708	13,093	4,664
Joint operations liabilities	22,505	9,708	13,093	4,664
Unearned income	1,083	9,306	1,083	9,306
	13,300	9,111	13,300	9,111
Total current other liabilities	36,888	28,125	27,476	23,081

40. Contributed equity

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

Balance at start of period

	2,349,485	2,239,906	2,335,305	2,239,906
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Contributions by owners

Capital contributions

Other contributions by owner

Royalties for Regions Fund - Regional Infrastructure and

Headworks Account

Total contributions by owners

	2,700	64,370	32,464	64,370
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Transfer of net assets to other agencies

Horizon Power

Keystart

Total distributions to owners**Balance at end of period**

	-	(4,550)	-	(4,550)
	-	-	-	(14,180)
	-	(4,550)	-	(18,730)
Total distributions to owners	2,397,866	2,349,485	2,413,450	2,335,305

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

41. Reserves

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
(i) Asset revaluation reserve				
Balance brought forward from prior period	9,242,590	10,018,015	9,242,590	10,018,015
Transferred to retained earnings	(104,447)	(119,751)	(104,447)	(119,751)
Revaluations during the period	(926,701)	(651,494)	(926,701)	(651,494)
Impairment loss on Rental Properties	(4,088)	(4,180)	(4,088)	(4,180)
Closing balance	8,207,354	9,242,590	8,207,354	9,242,590
Revaluations recognised during the year were in respect of:				
Rental properties - current	(882,653)	(467,097)	(882,653)	(467,097)
Community Housing properties - current	(8,982)	(23,941)	(8,982)	(23,941)
Shared Equity properties - current	(19,295)	5,361	(19,295)	5,361
Other properties - current	(3,484)	(4,538)	(3,484)	(4,538)
Land transferred to Rental properties	(16,375)	(165,459)	(16,375)	(165,459)
Transferred to retained earnings	(930,789)	(655,674)	(930,789)	(655,674)
Revaluation amount of rental properties - sold	(84,141)	(84,560)	(84,141)	(84,560)
Revaluation amount of rental properties - demolished	(5,742)	(13,586)	(5,742)	(13,586)
Revaluation amount of Community Housing properties - sold	(3,275)	(8,366)	(3,275)	(8,366)
Revaluation amount of other properties - sold	-	-	-	-
Revaluation amount of Shared Equity properties - sold	(11,289)	(13,239)	(11,289)	(13,239)
Total	(104,447)	(119,751)	(104,447)	(119,751)

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	728	733	-	-
Transfer to retained profits	(4)	(5)	-	-
Closing balance	724	728	-	-

Total reserves

8,208,078	9,243,318	8,207,354	9,242,590
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42. Retained earnings

Balance at start of period	3,139,161	3,040,286	2,964,641	2,863,040
Transfer from asset revaluation reserve upon disposal	3,139,161	3,040,286	2,964,641	2,863,040
Transfer from Interest Assistance Lowstart reserve	104,447	119,751	104,447	119,751
Net profit/(loss) for the year	4	5	-	-
Total retained earnings	(210,149)	(20,881)	(227,453)	(18,150)
	3,033,463	3,139,161	2,841,635	2,964,641

43. Notes to the Statement of Cash Flows

Reconciliation of cash

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

Cash at bank - operational	212,666	211,032	198,400	177,126
Deposits at call	210,064	164,984	-	-
Rental tenants bonds	9,213	12,029	9,213	12,029
Unspent Municipal and Essential Services funds	41,517	62,789	41,517	62,789
Joint operations cash	17,919	29,828	17,919	29,828
Remote indigenous communities	4,994	3,106	4,994	3,106
Royalties for Regions Fund	15,383	48,178	15,383	48,178
Total	511,756	531,946	287,426	333,056

Reconciliation of cash flows from operations with profit for the period

Net Profit / (Loss)	(210,491)	(21,239)	(227,453)	(18,106)
Non - cash items:				
Depreciation & amortisation expense	144,471	149,533	143,368	148,406
Doubtful debts expense	11,194	13,027	7,668	7,595
Loss on disposal of non-current assets	20,008	27,119	20,008	27,119
Impairment - Assets (Goldmaster)	-	-	19,631	-
Cash items:				
Grants & subsidies from government	(69,054)	(105,448)	(69,054)	(105,448)
(Increase)/decrease in assets:				
Receivables	39,033	(26,138)	39,690	(26,137)
Inventories	118,814	(68,164)	116,696	(71,446)
Other assets	41,518	(12,165)	39,849	(12,061)
Increase/(decrease) in liabilities:				
Provisions	(3,572)	(23,793)	(3,572)	(25,831)
Payables	(123,018)	90,454	(105,113)	84,351
Net GST payments	5,745	4,905	5,654	5,020
Net cash flows provided by (used in) operating activities	(25,352)	28,091	(12,628)	13,462

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

44. Purchase of non-current physical assets

	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
Buildings under construction	139,070	94,484	139,070	94,484
Computing facilities & equipment	4,978	16,296	4,179	14,970
Office machines & equipment	486	145	486	102
Properties	215,852	41,577	215,852	41,577
Total purchase of non-current physical assets	360,386	152,502	359,587	151,133

45. Remuneration of auditor

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

Auditing the accounts, controls, financial statements and key performance indicators.

478	473	322	317
478	473	322	317

46. Commitments for expenditure

At June 30 2017 the expenditure commitments being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

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

Within 1 year	135,959	213,772	135,959	213,772
Later than 1 year & not later than 5 years	1,444	2,207	1,444	2,207
Later than 5 years	-	-	-	-
	137,403	215,979	137,403	215,979

The capital commitments include amounts for the following:

Dwelling construction & upgrades	76,923	107,914	76,923	107,914
Land development and redevelopment	4,578	8,225	4,578	8,225
Crisis accommodation program	392	4,038	392	4,038
Joint operations land development	6,154	8,092	6,154	8,092
New living	260	-	260	-
Local Government & Community Housing programs	5	10	5	10
Affordable Housing	49,091	87,700	49,091	87,700
	137,403	215,979	137,403	215,979

(b) Loan advance commitment

Approved loans not yet fully disbursed

159,653	208,412	-	-
159,653	208,412	-	-

Loan advance commitment includes the following:

Loans to Home Buyers	159,653	208,412	-	-
	159,653	208,412	-	-

Capital expenditure commitments decreased by \$78.58 million from the previous year.

Committed carryover for Construction of Houses decreased from the previous year as the majority of units commenced under the Social Housing Investment Package were completed during 2016-17.

Capital commitments for Land Development and Redevelopment has decreased due to the slow market activity which is impacting sales performance across the Authority's projects. This has deferred the commencement of new developments in some locations for 2016-17.

Committed carryover for Crisis Accommodation has decreased from the previous year due to the completion in 2016-17 of the Wooree Myia Refuge in Kenwick. In addition, the commencement of the Mental Health Subacute facility in Broome has been delayed to 2017-18.

Joint Venture development capital commitments is lower from the previous year due to the early completion of major Joint Venture projects in 2016-17. The carry over into 2017-18 is mainly minor works projects in Brookdale and Ellenbrook.

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

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

Committed carryover for the Affordable Housing Program decreased to \$49.1 million due to a majority of the 2015-16 capital commitment for Affordable Housing being completed within 2016-17. The Social Housing Investment Package for redevelopment projects were completed within the year, with a minor balance of \$5m carryover at the end of 2016-17.

Committed carry over for Loans to Home buyers has decreased by \$48.7 million due to lower approval volumes for those seeking to enter the First home buyer market. This is consistent with the current economic conditions which reduces demand for Home Ownership.

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

46. Commitments for expenditure (continued)

(c) Non cancellable operating lease commitments

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

Rental property leases:

	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
Lease commitments on non cancellable operating leases are:				
Within 1 year	16,055	40,692	16,055	40,692
Later than 1 year & not later than 5 years	6,993	22,297	6,993	22,297
Later than 5 years	2,342	1,885	2,342	1,885
	<u>25,390</u>	<u>64,874</u>	<u>25,390</u>	<u>64,874</u>

Motor vehicle leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	798	833	798	833
Later than 1 year & not later than 5 years	872	928	872	928
	<u>1,670</u>	<u>1,761</u>	<u>1,670</u>	<u>1,761</u>

Office property leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	846	4,462	3,244	3,616
Later than 1 year & not later than 5 years	83	2,416	3,347	2,333
Later than 5 years	-	-	2,401	-
	<u>929</u>	<u>6,878</u>	<u>8,992</u>	<u>5,949</u>

47. Contingent liabilities

Contaminated sites

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

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

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

Litigation in progress

The value of legal actions and claims against the Authority involving asbestos related illnesses is estimated at \$200,000. Liability is being denied in each matter and the proceedings defended.

48. Supplementary financial information

(a) Write offs.

Bad Debts written off by the Accountable Authority in the year ended 30 June 2017 totalled \$7,015,537

(2016: \$7,349,237)

Bad Debts recovered during the year ended 30 June 2017 totalled \$910,509 (2016: \$848,488)

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

Cashier shortage incurred for the year ended 30 June 2017 was nil. (2016: nil).

Reportable thefts in the year ended 30 June 2017 was nil (2016: \$4,259).

Amounts recovered during the year ended 30 June 2017 was nil (2016: nil)

(c) Gifts of public property

In the year ended 30 June 2017 the Housing Authority made no gifts of public property.

49. Non - controlling interests

Goldmaster

	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
Opening Equity for non-controlling interest	1,742	2,144	-	-
Non-controlling profit ending 30 June	(342)	(402)	-	-
Movement in equity attributable to Contributed Equity	-	-	-	-
Other changes to non-controlling interest	-	-	-	-
Total non-controlling interest	<u>1,400</u>	<u>1,742</u>	<u>-</u>	<u>-</u>

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

50. Related parties

(a) Compensation of Key Management Personnel

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

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

Compensation of members of the accountable authority

Compensation Band	2017	2016
\$150,001 - \$160,000	-	1
\$480,001 - \$490,000	1	-
\$550,001 - \$560,000	-	1

Compensation of senior officers

Compensation Band	2017	2016
\$ 40,001 - \$50,000	-	1
\$ 50,001 - \$60,000	-	1
\$ 60,001 - \$70,000	1	-
\$ 70,001 - \$80,000	-	1
\$ 90,001 - \$100,000	-	1
\$110,001 - \$120,000	1	-
\$120,001 - \$130,000	1	-
\$140,001 - \$150,000	-	1
\$180,001 - \$190,000	1	-
\$200,001 - \$210,000	2	-
\$210,001 - \$220,000	1	1
\$230,001 - \$240,000	-	2

Short term employee benefits
Post employment benefits
Other long term benefits

	\$000	\$000
	1,423	1,669
	167	165
	8	(17)
Total compensation of key management personnel	1,598	1,817

The total compensation includes the superannuation expense incurred by the Authority in respect of senior officers reported as members of the accountable authority. The increase is due to the greater number of senior officers acting in higher positions compared to previous years.

There are no senior officers presently employed who are currently members of the Pension Scheme.

(b) Transactions with other related parties

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

Related parties of the Authority include:

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

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

	Transaction value year ended 2017 \$000
Receipts	
Department of Treasury	
- Grants	68,000
Department of Regional Development	
- Funding	46,000
Western Australian Treasury Corporation	
- Proceeds for Borrowings	420,000

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

50. Related parties (continued)

	Transaction value year ended 2017 \$000
Payments	
Water Corporation	
- Water rates	32,000
- Water consumption/other	17,000
Department of Regional Development	
- Repayment of funding	31,000
Western Australian Treasury Corporation	
- Repayment of borrowings	1,307,000
- Interest on borrowings	99,000
- Guarantee fees	14,000
Government Employees' Superannuation Board	
- Superannuation contributions	20,000

(c) Subsidiaries

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

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

	Note	2017 \$000	2016 \$000
Preferential shares	23	3,320,000	4,290,000
Interest revenue	10	78,858	105,389
Dividend	11	77,501	87,432
Other current assets	25	8,078	17,119
Distribution of equity	40	29,764	14,180

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

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

	Note	2017 \$000	2016 \$000
Interest revenue	10	595	624
Other financial assets	27	37,350	37,350
Loans and receivables	23	10,371	11,267

51. Events occurring after the end of the reporting period

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

52. Financial instrument disclosures

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

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

	Consolidated 2017 \$000	2016 \$000	Parent 2017 \$000	2016 \$000
<i>(i) Financial Assets</i>				
Cash and cash equivalents	212,666	211,032	198,400	177,126
Restricted cash and cash equivalents	89,026	155,930	89,026	155,930
Other financial assets				
- deposits at call	210,063	164,984	-	-
- other assets	24	24	17,743	37,374
Receivables ^(a)				
- Keystart preference shares	-	-	3,320,000	4,290,000
- general	18,010	16,135	16,652	15,423
- land debtors	6,013	27,219	6,013	27,219
- rent from tenants and other	49,277	41,401	49,277	41,401
- rental and lease bonds	30,377	27,134	30,377	27,134
- loans to homebuyers	3,372,415	4,412,922	-	-
- loans to commercial organisations	5,737	-	10,371	11,267
- dividends receivable	-	-	77,501	87,432
Other current assets	3,683	8,851	11,761	25,970
Total financial assets	3,987,291	5,065,632	3,827,121	4,896,276

52. Financial instrument disclosures (continued)

<i>(ii) Financial Liabilities</i>					
Borrowings					
- WATC	4,066,810	4,960,137	4,066,810	4,960,137	
- Commercial loan	62,276	62,276	62,276	62,276	
- Commonwealth advances	376,119	391,970	376,119	391,970	
Payables					
- general	26,115	31,982	25,970	31,793	
- rental deposits and tenant bonds	9,212	12,029	9,212	12,029	
Other current liabilities	23,558	19,014	14,176	13,970	
Total financial liabilities	4,564,090	5,477,408	4,554,563	5,472,175	

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

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

	Carrying amount \$000	Interest rate risk		
		-1%		+1%
		Profit \$000	Equity \$000	Profit \$000
2017				
<i>(i) Financial Assets</i>				
Cash and cash equivalents	212,666	(2,127)	(2,127)	2,127
Restricted cash and cash equivalents	89,026	(890)	(890)	890
Deposits at call	210,063	(2,101)	(2,101)	2,101
Loans to homebuyers	3,372,415	(33,724)	(33,724)	33,724
<i>(ii) Financial Liabilities</i>				
Borrowings				
- WATC floating	3,300,826	33,008	33,008	(33,008)
- WATC fixed *	765,984	-	-	-
- Commercial loan	62,276	623	623	(623)
- Commonwealth advances *	376,119	-	-	-
Total Increase/(Decrease)		(5,211)	(5,211)	5,211

	Carrying amount \$000	Interest rate risk		
		-1%		+1%
		Profit \$000	Equity \$000	Profit \$000
2016				
<i>(i) Financial Assets</i>				
Cash and cash equivalents	211,032	(2,110)	(2,110)	2,110
Restricted cash and cash equivalents	155,930	(1,559)	(1,559)	1,559
Deposits at call	164,984	(1,650)	(1,650)	1,650
Loans to homebuyers	4,412,922	(44,129)	(44,129)	44,129
<i>(ii) Financial Liabilities</i>				
Borrowings				
- WATC floating	4,454,694	44,547	44,547	(44,547)
- WATC fixed *	505,443	-	-	-
- Commercial loan	62,276	623	623	(623)
- Commonwealth advances *	391,970	-	-	-
Total Increase/(Decrease)		(4,278)	(4,278)	4,278

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

52. Financial instrument disclosures (continued)

PARENT

	Carrying amount \$'000	Interest rate risk			
		-1%		+1%	
2017		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<i>(i) Financial Assets</i>					
Cash and cash equivalents	198,400	(1,984)	(1,984)	1,984	1,984
Restricted cash and cash equivalents	89,026	(890)	(890)	890	890
Keystart preference shares	3,320,000	(33,200)	(33,200)	33,200	33,200
Loans to commercial organisations	10,371	(104)	(104)	104	104
<i>(ii) Financial Liabilities</i>					
Borrowings					
- WATC floating	3,300,826	33,008	33,008	(33,008)	(33,008)
- WATC fixed *	765,984	-	-	-	-
- Commercial loan	62,276	623	623	(623)	(623)
- Commonwealth advances *	376,119	-	-	-	-
Total Increase/(Decrease)		(2,547)	(2,547)	2,547	2,547

	Carrying amount \$'000	Interest rate risk			
		-1%		+1%	
2016		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<i>(i) Financial Assets</i>					
Cash and cash equivalents	177,126	(1,771)	(1,771)	1,771	1,771
Restricted cash and cash equivalents	155,930	(1,559)	(1,559)	1,559	1,559
Keystart Preference Shares	4,290,000	(42,900)	(42,900)	42,900	42,900
Loans to commercial organisations	11,267	(113)	(113)	113	113
<i>(ii) Financial Liabilities</i>					
Borrowings					
- WATC floating	4,454,694	44,547	44,547	(44,547)	(44,547)
- WATC fixed *	505,443	-	-	-	-
- Commercial loan	62,276	623	623	(623)	(623)
- Commonwealth advances *	391,970	-	-	-	-
Total Increase/(Decrease)		(1,173)	(1,173)	1,173	1,173

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

52. Financial instrument disclosures (continued)

Credit Risk

CONSOLIDATED

Ageing analysis of financial assets

	Carrying Amount \$000	Not past due and not impaired \$000	<u>Past due but not impaired</u>				Impaired financial assets \$000
			Not more than 3 months \$000	3 months less than 6 months \$000	6 months less than 1 year \$000	More than 1 year \$000	
2017							
Cash and cash equivalents	212,666	212,666	-	-	-	-	-
Restricted cash and cash equivalents	89,026	89,026	-	-	-	-	-
Other financial assets							
- deposits at call	210,063	210,063	-	-	-	-	-
- other assets	24	24	-	-	-	-	-
Receivables *							
- general	18,010	14,340	1,175	-	1,134	930	431
- land debtors	6,013	5,597	-	-	-	416	-
- rent from tenants and other	49,277	49,747	1,714	1,297	1,975	(5,456)	-
- rental lease bonds	30,377	24,262	605	426	725	4,130	229
- loans to homebuyers	3,372,415	3,372,415	-	-	-	-	-
Other current assets	3,683	3,683	-	-	-	-	-
Total financial assets	3,991,554	3,981,823	3,494	1,723	3,834	20	660
2016							
Cash and cash equivalents	211,032	211,032	-	-	-	-	-
Restricted cash and cash equivalents	155,930	155,930	-	-	-	-	-
Other financial assets							
- debentures	164,984	164,984	-	-	-	-	-
- deposits at call	24	24	-	-	-	-	-
- other assets			-	-	-	-	-
Receivables *							
- general	16,135	15,294	626	16	18	181	-
- land debtors	27,219	26,803	-	-	-	416	-
- rent from tenants and other	41,401	25,824	6,436	6,000	6,299	(3,158)	-
- rental lease bonds	27,134	22,715	554	664	1,164	2,037	-
- loans to homebuyers	4,412,922	4,198,413	214,509	-	-	-	-
- loans to commercial organisations	-	-	-	-	-	-	-
- loans to local and statutory organisations	-	-	-	-	-	-	-
Other current assets	8,851	8,851	-	-	-	-	-
Total financial assets	5,065,632	4,829,870	222,125	6,680	7,481	(524)	-

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

52. Financial instrument disclosures (continued)

Credit Risk

Ageing analysis of financial assets**PARENT**

	Carrying Amount \$000	Not past due and not impaired \$000	<u>Past due but not impaired</u>				Impaired financial assets \$000
			Not more than 3 months \$000	More than 3 months less than 6 months \$000	More than 6 months less than 1 year \$000	More than 1 year \$000	
2017							
Cash and cash equivalents	198,400	198,400	-	-	-	-	-
Restricted cash and cash equivalents	89,026	89,026	-	-	-	-	-
Other financial assets							
- debentures	-	-	-	-	-	-	-
- shares in Goldmaster Enterprises Pty Ltd	17,743	17,743	-	-	-	-	-
- other assets	24	24	-	-	-	-	-
Receivables *							
- general	16,652	12,982	1,175	-	1,134	930	431
- land debtors	6,013	5,597	-	-	-	-	416
- rent from tenants and other	49,277	49,747	1,714	1,297	1,975	(5,456)	-
- rental lease bonds	30,377	24,262	605	426	725	4,130	229
- loans to homebuyers	-	-	-	-	-	-	-
- loans to commercial organisations	10,371	4,634	-	-	-	-	-
- Keystart preference shares	3,320,000	3,320,000	-	-	-	-	-
- dividends receivable	77,501	77,501	-	-	-	-	-
Other current assets	11,761	11,761	-	-	-	-	-
Total financial assets	3,827,145	3,811,677	3,494	1,723	3,834	20	660
2016							
Cash and cash equivalents	177,126	177,126	-	-	-	-	-
Restricted cash and cash equivalents	155,930	155,930	-	-	-	-	-
Other financial assets							
- debentures	-	-	-	-	-	-	-
- shares in Goldmaster Enterprises Pty Ltd	37,350	37,350	-	-	-	-	-
- other assets	24	24	-	-	-	-	-
Receivables *							
- general	15,423	14,582	626	16	18	181	-
- land debtors	27,219	26,803	-	-	-	-	416
- rent from tenants and other	41,401	25,824	6,436	6,000	6,299	(3,158)	-
- rental lease bonds	27,134	22,715	554	664	1,164	2,037	-
- loans to homebuyers	-	-	-	-	-	-	-
- loans to commercial organisations	11,267	11,267	-	-	-	-	-
- Keystart preference shares	4,290,000	4,290,000	-	-	-	-	-
- dividends receivable	87,432	87,432	-	-	-	-	-
Other current assets	25,970	25,970	-	-	-	-	-
Total financial assets	4,896,276	4,875,023	7,616	6,680	7,481	(524)	-

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

52. Financial instrument disclosures (continued)

Liquidity risk and interest rate exposure

Interest rate exposure and maturity analysis of financial assets and financial liabilities

CONSOLIDATED	Weighted Average Effective Interest Rate %	Interest rate exposure			Contractual Maturity Dates						Adjustment for discounting	Total carrying amount
		Fixed Interest Rate \$000	Variable Interest Rate \$000	Non- Interest Bearing \$000	Within 1 year \$000	1 - 2 years \$000	2 - 3 years \$000	3 - 4 years \$000	4 - 5 years \$000	More than 5 years \$000		
2017												
<i>(i) Financial Assets</i>												
Cash and cash equivalents	1.98%	-	212,666	-	212,666	-	-	-	-	-	-	212,666
Restricted cash and cash equivalents	1.98%	-	89,026	-	89,026	-	-	-	-	-	-	89,026
Other financial assets												
- deposits at call	2.05%	-	210,063	-	210,063	-	-	-	-	-	-	210,063
- other assets	***	-	-	24	-	-	-	-	-	24	-	24
Receivables												
- general	***	-	-	18,010	18,010	-	-	-	-	-	-	18,010
- land debtors	***	-	-	6,013	6,013	-	-	-	-	-	-	6,013
- rent from tenants and other	***	-	-	49,277	49,277	-	-	-	-	-	-	49,277
- rental and lease bonds	***	-	-	30,377	30,377	-	-	-	-	-	-	30,377
- loans to homebuyers	4.77%	-	3,372,415	-	-	-	-	-	-	3,372,415	-	3,372,415
- dividends receivable	***	-	-	-	-	-	-	-	-	-	-	-
Other current assets	***	-	-	3,683	3,683	-	-	-	-	-	-	3,683
Total financial assets		-	3,884,170	107,384	619,115	-	-	-	-	3,372,439,000	-	3,991,554
<i>(ii) Financial Liabilities</i>												
Borrowings												
- WATC	2.12%	765,984	3,300,826	-	1,451,714	927,006	1,299,768	309,406	57,617	201,057	179,758	4,066,810
- Commercial loan	4.18%	-	62,276	-	2,603	2,603	2,603	2,603	2,603	80,497	31,236	62,276
- Commonwealth advances	4.58%	376,119	-	-	33,150	32,825	32,411	31,969	31,452	405,989	191,677	376,119
Payables												
- general	***	-	-	26,115	26,115	-	-	-	-	-	-	26,115
- rental deposits and tenant bonds **	***	-	-	9,212	9,212	-	-	-	-	-	-	9,212
Other current liabilities	***	-	-	23,558	23,558	-	-	-	-	-	-	23,558
Total financial liabilities		1,142,103	3,363,102	58,885	1,546,352	962,434	1,334,782	343,978	91,672	687,543	402,671	4,564,090

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

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

52. Financial instrument disclosures (continued)

Liquidity risk and interest rate exposure

Interest rate exposure and maturity analysis of financial assets and financial liabilities

CONSOLIDATED	Weighted Average Effective Interest Rate %	Interest rate exposure			Contractual Maturity Dates						Adjustment for discounting	Total carrying amount
		Fixed Interest Rate \$000	Variable Interest Rate \$000	Non- Interest Bearing \$000	Within 1 year \$000	1 - 2 years \$000	2 - 3 years \$000	3 - 4 years \$000	4 - 5 years \$000	More than 5 years \$000		
2016												
<i>(i) Financial Assets</i>												
Cash and cash equivalents	2.29%	-	211,032	-	211,032	-	-	-	-	-	-	211,032
Restricted cash and cash equivalents	2.27%	-	155,930	-	155,930	-	-	-	-	-	-	155,930
Other financial assets												
- deposits at call	2.43%	-	164,984	-	164,984	-	-	-	-	-	-	164,984
- other assets	***	-	-	24	-	-	-	-	-	24	-	24
Receivables												
- general	***	-	-	16,135	16,135	-	-	-	-	-	-	16,135
- land debtors	***	-	-	27,219	27,219	-	-	-	-	-	-	27,219
- rent from tenants and other	***	-	-	41,401	41,401	-	-	-	-	-	-	41,401
- rental and lease bonds	***	-	-	27,134	27,134	-	-	-	-	-	-	27,134
- loans to homebuyers	4.96%	-	4,412,922	-	-	-	-	-	-	4,412,922	-	4,412,922
- loans to commercial organisations	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	***	-	-	8,851	8,851	-	-	-	-	-	-	8,851
Total financial assets		-	4,944,868	120,764	652,686	-	-	-	-	4,412,946	-	5,065,632
<i>(ii) Financial Liabilities</i>												
Borrowings												
- WATC	2.93%	505,443	4,454,694	-	2,432,140	1,218,053	185,701	792,647	307,981	252,572	228,957	4,960,137
- Commercial loan	4.60%	-	62,276	-	2,863	2,863	2,863	2,863	2,863	85,184	37,223	62,276
- Commonwealth advances	4.57%	391,970	-	-	33,436	33,150	32,825	32,411	31,969	437,440	209,261	391,970
Payables												
- general	***	-	-	31,982	31,982	-	-	-	-	-	-	31,982
- rental deposits and tenant bonds **	***	-	-	12,029	12,029	-	-	-	-	-	-	12,029
Other current liabilities	***	-	-	19,014	19,014	-	-	-	-	-	-	19,014
Total financial liabilities		897,413	4,516,970	63,025	2,531,464	1,254,066	221,389	827,921	342,813	775,196	475,441	5,477,408

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

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

52. Financial instrument disclosures (continued)

Liquidity risk and interest rate exposure

Interest rate exposure and maturity analysis of financial assets and financial liabilities

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

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

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

52. Financial instrument disclosures (continued)

Liquidity risk and interest rate exposure

Interest rate exposure and maturity analysis of financial assets and financial liabilities

PARENT	Weighted Average Effective Interest Rate %	Interest rate exposure			Contractual Maturity Dates						Adjustment for discounting	Total carrying amount
		Fixed Interest Rate \$000	Variable Interest Rate \$000	Non- Interest Bearing \$000	Within 1 year \$000	1 - 2 years \$000	2 - 3 years \$000	3 - 4 years \$000	4 - 5 years \$000	More than 5 years \$000		
2016												
<i>(i) Financial Assets</i>												
Cash and cash equivalents	2.27%	-	177,126	-	177,126	-	-	-	-	-	-	177,126
Restricted cash and cash equivalents	2.27%	-	155,930	-	155,930	-	-	-	-	-	-	155,930
Other financial assets												
- debentures		-	-	-	-	-	-	-	-	-	-	-
- other assets		-	-	37,374	-	-	-	-	-	37,374	-	37,374
Receivables												
- general	***	-	-	15,423	15,423	-	-	-	-	-	-	15,423
- land debtors	***	-	-	27,219	27,219	-	-	-	-	-	-	27,219
- rent from tenants and other	***	-	-	41,401	41,401	-	-	-	-	-	-	41,401
- rental and lease bonds	***	-	-	27,134	27,134	-	-	-	-	-	-	27,134
- loans to homebuyers		-	-	-	-	-	-	-	-	-	-	-
- loans to commercial organisations	5.30%	11,267	-	-	11,267	-	-	-	-	-	-	11,267
- Keystart preference shares	2.21%	1,905,000	2,385,000	-	2,280,000	1,060,000	-	700,000	-	250,000	-	4,290,000
- dividends receivable	***	-	-	87,432	87,432	-	-	-	-	-	-	87,432
Other current assets	***	-	-	25,970	25,970	-	-	-	-	-	-	25,970
Total financial assets		1,916,267	2,718,056	261,953	2,848,902	1,060,000	-	700,000	-	287,374	-	4,896,276
<i>(ii) Financial Liabilities</i>												
Borrowings												
- WATC	2.93%	505,443	4,454,694	-	2,432,140	1,218,053	185,701	792,647	307,981	252,572	228,957	4,960,137
- Commercial loan	4.60%	-	62,276	-	2,863	2,863	2,863	2,863	2,863	85,184	37,223	62,276
- Commonwealth advances	4.57%	391,970	-	-	33,436	33,150	32,825	32,411	31,969	437,440	209,261	391,970
Payables												
- general *	***	-	-	31,793	31,239	554,000	-	-	-	-	-	31,793
- rental deposits and tenant bonds **	***	-	-	12,029	12,029	-	-	-	-	-	-	12,029
Other current liabilities	***	-	-	13,970	13,970	-	-	-	-	-	-	13,970
Total financial liabilities		897,413	4,516,970	57,792	2,525,677	1,254,620	221,389	827,921	342,813	775,196	475,441	5,472,175

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

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

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

53. Special Purpose Account

Municipal and Essential Services Account

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

	2017 \$000	2016 \$000
Balance at start of period	62,789	-
Receipts	-	90,000
Payments	(21,272)	(27,211)
Balance at end of period	<u>41,517</u>	<u>62,789</u>

54. Explanatory Statement

(a). Comparison of 2016-17 Estimates and Actual operating results for 2016-17

Section 40 of the Financial Management Act 2006 requires The Housing Authority to prepare annual budget estimates. Treasurer's Instruction 94SP requires an explanation of significant variations between these estimates and actual results. Significant variations are considered to be those greater/less than \$10 million or 10% greater/less than the budgeted amount

	Budget \$000	Actual \$000	Variance \$000
1. Revenues have varied by the following:			
* Sales Sales revenue came in under the original budget of \$607.8 million by 51%. This is due to both land and property sales been down due to difficult market conditions with slow uptake of acquisitions together with declines in property prices.	607,832	299,272	(308,560)
* Rental revenue The 13% variance is primarily attributable to a decrease in GROH rents as a result of reduction in rental income in the northwest and a softer agency demand for GROH properties. This reduction was mostly offset by a reduction in private leasing expenses. Net social rental was reduced due to increased vacancies, as people on lower incomes accessed the private rental market as more affordable accommodation through lower rents becomes available. As part of the efforts to halve the priority wait list for seniors and families through SHIP program, these priority applicants are eligible for higher rebates and concessions resulting in an increase in this area.	458,120	395,841	(62,279)
* Commonwealth Grants and Contributions The \$82m variance is mostly attributable to the net impact of Commonwealth Grants for Aboriginal Housing that was reflowed out to 2017-18 due to delays in NPRH funding agreements being signed.	255,476	173,118	(82,358)
* Interest revenue The variance between Original budget and Actual for Interest Revenue is primarily due to the divestments of \$1,265b of Keystart Debt and lower interest rates.	107,987	82,856	(25,131)
* Other Revenues The increase in Other Revenue is primarily attributable to a change in timing of the recognition of the Keystart income dividend to the inclusion into the year earned rather than previously the year when paid.	121,304	89,946	(31,358)
2. Expenses have varied by the following:			
* Cost of Sales Cost of Sales is below budget which is in line with the reduction in Sales. This is mainly due to the lower number of lots sold in Affordable housing and the reduction in JV sales and the deferral of land programs.	369,864	210,803	(159,061)
* Rental Expense The variance is mainly due to the GROH lease rental costs declining across the regions.	398,005	353,050	(44,955)
* Loss on Disposal of Non-Current Assets In an effort to meet sales targets in the slowing market, the sale of properties incurred greater losses than budgeted as Housing sold off a higher volume of properties in regional WA to meet sales targets. A number of these properties often struggled to realise their book values.	12,241	20,008	7,767
* Community Support Community Support expense is lower than anticipated due to the Commonwealth delaying approval of the National Affordable Housing Agreement (NAHA) program, thereby pushing expenditure into 2017-2018.	223,772	125,295	(98,477)
* Supplies and Services The variance is mostly as a result of re-alignment of budget for administration costs recouped from Employee benefits to Supplies and services for Aboriginal Housing expenditure.	46,152	29,641	(16,511)

THE HOUSING AUTHORITY AND CONTROLLED ENTITIES

(a). Comparison of 2016-17 Estimates and Actual operating results for 2016-17 (continued)

	Budget \$000	Actual \$000	Variance \$000
* Employee benefits expense Employee benefits expense was higher than the original budget as a result of a realignment of the budget for administration costs recouped from Employee benefits to Supplies and Services for Aboriginal Housing expenditure	145,404	146,209	805
* Finance costs The variance between Original budget and Actual for Finance costs is primarily due to the divestment of \$1,265b of Keystart Debt and lower interest rates.	154,540	126,502	(28,038)
* Other Expenses The variance of other expenses relates to the increased cost of assets transferred to Community Housing in respect of SLA300 commitments. These were delayed from 2015-16. Also includes the impairment of Goldmaster shares of \$19.631m in 2016-17.	98,380	172,017	73,637

(b). Comparison of Actual operating results for 2016-17 with those of the preceding year

Details and reasons for significant variations between actual operating results for 2016-17 and the preceding year are detailed below.
Significant variations are considered to be those greater/less than \$10 million or 10% greater/less than the actual amount for the preceding year.

1. Revenues have varied by the following:

	Actual 2017 \$000	Actual 2016 \$000	Variance
* Sales Sales revenue has reduced by 20%. Contributing factors were difficult market conditions with slow uptake of properties together with declines in property prices.	299,272	376,734	(77,462)
* Rental revenue Rental revenue has reduced by 6%. The reduction is primarily attributable to a decrease in GROH rents as a result of lower Government Regional Officer's Housing rent revenue in the North of the state	395,841	420,744	(24,903)
* Commonwealth grants and contributions The 39% reduction is mostly attributable to the net impact of Commonwealth Grants and Contributions for Aboriginal Housing that was reflowed out to 2017-18 due to delays in NPRH funding agreement coupled with funding that was received in 2015-2016 ahead of this year's budget.	173,118	284,235	(111,117)

* Interest revenue
Interest revenue has reduced by 28%. The reduction of Interest revenue is primarily due to the divestment of \$1,265b of Keystart debt and lower interest rates.

* Other gains
Other gains has reduced by 20% due to a reduction of the Keystart dividend and a reduction in co-contribution to Aboriginal Housing and a reduction in prior year GST claims for Disability

2. Expenses have varied by the following:

* Cost of sales Cost of sales has reduced by 13%. These costs are effected by the reduction in Sales. This mainly due to the lower number of lots sold in Affordable Housing and the reduction in JV investments and the deferral of land programs.	210,803	241,824	(31,021)
* Community support Community support expense is 32% lower than last year due to the Commonwealth delaying approval of the National Affordable Housing Agreement (NAHA) program, thereby pushing expenditure into 2017-2018.	125,295	184,638	(59,343)
* Employee benefit expense This increase is due to a reduction on the capitalisation of Aboriginal Housing cost's onto projects as a reduction in funding from the National Affordable Housing Agreement (NAHA) program causing a reduction in projects.	146,209	134,185	12,024
* Finance costs The Finance costs have reduced by 21% primarily due to the divestments of \$1,265b of Keystart debt and lower interest rates.	126,502	160,942	(34,440)
* Grants and Subsidies from State Government This decrease was due to no Municipal and Essential Services (MUNS) funding this year and a reduction in Community disability program.	70,310	105,448	(35,138)

Key Performance Indicators

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 Housing Authority's performance, and fairly represent the performance of the Housing Authority and its subsidiary for the financial year ended 30 June 2017.



Grahame Searle
Acting Chief Executive Officer
Accountable Authority
5 September 2017



Key Performance Indicators

Outcome: Housing eligible Western Australians

The Authority primarily contributes to the following government goal:

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

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

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

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

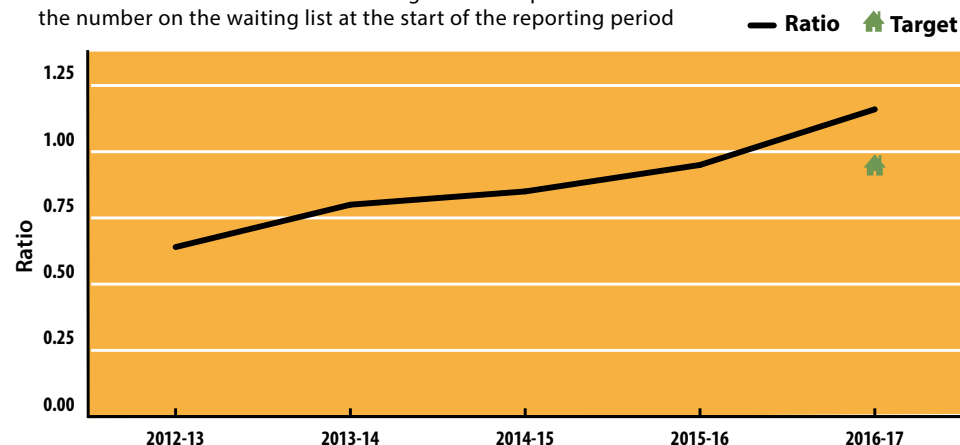
Effectiveness indicator 1

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

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

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

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



	ACTUAL					TARGET
	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17
Total housing assistances ¹	14,577	16,824	17,022	19,098	21,585	
Public rental waiting list at 30 June previous financial year ²	22,871	21,121	20,013	20,127	18,530	
Ratio	0.64	0.80	0.85	0.95	1.16	0.95

Comment on performance

In 2016-17, the ratio (1.16) of assistances provided to demand was higher than the Target (0.95), reflecting a greater number of assistances relative to expressed unmet demand. The variance was due to a higher than anticipated number of bond loans, influenced by increased private rental vacancy rates and more affordable rent charges. There was also an increased number of public housing occupations under the Social Housing Investment Package.

A comparison of results for the past five years shows a sustained improvement in the Authority's response to housing eligible Western Australians as a result of an increase in the provision of housing assistances and a gradual decline in the public rental waiting list.

Notes:

- For 2016-17 the total units of housing assistance comprises (2015-16 result indicated within brackets): number of people (applications) allocated from the waiting list into community housing options: 394 (271); number of new home loans approved: 2,180 (2,489); number of Housing Authority (including Joint Venture partner) land sales below \$182,050^a: 362 (344); number of public rental occupations: 3,724 (2,873); number of bond assistance loans approved: 14,925 (13,121).
- The benchmark cut-off for the lower end of the market (\$182,050) is the final December quarter lower quartile for Western Australia (State) residential land sales. For 2016-17 reporting, this was sourced directly from the Real Estate Institute of Western Australia. Previous lower quartile prices were derived from the Real Estate Institute of Western Australia's Market Update Report (March Quarter), which contained the final December quarter lower quartile (2012-13=\$175,000, 2013-14=\$175,000; 2014-15=\$189,000; 2015-16=\$192,000). Excluded from the lower quartile lot sales are multiple sales to the same person; lots over 1,000 square metres; sales to companies or other government departments; and internal transfers.
- The total number of applications recorded on the public rental waiting list varies over time as applicants' eligibility changes. Applications may be withdrawn from the waiting list if applicants fail to meet ongoing eligibility requirements or re-instated if they are later considered eligible. The number of applications to calculate this indicator is based on the waiting list as at 30 June in the previous financial year.

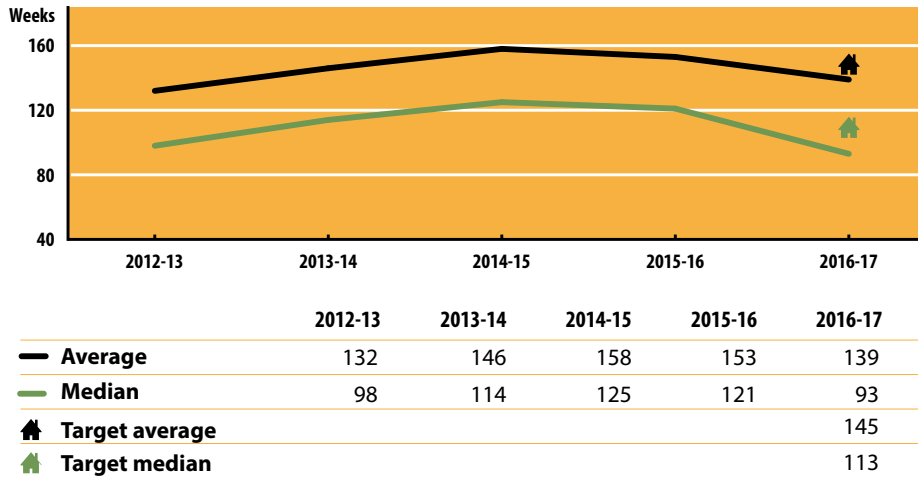
Effectiveness indicator 2

Waiting times for accommodation – applicants housed

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

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

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



Comment on performance

In 2016-17, the average and median wait times for accommodation (139 weeks and 93 weeks respectively) were lower than the Target (145 weeks and 113 weeks respectively).

Waiting times for 2016-17 were reduced mainly due to an increase in occupations resulting from the Social Housing Investment Package.

A comparison of results for the past five years shows an increase in the wait times between 2012-13 and 2014-15, with a reduction in 2015-16 and 2016-17. The profile of the results includes an increase in the percentage of applicants housed between one and 12 months.

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

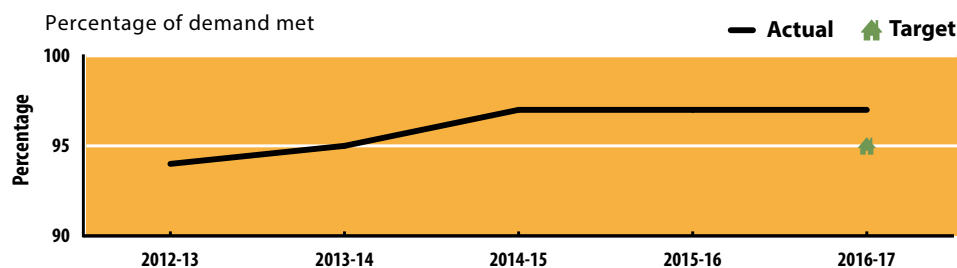
The table below illustrates the distribution of wait times for applicants housed.

	2012-13 (%)	2013-14 (%)	2014-15 (%)	2015-16 (%)	2016-17 (%)
< 1 month	14.47	11.88	6.47	4.56	5.48
1-12 months	21.90	21.03	21.76	27.04	30.29
1-3 years	27.44	28.12	29.38	28.92	30.72
3-5 years	18.24	18.08	19.49	18.13	14.80
5+ years	17.96	20.89	22.90	21.34	18.72

Effectiveness indicator 3

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

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



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

	ACTUAL					TARGET
	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17
Supply	5,235	5,054	5,014	4,708	4,573	
Demand	5,554	5,308	5,188	4,836	4,704	
Percentage of demand met	94%	95%	97%	97%	97%	95%

Comment on performance

In 2016-17, the percentage of demand met (97 per cent) was higher than the Target (95 per cent). Overall demand reduced from the previous year primarily in the regional centres across the Goldfields, Midwest/Gascoyne, Pilbara and West Kimberley regions.

A comparison of results for the past five years demonstrates that the Authority continues to consistently provide government employees with suitable and appropriate housing in regional and remote areas supporting the delivery of public services. Supply has declined each year since 2012-13 following a downturn in the mining sector.

Efficiency indicators

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

Service 1: Rental Housing

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

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

Efficiency indicator 1

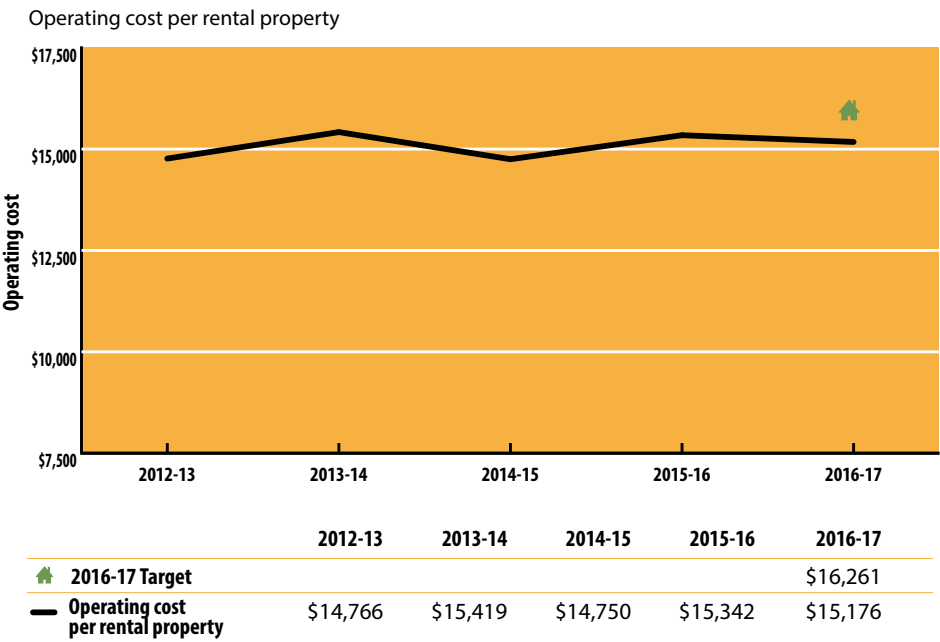
Operating cost per rental property

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

The total operating cost of the Rental Housing Service comprises:

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

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



Comment on performance

In 2016-17, the operating cost per rental property (\$15,176) was lower than the Target (\$16,261).

A comparison of results for the past five years shows a relatively consistent result in operating cost per rental property.

Service 2: Home Loans

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

Efficiency indicator 2

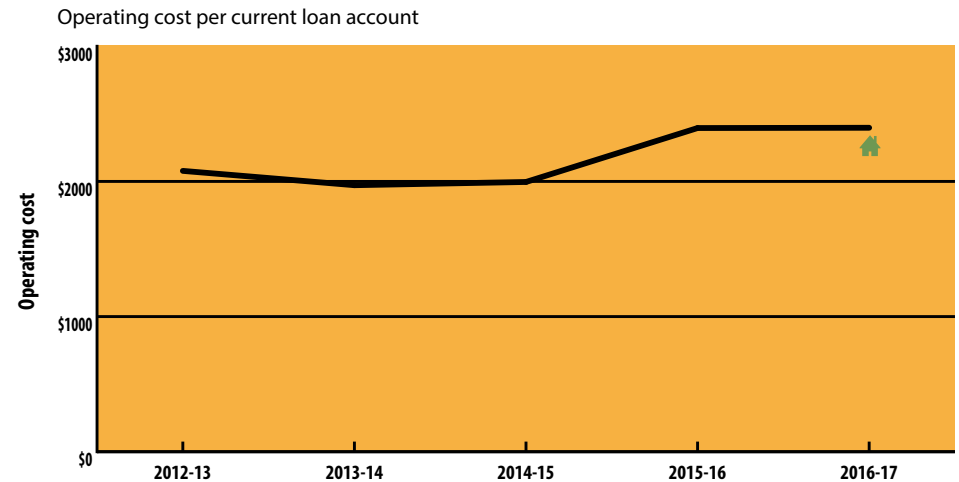
Operating cost per current loan account

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

The total operating cost of the Home Loans Service comprises:

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

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



	2012-13	2013-14	2014-15	2015-16	2016-17
🏠 2016-17 Target					\$2,299
— Operating cost per current loan account	\$2,078	\$1,972	\$1,996	\$2,395	\$2,397

Comment on performance

In 2016-17, the operating cost per current loan account (\$2,397) was consistent with the Target (\$2,299).

A comparison of results for the past five years shows a relatively stable trend for the period 2012-13 to 2014-15. The increase in 2015-16 was related to an increased provision for doubtful debts and expenditure on the part divestment of the loan portfolio. The 2016-17 result is consistent with 2015-16.

Service 3: Land and Housing Supply

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

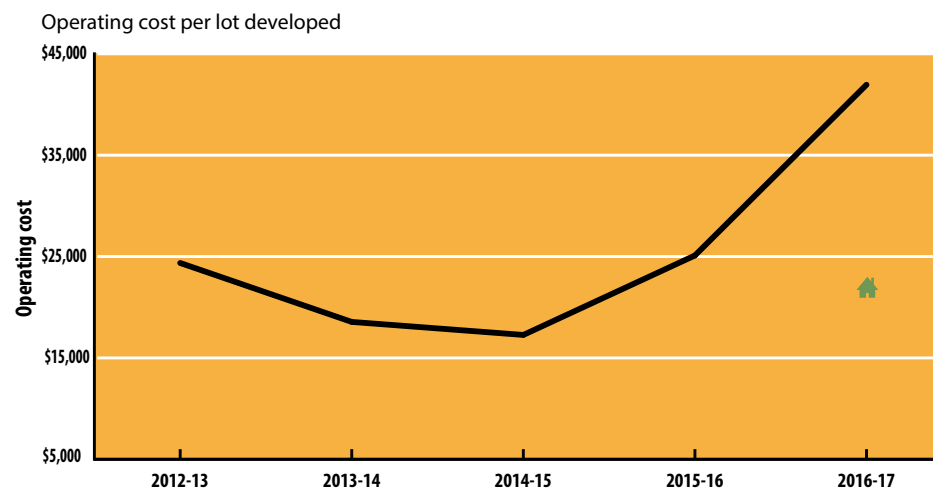
Efficiency indicator 3

Operating cost per lot developed

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

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

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



	2012-13	2013-14	2014-15	2015-16	2016-17
2016-17 Target					\$21,937
Operating cost per lot developed	\$24,367	\$18,552	\$17,268	\$25,107	\$41,950

Comment on performance

In 2016-17, the operating cost per lot developed (\$41,950) was higher than the Target (\$21,937). This was a result of the Authority's reduction in the number of lots developed to manage inventories in response to challenges in its core market segments. Total operating costs were marginally under budget.

The operating cost per lot developed has increased over the last two years. With relatively stable total operating costs (depreciation and amortisation; rental expenses; finance), the major driver of this increase is the reduction in lots developed as the Authority's response to the reductions in core market demand.

Efficiency indicator 4

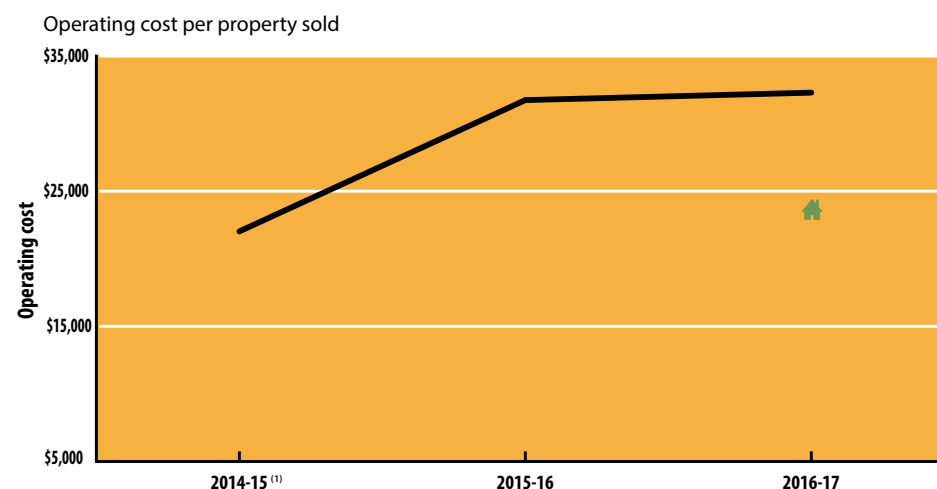
Operating cost per property sold

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

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

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

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



	2014-15	2015-16	2016-17
2016-17 Target			\$23,645
Operating cost per property sold	\$22,025	\$31,737	\$32,289

Note:

(1) This indicator was reported for the first time in 2014-15.

Comment on performance

In 2016-17, the operating cost per property sold (\$32,289) was higher than the Target (\$23,645). While operating expenses were below Target due to the Authority's successful management of costs, the number of properties sold was less than anticipated resulting in a higher result for the KPI. The Target set in the 2016-17 State Budget for the number of sales was adjusted down at the 2016-17 Mid-Year Review due to a significant softening in market conditions.

The operating cost per property sold increased between 2014-15 and 2015-16 due to less sales in a weakening property market and increased costs for the delivery of stock to be sold in future years. The 2016-17 result was consistent with 2015-16.

Service 4: Government Regional Officers' Housing

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

Efficiency indicator 5

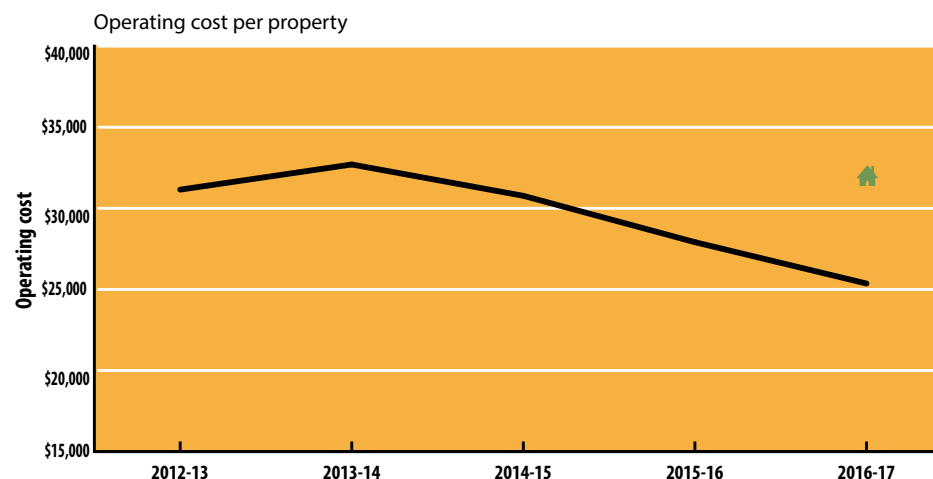
Operating cost per property

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

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

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

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



	2012-13	2013-14	2014-15	2015-16	2016-17
2016-17 Target					\$31,843
Operating cost per property	\$31,151	\$32,703	\$30,771	\$27,912	\$25,363

Comment on performance

In 2016-17, the operating cost per property (\$25,363) was lower than the Target (\$31,843). This was due primarily to the continued reduction in lease costs, particularly in the Pilbara region and the reduced number of leases across the Goldfields, Midwest/Gascoyne, Pilbara and West Kimberley regions.

A comparison of results for the past five years demonstrates the program's operating efficiency is heavily influenced by movements in private rental lease expenses, which have been in steady decline since 2013-14 following a downturn in the mining sector.

Ministerial directives

No Ministerial directives were received during 2016-17.

Other financial disclosures

Act of grace payments

As at 30 June 2017, there were no act of grace payments recorded.

Pricing policies

Rent setting for public housing tenants

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

At 30 June 2017, 67 per cent of public housing tenants were paying the standard 25 per cent of income in rent.

Tenant rental rates are determined by the Authority and approved by the Minister for Housing under section 30(1) of the *Housing Act 1980*. As part of the 2016-17 State Budget, a maximum weekly rent increase of \$6 was introduced for existing public housing tenants who were not yet paying 25 per cent of household assessable income or the market rent. This increase ensures that all tenants make a fair and equitable contribution towards their housing costs.

Rent reform in remote communities

In line with public housing protocols, rents for all new tenancies in remote communities are capped at a maximum of 25 per cent of assessable household income. The Authority continued to implement rent reform in 60 communities with more than 1,900 tenancies transitioning to the public housing-like rent model.

In addition, a comprehensive schedule of rolling inspections and maintenance programs to ensure that health, safety and amenity levels are maintained were continued.

Rent setting for Government Regional Officers' Housing

The Government Regional Officers' Housing (GROH) Tenant Rent Setting Framework policy sets out the maximum rent that government agencies can recoup from their region-based employees who occupy GROH properties. Under the policy, annual rent increases for GROH tenants are capped to ensure that tenant rents are appropriate and affordable. In 2015-16, the policy was amended to cap tenant rent increases to \$30 per week in any one year. The cap increase took effect from 2016-17, with rents forecast to increase to an average of 12 per cent of a region-based employee's income.

Capital projects

In accordance with Treasurer's Instruction 903(13)(ii), the Authority identifies the capital works projects that remain ongoing at the end of the financial year (Table 4) and the projects completed during the year (Table 5). Explanations have been provided for variations in actual expenditure that differ by more than \$2 million and 10 per cent of the estimated total cost.

Table 4: Summary of capital works projects in progress in 2016-17 ⁽¹⁾⁽²⁾

Program	Expected year of completion	Estimated cost to complete (\$'000)	Estimated total cost of project (\$'000)	Variance from previous financial year (\$'000)	Explanation
Acute homeless shelter	2017-18	–	5,426	(8)	
Carnarvon Independent Living ⁽³⁾	2017-18	83	4,736	4,736	New grant funding approved after the 2016-17 original Budget was finalised.
Disability Services Commission - Port Hedland respite	2017-18	1,377	2,800	–	
Government Regional Officers' Housing – Onslow ⁽³⁾	2017-18	5	4,961	(2,039)	Significant savings achieved in construction through the amalgamation of all works into a single project. This produced a better tender price than if they had been tendered separately.
Hilton revitalisation project	2019-20	6,800	6,800	6,800	New grant funding approved after the 2016-17 original Budget was finalised.
Mental Health National Partnerships Agreement - Broome subacute ⁽³⁾	2018-19	6,657	7,798	117	
Non-government organisation housing - stage 2	2017-18	15,125	39,414	(15,086)	The scope of the project has been revised in line with declining demand and planned budget saving measures.
National Partnership Agreement - spot purchases	2017-18	445	1,300	1,300	New grant funding approved after the 2016-17 original Budget was finalised.
Public housing stock Redevelopment Shared Equity Program ⁽³⁾	2017-18	2,861	24,636	(147)	
Replacement of public housing rental stock ⁽³⁾	2017-18	10	22,159	556	
Royalties for Regions - Broome Aboriginal short stay accommodation facility	2017-18	11,491	19,615	(1,500)	

Project	Expected year of completion	Estimate cost to complete (\$'000)	Estimated total cost of project (\$'000)	Variance from previous financial year (\$'000)	Explanation
Royalties for Regions – Exmouth ⁽³⁾	2017-18	15	8,820	–	
Royalties for Regions - Kalgoorlie visitors accommodation	2017-18	1,630	1,630	1,630	New grant funding approved after the 2016-17 original Budget was finalised.
Royalties for Regions - Kimberley housing project ⁽³⁾	2017-18	225	7,687	–	
Royalties for Regions - West Kimberley transitional housing ⁽³⁾	2017-18	3,982	28,000	(5,000)	Reduction is due to project savings as a result of changes in scope and varying market conditions.
Social housing - Mental Health Commission ⁽³⁾	2017-18	842	55,195	(2,790)	
Social housing boost ⁽³⁾	2017-18	2	133,108	5	
Social Housing Investment Package - build stream	2017-18	13,782	168,259	(14,136)	Reduction is due to lower than budgeted cost per unit for construction and reallocation of some budget from construction to spot purchase.
Social Housing Investment Package - buy stream ⁽³⁾	2017-18	5,703	83,621	(34,188)	Reduction is due to lower average acquisition costs for spot purchases than was originally budgeted.
Social Housing Investment Package - redevelop stream	2017-18	2,035	20,479	(580)	
Social Housing Investment Package - renew stream ⁽³⁾	2017-18	1,260	59,956	(7,331)	Efficiencies achieved in negotiating property acquisition has led to project savings.
Stimulus stage 3	2018-19	43,348	56,158	–	
Subacute facilities in Karratha and Bunbury	2018-19	9,075	9,080	9,080	New grant funding approved after the 2016-17 original Budget was finalised.

Notes:

- 1) The table includes all programs with defined funding sources.
- 2) The table excludes internally funded ongoing programs that contain multiple projects with differing completion dates.
- 3) The expected year of completion has changed to that previously published.

Table 5: Summary of capital works projects completed in 2016-17⁽¹⁾⁽²⁾

Program	Total cost of project (\$'000)	Variance from previous financial year (\$'000)	Explanation
Disability Services Commission – My Way Busselton	1,604	4	
Domestic violence accommodation	1,661	(339)	
Social housing – Mental Health Care Units ⁽³⁾	10,102	(2,698)	The project completed with savings to budget with the balance of funds being reallocated to the delivery of Broome subacute facility.
Western Australian Natural Disaster Relief and Recovery Arrangements	564	564	New grant funding approved after the 2016-17 original Budget was finalised.
Royalties for Regions - Government Regional Officers' Housing boost	32,493	6	
Royalties for Regions - Indigenous Visitor Hostels ⁽³⁾	10,125	(707)	Capital savings - lower than expected construction costs due to competitive procurement process and effective management over the builder and associated professional services.
Royalties for Regions - Housing for Workers ⁽³⁾	0	(16,991)	This unallocated funding was withdrawn via Department of Regional Development. It was originally earmarked to fund Coral Bay.

Notes:

- 1) The table includes all programs with defined funding sources.
- 2) The table excludes internally funded ongoing programs that contain multiple projects with differing completion dates.
- 3) The expected year of completion has changed to that previously published.

Projects included in the 2015-16 Annual Report that are now excluded due to being reclassified as ongoing programs with no specified end-date are:

- Disability Services Commission – National Disability Insurance Scheme My Way
- Disability Services Commission – capital allocation.

Employment and industrial relations

Employee profile

At the close of the financial year 1,792 people were employed by the Authority or 1,670 full time equivalent employees (Table 6).

Table 6: Authority's employment profile from 2014-15 to 2016-17

	2014-15	2015-16	2016-17
Permanent full-time	1,190	1,169	1,248
Permanent part-time	96	84	107
Contract full time and part-time	275	259	302
Seconded-in	4	7	9
Seconded-out	5	4	4
Total full-time equivalents	1,570	1,523	1,670

Industrial relations

The Authority has a Joint Consultative Committee in place with the Civil Service Association which meets bi-monthly to address employment and industrial relations matters. There were no matters involving the Industrial Magistrates Court in 2016-17. No applications were lodged with the Western Australian Industrial Relations Commission under the provisions of the *Industrial Relations Act 1979*. One application remained ongoing in that jurisdiction.

One application was lodged with the Equal Opportunity Commission under the provision of the *Equal Opportunity Act 1984*. Subsequent to conciliation, that matter was referred to the Equal Opportunity Commissioner for review and was dismissed.

Under the provisions of the *Equal Opportunity Act 1984*, one application dismissed by the Equal Opportunity Commissioner was referred by the applicant to the State Administrative Tribunal. The date for Hearing on this matter has not been determined.

Personal expenditure on the Authority's credit cards

In accordance with Treasurer's Instruction 321, officers are prohibited from using Government issued credit cards for personal purposes. Treasurer's Instructions 903(13) (iv) requires the Authority to disclose information relating to personal use. Table 7 details the personal expenditure using Government issued credit cards in 2016-17.

Table 7: Personal expenditure using Government issued credit cards in 2016-17

	2016-17
Number of instances the Western Australian Government purchasing card has been used for a personal purpose	33
Aggregate amount of personal use expenditure for the reporting period	5,240
Aggregate amount of personal use expenditure settled by the due date	5,240
Aggregate amount of personal use expenditure settled after the period required by the due date	0
Aggregate amount of personal use expenditure outstanding at the end of the reporting period	0
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	0

Section 40 Estimates 2017-18 Housing Authority

In accordance with Treasurer's Instruction 953, the annual estimates for the 2017-18 year are hereby enclosed in the 2016-17 Annual Report. These estimates do not form part of the 2016-17 financial statements and are not subject to audit.

Statement of Comprehensive Income

	2017-18 \$'000		2017-18 \$'000
Cost of services		Income	
Expenses			
Grants and subsidies	4,951	Sale of goods and services	587,784
Supplies and services	802,434	Grants and subsidies	312,085
Accommodation	186,631	Interest revenue	92,422
Depreciation and amortisation	150,944	Rent	429,468
Efficiency dividend	(16,750)	Developers contribution	75,227
Finance costs	128,998	Other revenue	3,418
Cost of lands sold	128,417	Total income	1,500,404
Other expense	237,486		
Total cost of services	1,623,111	Net cost of services	122,707
		Income from State Government	
		Service appropriations	50,490
		Royalties for Regions Fund:	
		Regional Community Services Fund	4,825
		Total income from State Government	55,315
		Surplus/(deficiency) for the period	(67,392)

Statement of Financial Position

	2017-18 \$'000		2017-18 \$'000
Current assets		Current liabilities	
Cash assets	272,998	Payables	22,222
Restricted cash	44,963	Other	95,371
Receivables	176,825	Total current liabilities	117,593
Other	1,168,576		
Assets held for sale	28,401	Non-current liabilities	
Total current assets	1,691,763	Borrowings	4,949,580
		Other	3,909
Non-current assets		Total non-current liabilities	4,953,489
Property, plant and equipment	13,637,178		
Intangibles	31,797	Total liabilities	5,071,082
Other	4,000,204		
Total non-current assets	17,669,179	Equity	
		Contributed equity	2,496,267
Total assets	19,360,942	Accumulated surplus/(deficit)	2,693,435
		Reserves	9,100,158
		Total equity	14,289,860
		Total liabilities and equity	19,360,942

Statement of Changes in Equity

	2017-18 \$'000
Contributed equity at start of period	2,406,750
Equity contributions during the period	89,517
Contributed equity at the end of the period	2,496,267
Accumulated surplus/(deficit) at start of period	2,760,827
Surplus/(deficit) for the period	(67,392)
Accumulated surplus/(deficit) at end of period	2,693,435

Statement of Cash Flows

	2017-18 \$'000		2017-18 \$'000
Cash flows from State Government		Cash flows from investing activities	
Service appropriations	50,490	Purchase of non-current assets	(154,073)
Royalties for Regions Fund:		Proceeds from sale of non-current assets	168,440
Regional Communities Services Fund	4,825	Net cash from investing activities	14,367
Regional Infrastructure and Headworks Funds	23,591		
Net cash provided by State Government	78,906		
Cash flows from operating activities		Cash flows from financing activities	
Payments		Repayment of borrowings	(3,467,843)
Grants and subsidies	(4,951)	Other payments	(4,005,000)
Supplies and services	(790,960)	Proceeds from borrowings	4,005,000
Accommodation	(198,959)	Other proceeds	3,348,463
Efficiency Dividend	16,750	Net cash from financing activities	(119,380)
Finance Costs	(131,571)		
GST Payments	(244)	Net increase/decrease in cash held	70,330
Other payments	(286,288)		
Receipts		Cash assets at the beginning of the reporting period	247,631
Grants and subsidies	312,085	Net cash transferred to/from other agencies	-
Sale of goods and services	587,784	Cash assets at the end of the reporting period	317,961
Interest received	94,995		
Rent receipts	429,468		
Dividend/State contributions received	64,684		
Other revenue	3,644		
Net cash from operating activities	96,437		

Governance disclosures

Subsidiaries

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

The Authority holds 100 per cent of the total shareholding in:

- Keystart Bonds Ltd
- Keystart Loans Ltd
- Keystart Support Pty Ltd
- Keystart Support (Subsidiary) Pty Ltd.

Keystart Loans Ltd owns 100 per cent of Keystart Scheme Management Pty Ltd.

The Authority is the majority shareholder in Goldmaster Enterprises Pty Ltd with 88 per cent ownership. The Authority also holds minority interests in the following incorporated entities:

- Ocean Springs Pty Ltd: 47 per cent
- Dalyellup Beach Pty Ltd: 50 per cent
- Ellenbrook Management Pty Ltd: 47 per cent
- Seacrest Corporation Pty Ltd: 50 per cent.

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

Director's indemnity insurance

In 2016-17, the Authority paid insurance premiums in respect of the liability of officers of the Authority in their capacity as directors and officers.

The insurance policy covers: costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome, and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Litigation in progress

The value of legal actions and claims against the Authority, including asbestos related illnesses, is estimated at \$200,000. Liability is being denied in each matter and the proceedings defended.

Contracts with senior officers

In 2016-17, 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 than normal contracts of employment of service.

Insurance

In accordance with Treasurer's Instruction 812, the Authority maintains an appropriate level of insurance cover for insurable risks. Effective from 1 July 2004, the Authority has adopted a policy of not insuring its residential property assets as it is considered uneconomical. As part of the Authority's ongoing risk management processes, a comprehensive analysis of the Authority's risk exposure to its residential property assets was completed during 2012. The Authority's residential property assets continue to remain uninsured as it is considered uneconomical to do so.

The Authority does, however, insure:

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

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

Other legal requirements

Advertising

In accordance with section 175ZE of the *Electoral Act 1907*, expenditure incurred on advertising and media is reported in the following table. Total expenditure for 2016-17 was \$881,062 (Table 8).

Table 8: Advertising expenditure for 2015-16 and 2016-17⁽¹⁾

Category	2015-16 \$	2016-17 \$
Advertising agencies	238,160	159,398
Rare Pty Ltd	196,516	159,398
Trilogy Advertising	41,644	
Market research organisations	Nil	32,725
CBRE Pty Ltd		32,725
Polling organisations	Nil	Nil
Direct mail organisations	Nil	4,050
Mueller Marricks Pty Ltd t/a The Pamphleteers		4,050
Media advertising agencies	976,248	684,889
Adcorp Australia Limited	77,383	95,854
Carat Australia Media Services Pty Ltd	898,865	589,035

Note

- 1) There was an administrative error in the 2015-16 data with regard to the value of the advertising attributed to Rare Pty Ltd. The corrected amount for 2015-16 is provided in the table and the total expenditure is adjusted to \$1,214,408.

Disability Access and Inclusion Plan outcomes

The Authority is committed to ensuring its services, facilities and information are accessible and inclusive for people with disability, their families and carers. This commitment is demonstrated in the Authority's Disability Access and Inclusion Plan (DAIP) which addresses the seven access and inclusion outcomes specified by the Disability Services Commission in accordance with the *Disability Services Act 1993*.

A DAIP Working Group exists within the Authority, with representation across the agency to develop and monitor an internal action plan to implement DAIP strategies. Progress implementing the internal action plan is reviewed biannually by the Authority's Corporate and Business Performance Committee.

In 2016-17, the Authority undertook the following initiatives to deliver access and inclusion outcomes for its employees and customers:

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

- Included disability and diversity information in the Authority's corporate induction.
- Offered an online DAIP and Disability Awareness training module.
- Maintained a register of disability access and inclusion stakeholders for employee reference.

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

- Completed access assessments of nominated sites.

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

- Ensured all new publications contain standard wording advising clients that they are available in alternative formats.
- Ensured the Authority's DAIP was accessible on the internet and intranet and is available in alternative formats upon request.

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

- Raised awareness among employees of the Authority's DAIP and events such as Disability Awareness Week through internal promotion.
- Provided mechanisms for customers to provide feedback directly to the Authority via its website.

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

- Maintained a feedback page on the Authority's website and provided assistance if required.
- Commenced development of an agency complaints management and feedback system which will include accessibility issues.

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

- Maintained and promoted the agency's internal consultation guide to assist employees to consider access and inclusion issues when conducting consultation.
- Worked with stakeholders to assess the demand for housing from people with disability under the National Disability Insurance Scheme.

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

- Provided panel recruitment training for Chairs of selection panels to selected employees and commenced plans to provide this to all business units across the agency.
- Offered individual coaching to users of assistive technology.

Substantive equality

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

In 2016-17 the Authority continued to implement the tasks contained within its Substantive Equality Implementation Plan and monitored and regularly reported to senior management on the plan.

Highlights for 2016-17 include:

- developing substantive equality intranet page resources for employees
- considering substantive equality principles in a review of training programs
- developing recruitment panel member training with a focus on increasing the number of trained Aboriginal employees on recruitment panels.

Recordkeeping plan

As the Authority moves into managing its business information in electronic format, more than 1.4 million documents were captured as corporate records into the upgraded record system Hewlett-Packard Enterprises Content Manager. In 2016-17 a digitisation transition policy was approved and establishes the pathway for the Authority to further implement digital initiatives next financial year.

Under the Authority's Recordkeeping Plan, training is required to be completed by all employees. Training initiatives and materials are reviewed regularly to comply with relevant legislation and standards. Due to the geographic spread of office locations, the Authority's induction training is provided through the online training suite. More than 2,126 training courses were delivered across the State with 996 completed online. The outcomes of the Authority's recordkeeping and information management training suite for this period are detailed in Table 9.

The effectiveness of the induction program in addressing employee roles and responsibilities is regularly reviewed to ensure compliance with the *State Records Act 2000*.

Table 9: Recordkeeping course completions in 2016-17

Course	Completions
Business classification	193
Recordkeeping awareness training	162
Recordkeeping awareness refresher training	218
TRIM Essentials	226
Housekeeping (recordkeeping in the Authority)	197

Compliance with Public Sector Standards and ethical codes

In accordance with section 31(1) of the *Public Sector Management Act 1994*, the Authority complied with the Public Sector Standards and the Western Australian Public Sector Code of Ethics. Policies and procedures designed to ensure such compliance (including the Authority's Code of Conduct) were in place and appropriate internal assessments were conducted.

Activities undertaken by the Authority relating to ensuring compliance with Public Sector Standards, the Western Australian Public Sector Code of Ethics and the Authority's Code of Conduct in 2016-17 included:

- providing information and training on the Authority's Code of Conduct and the Western Australian Public Sector Code of Ethics to new employees as part of the induction program
- affirming employees' understanding of the Authority's Code of Conduct and related legislation and policies, in line with Commissioner's Instruction No.8 – Codes of Conduct and integrity training, through high participation in the online accountable and ethical decision making training, achieving an 88 per cent completion rate (as at 30 June 2017).

Government policy requirements

Occupational safety, health and injury management

Authority's commitment

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

As a demonstration of this commitment, the Authority has continued to refresh its people strategy with a renewed focus on safety and development of strategies designed to achieve measureable improvement in safety for employees, clients and the community.

The Authority also committed to achieving third party accreditation with Western Australia's WorkSafe Plan. The occupational safety and health plan was developed to meet this objective. The plan will build an integrated safety management system, leveraging experience from the frontline to improve safety, wellness, workers' compensation and injury management outcomes.

A number of proactive campaigns and initiatives in the occupational safety and health plan will improve the Authority's capability to investigate and mitigate the psychosocial hazards confronting the Authority's workforce, in addition to more traditional risk reduction strategies for asbestos, electrical and motor vehicle-related hazards.

Consultation mechanisms

It is the Authority's view that safety is everyone's business. Accordingly, the Authority strives to engage all employees, their representatives, contractors and other stakeholders in the safety process. Significant incidents and lessons learned are communicated through the Joint Consultative Committee, Occupational Safety and Health Steering Committee, contractor incident reviews and other management workshops.

The Authority actively engages with the Joint Consultative Committee on change management programs to increase resilience for employees. The Joint Consultative Committee supports the Authority's communications in jointly delivering safety messages to employees.

The Occupational Safety and Health Steering Committee and workplace committees enable management and employee representatives to meet regularly and work cooperatively towards a shared goal of improving safety outcomes for all.

Safety audit

During 2016-17, the Authority continued to act on the 2014-15 independent audit of safety systems for Service Delivery frontline employees. Initiatives to address audit findings have been endorsed and are in development focusing on improved reporting and investigation processes.

Workers' compensation and injury management

In accordance with the requirements of the *Workers' Compensation and Injury Management Act 1981*, the Authority provides injury management support, including return to work plans for injured employees.

In 2016-17, 19 compensation claims were received which included eight lost time injury claims. The reasons for over half of all claims were slips, trips, falls and hitting stationary objects.

Additional focus on return to work initiatives resulted in a significant improvement in return to work rates as demonstrated in the Authority's performance presented in Table 10.

Table 10 Lost time injury performance

Measure	Actual results			Target	Results against target
	2014-15	2015-16	2016-17		
Number of fatalities	0	0	0	0	Target achieved.
Lost time injury and/or disease incidence rate	0.64	0.66	0.48	Zero or 10% improvement on previous 3 years	Target achieved.
Lost time injury and/or disease severity rate	40	30	12	Zero or 10% improvement on previous 3 years	Target achieved.
Percentage of injured workers return to work within:					
13 weeks	70%	70%	95%	Greater than 80%	Target achieved.
26 weeks	70%	70%	100%	Greater than 80%	Target achieved.
Percentage of managers trained in occupational safety, health and injury management	87%	84%	88%	Greater than or equal to 80%	Target achieved.

Audit

Audit Committee

The Authority's Audit Committee is a six member committee comprising members of the Corporate Executive. The committee was established to assist the Accountable Authority (the Chief Executive Officer) to discharge his responsibilities under section 53 of the *Financial Management Act 2006*. The Office of the Auditor General is invited to attend as an observer. The committee met five times during 2016-17.

Internal audit

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 the internal audit services, there is also scope for the branch to undertake management reviews as permitted under this 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 for business improvement and the achievement of its objectives, and assesses enabling systems and technology.

The approved audit plan for 2016-17 encompassed 16 reviews addressing corporate governance, operational, compliance, financial, information systems, and probity and risk assessment.

Delegation of Authority

The authority to undertake transactions under the *Housing Act 1980 (the Act)*, is conferred on the Accountable Authority (the Chief Executive Officer) 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 Chief Executive Officer does not need to be approached for approval of many administrative matters associated with day-to-day operations and activities.

A delegation framework and a comprehensive register exist to record formal delegations that enable and empower employees to approve and negotiate matters on behalf of the Authority. The Register was reviewed during 2016-17 to ensure it remains relevant.

Risk management

The Chief Executive Officer is accountable for ensuring that the Authority appropriately identifies and manages risk and is assisted in this by the Corporate Executive who in turn are supported by the Risk Management Committee.

The Risk Management Committee comprises senior management representatives, observers and technical advisers. The committee provides oversight of the risk management process and works to ensure that appropriate risk identification and risk mitigation processes are in place across all divisions of the Authority. The committee is also responsible for regularly reviewing, monitoring and, where appropriate, providing advice to the Corporate Executive regarding significant risks to the Authority and risk management matters generally.

To fulfil its role the committee met twice in 2016-17 and:

- reviewed the recommendations from an internal audit review of the risk management framework and endorsed proposed actions
- reviewed quarterly risk reports of high and extreme operational-level risks and noted the progress made on treatment actions for those risks.
- reviewed a key issues, risks and mitigations assurance map for the Chief Executive Officer.

Business continuity planning

No business continuity incidents took place at the Authority during the year.

However, to adequately address and minimise the potential impact of a major business disruption, the Authority has business continuity plans in place for critical functions. These plans were reviewed and updated during the year in accordance with the Public Sector Commissioner's Circular: 2015-03 Risk Management and Business Continuity Planning and the agency's Business Continuity Management Policy.

Mock exercises carried out at alternate sites of business continuity plans in potential real world scenarios have commenced. These sessions provide the opportunity to familiarise new leaders with the plans, review and improve recovery actions and assess dependencies and consequences.

The Authority also has maintained its crisis management team structure. Resources and relevant checks were made during the year to ensure resources were available should an incident escalate and require corporate level management.

The Authority maintained its participation on various State and District Emergency Management Committees that exist under the State Emergency Management structure, including the Recovery and Community Engagement Sub-Committees in Perth and the various District Emergency Management Committees in regional areas.

The Authority provided responses to the 2017 Office of Emergency Management Annual Preparedness Capability Survey.

Throughout the year, preparations for a potential heatwave emergency in 2016-17 summer were also reviewed but did not require action by the Authority. Fortunately, milder weather conditions meant the Department of Health did not invoke the State's strategy, WESTPLAN for Heatwave response.

Government Building Training Policy

Through the Government Building Training Policy, the State Government is aiming to increase the overall number of apprentices and trainees in the building and construction industry. This is supported by requiring government building, construction and maintenance contractors to commit to meet or exceed a target training rate through the employment of construction apprentices and trainees by their company and the sub-contractors they use for the contract.

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

Table 11: Government building contracts for 2016-17

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



Appendices

This section contains the glossary, description of key functions, housing statistics and office locations.



Appendix 1:

Authority's key functions

Functions	Target group
<p>Land development</p> <p>The Authority's residential land supply across the state is principally delivered through joint ventures with the private sector. In addition, urban renewal and infill projects are undertaken by the Authority. The Authority supplies vacant land for entry-level housing in the market and for Government social programs including social housing. A significant proportion of the Authority's revenue supports social housing and delivery of social outcomes (including public housing).</p>	<p>People on very low, low and moderate incomes</p>
<p>Affordable housing construction</p> <p>Affordable housing is delivered to the market through innovative and market transforming procurement and construction techniques and partnerships with the private sector. Addressing need through diversity of housing across the continuum - from homelessness to home ownership - is the focus with products ranging from single homes to large scale apartment developments and villages.</p>	<p>People on very low, low and moderate incomes</p>
<p>Home ownership</p> <p>The Authority ensures home ownership remains an attainable aspiration for people on low to moderate incomes. Assistance includes low-deposit loans through Keystart and shared equity schemes which combine the Authority's co-ownership with Keystart loans to make home ownership a reality for low income households.</p>	<p>People on low and moderate incomes</p> <p>Keystart low-deposit loans (moderate incomes) - usually first homebuyers</p> <p>Shared equity (lower incomes) and other disadvantaged groups such as sole parents,</p> <p>Aboriginal people and people with a disability</p>
<p>Affordable private rentals</p> <p>Renters are assisted in the private rental market through a number of activities including bond loan assistance, discounted rentals through the National Rental Affordability Scheme (NRAS) which offers at least 20 per cent discount on market rent, and the Authority's investment in affordable housing projects.</p>	<p>People on low and moderate incomes</p> <p>Investors in private rentals (NRAS)</p>
<p>Regional worker housing</p> <p>Workers providing essential services in regional and remote areas are assisted with accommodation through programs such as Government Regional Officers' Housing and key worker initiatives.</p>	<p>Government workers</p> <p>Young adult Aboriginal apprentices and trainees</p> <p>Key and service workers including small business and non-Government organisations in targeted high cost locations</p>



Functions	Target group
Social housing <p>The most vulnerable and in need in the community are supported through social housing including public housing, community housing and transitional housing.</p>	<p>People on very low to low incomes</p> <p>Support for health service agencies</p>
Remote Indigenous housing and essential services <p>Housing and essential services maintenance (power, water, sewerage) in remote Aboriginal communities are delivered through a network of the Authority's regional offices and contracted regional service providers.</p>	<p>Residents of remote Aboriginal communities and town-based communities</p>
Policy, innovation and asset optimisation <p>Driving delivery of the Affordable Housing Strategy across private and the not-for-profit sector requires a range of policies and initiatives. These include reforming the social housing system to ensure it is fair and sustainable into the future, facilitating increased supply and diversity of well-located housing to better meet population needs at the affordable end of the market, working across Government and with industry to streamline Government processes and reduce barriers to market efficiency and leveraging Government roles and assets both owned and through partnering arrangements (land and housing) to catalyse investment for development that delivers significant social and economic benefits.</p>	<p>People on very low, low and moderate incomes</p>

Appendix 2:

Head maintenance contract

Maintenance audit methodology and statistics

Each year in accordance with the recommendations of the Public Accounts Committee (Report no's 8 and 13), the Authority publishes the following in relation to its head maintenance contract model:

- a description of its audit methodology
- the number of works orders valued under \$500 that are audited each year
- confirmation of the total number (and percentage) of non-compliant works orders
- a breakdown of this number (and percentage) for each area of non-compliance
- a summary of the strategies it is undertaking to address non-compliance issues
- a clear explanation of each of the 15 key performance indicators including confirmation as to which of the five overarching performance categories (safety, timeliness, tenant satisfaction, quality and participation) each key performance indicator applies
- publication of the target (benchmark) figure for each key performance indicator along with the actual level of performance achieved
- a table for each of the four current head contractors indicating the level of performance against all 15 key performance indicators.

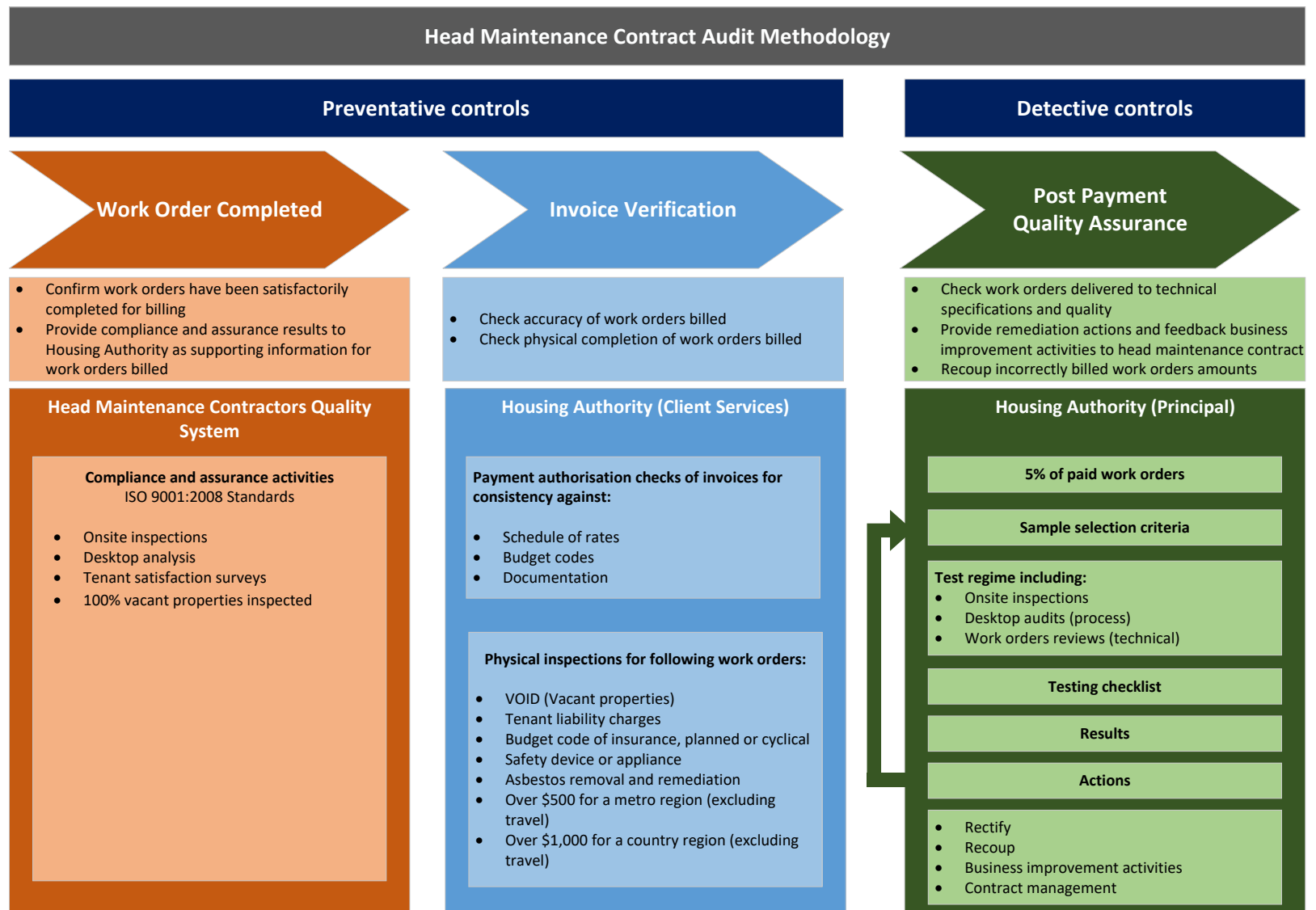
Head maintenance contract audit methodology

The head maintenance contract audit methodology consists of:

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



The methodology is outlined below:



Audited works order statistics 2016-17

Table 12: Paid works orders audited: 1 July 2016 – 30 June 2017

	Works Orders	Percentage ⁽¹⁾
Number of paid works orders	231,394	
Number of audited works orders over \$500	13,858	6%
Number of audited works orders under \$500	12,091	5%
Number of non-compliant audited works orders over \$500	3,964	29%
Number of non-compliant audited works orders under \$500	3,530	29%

Note

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



Head maintenance contract key performance indicators

Key performance indicator definitions

The Authority measures the performance of the head contractors against 15 key performance indicators as explained in Table 13:

Table 13: Explanation of the 15 head maintenance contract key performance indicators, including overarching performance categories and target

KPI	Category	Name	Explanation	Performance benchmark score
1	Safety	Health, safety and environmental management plan	Plan complied with including: Safety inspections carried out for each category of work accord with safety inspections Contractor has an internal corporate occupational safety and health representative with relevant training and qualifications Safety work method statement completed for all high risk construction work Take five safety check (or equivalent) completed for all schedule of rates work.	100% of health, safety and environmental management plan provided.
2	Safety	Statutory notices	Provision of statutory notices to the principal.	100% of statutory notices provided to the principal immediately (and no later than five hours from receipt of the notice from a regulator).
3	Timeliness	Emergency	Attend and restore or repair life threatening safety issue within eight hours of issue of the works order to the contractor.	100% of paid emergency works orders completed within eight hours of issue of the works orders to the contractor.
4	Timeliness	Urgent	Attend and restore or repair essential service(s) within 24 hours of issue of the works order to the contractor.	95% of paid urgent works orders completed within 24 hours of issue of the works orders to the contractor.
5	Timeliness	Priority	Attend and repair within 48 hours of issue of the works order to the contractor.	95% of paid priority works orders completed within 48 hours of issue of the works orders to the contractor.
6	Timeliness	Void	Attend and complete void maintenance activity within 14 days of issue of the works order to the contractor.	Average of 14 days for the completion of paid void maintenance works orders for the relevant performance review quarter.
7	Timeliness	Routine	Attend and repair within 28 days of issue of the works order to the contractor.	95% of paid routine works orders completed within 28 days of issue of the works orders to the contractor.

KPI	Category	Name	Explanation	Performance benchmark score
8	Timeliness	Timeliness of invoices (payment claims)	Submission of compliant payment claims (compliant with all requirements of the contract) within 14 days following completion of all maintenance works and services the subject of a works order.	90% of payment claims submitted within 14 days of completion of all maintenance works and services the subject of a works order.
9	Tenant satisfaction	Tenant satisfaction	The percentage of satisfactory or above (measuring four out of five or above) ratings in sample tenant satisfaction surveys in each performance review quarter. Tenant surveys will be randomly selected from paid works orders on a monthly basis and results will be collated to assess the key performance indicator for the relevant performance review quarter.	90%
10	Quality	Non-defective works	Non-defective works orders as a percentage of total maintenance works and services works orders completed in the relevant performance review quarter.	90%
11	Quality	Improvement notices	Number of improvement notices achieving the outcome sought to the satisfaction of the principal in the agreed time for completion against the number issued for the relevant performance review quarter.	95%
12	Quality	Compliance notices	Number of compliance notices achieving the outcome sought to the satisfaction of the principal in the agreed time for completion against the number issued for the relevant performance review quarter.	100%
13	Participation	Industry participation plan	Plan complied with.	100%
14	Participation	Indigenous employment and enterprise plan	Plan complied with.	100%
15	Participation	Apprenticeship plan	Plan complied with.	100%

Head contractor performance 2016-17

The Authority measures, monitors and reports head contractor performance under the head maintenance contract against individual contract areas on a quarterly basis. This reporting process provides the most accurate measurement of performance because it is measuring fixed quarterly performance against each contract area in line with the contract's performance management framework. This reporting is outlined by quarter in Tables 14 to 17.

Table 14: Head maintenance contract key performance indicator performance: 1 July 2016 – 30 September 2016

Key performance indicator		Benchmark	Contract areas										
			1	2	3	4	5	6	7	8	9	10	11
KPI 1	Health, safety and environmental management plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 2	Statutory notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 3	Emergency (eight hours)	100%	100%	91%	100%	98%	91%	92%	91%	94%	90%	96%	96%
KPI 4	Urgent (24 hours)	95%	96%	93%	96%	97%	82%	74%	68%	81%	65%	82%	86%
KPI 5	Priority (48 hours)	95%	97%	90%	97%	97%	85%	80%	74%	80%	68%	90%	91%
KPI 6	Void (average days)	14.0	5.0	6.9	7.3	5.0	7.8	10.3	9.8	7.5	14.2	10.4	7.9
KPI 7	Routine (28 days)	95%	97%	98%	99%	98%	86%	88%	83%	90%	84%	92%	93%
KPI 8	Timeliness of invoices	90%	90%	90%	89%	85%	92%	95%	89%	97%	95%	94%	95%
KPI 9	Tenant satisfaction	95%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
KPI 10	Non-defective works	90%	97%	98%	97%	99%	99%	98%	97%	99%	98%	98%	98%
KPI 11	Improvement notices	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 12	Compliance notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 13	Industry participation plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 14	Indigenous employment and enterprise plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 15	Apprenticeship plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 15: Head maintenance contract key performance indicator performance: 1 October 2016 – 31 December 2016

Key performance indicator			Contract areas										
Benchmark			1	2	3	4	5	6	7	8	9	10	11
KPI 1	Health, safety and environmental management plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 2	Statutory notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 3	Emergency (eight hours)	100%	99%	94%	98%	96%	91%	96%	94%	91%	87%	98%	97%
KPI 4	Urgent (24 hours)	95%	91%	91%	81%	97%	86%	84%	79%	77%	68%	91%	94%
KPI 5	Priority (48 hours)	95%	94%	86%	86%	94%	90%	85%	76%	77%	70%	95%	96%
KPI 6	Void (average days)	14.0	5.5	6.5	9.9	5.9	8.7	11.5	11.5	7.8	13.4	13.2	10.5
KPI 7	Routine (28 days)	95%	98%	98%	98%	97%	86%	92%	85%	89%	86%	91%	91%
KPI 8	Timeliness of invoices	90%	90%	90%	90%	84%	93%	94%	88%	95%	95%	94%	94%
KPI 9	Tenant satisfaction	95%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
KPI 10	Non-defective works	90%	98%	99%	98%	99%	100%	99%	98%	99%	99%	98%	98%
KPI 11	Improvement notices	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 12	Compliance notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 13	Industry participation plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 14	Indigenous employment and enterprise plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 15	Apprenticeship plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 16: Head maintenance contract key performance indicator performance: 1 January 2017 – 31 March 2017

Key performance indicator		Benchmark	Contract areas										
			1	2	3	4	5	6	7	8	9	10	11
KPI 1	Health, safety and environmental management plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 2	Statutory notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 3	Emergency (eight hours)	100%	97%	89%	98%	95%	94%	96%	93%	89%	88%	97%	97%
KPI 4	Urgent (24 hours)	95%	80%	86%	83%	91%	85%	84%	84%	66%	64%	92%	92%
KPI 5	Priority (48 hours)	95%	84%	83%	86%	94%	80%	81%	84%	65%	75%	94%	95%
KPI 6	Void (average days)	14.0	10	7	9	6	13	15	12	13	11	14	11
KPI 7	Routine (28 days)	95%	92%	96%	96%	94%	78%	91%	81%	87%	84%	88%	85%
KPI 8	Timeliness of invoices	90%	85%	85%	92%	84%	86%	92%	86%	93%	94%	91%	91%
KPI 9	Tenant satisfaction	95%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
KPI 10	Non-defective works	90%	96%	98%	96%	98%	99%	98%	97%	99%	98%	98%	98%
KPI 11	Improvement notices	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 12	Compliance notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 13	Industry participation plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 14	Indigenous employment and enterprise plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 15	Apprenticeship plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 17: Head maintenance contract key performance indicator performance: 1 April 2017 – 30 June 2017

Key performance indicator			Benchmark	Contract areas										
				1	2	3	4	5	6	7	8	9	10	11
KPI 1	Health, safety and environmental management plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 2	Statutory notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 3	Emergency (eight hours)	100%	96%	87%	95%	97%	98%	97%	98%	94%	88%	97%	97%	97%
KPI 4	Urgent (24 hours)	95%	75%	86%	74%	93%	87%	92%	86%	70%	55%	92%	92%	92%
KPI 5	Priority (48 hours)	95%	78%	82%	83%	93%	92%	91%	84%	61%	66%	93%	96%	96%
KPI 6	Void (average days)	14.0	11.1	7.8	9.2	5.4	8.1	11.0	10.3	11.6	11.3	11.8	7.7	7.7
KPI 7	Routine (28 days)	95%	85%	93%	91%	97%	87%	90%	90%	84%	82%	87%	88%	88%
KPI 8	Timeliness of invoices	90%	84%	88%	92%	81%	88%	95%	91%	96%	92%	91%	89%	89%
KPI 9	Tenant satisfaction	95%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
KPI 10	Non-defective works	90%	95%	98%	96%	98%	99%	98%	97%	99%	98%	97%	97%	97%
KPI 11	Improvement notices	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 12	Compliance notices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 13	Industry participation plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 14	Indigenous employment and enterprise plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPI 15	Apprenticeship plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Head contractor quality assurance system

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

Compliance and assurance activities to ISO 9001:2008 standards (set by the International Organization for Standardization) are a key component of the head maintenance contract. ISO 9001:2008 is focused on meeting customer expectations and delivering customer satisfaction.

Quality assurance audits

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

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

The Authority's maintenance technical advisors (which include licensed electricians and plumbers or gas fitters and experienced general tradesmen) conduct physical inspections on works orders to identify compliance, check measurements, quantity and review workmanship and quality. Qualified advisors conduct reviews to identify works order claims that do not comply with contractual business rules, general and technical specifications. Desktop audits are conducted to identify issues relating to the accuracy and appropriateness of quantity or measurements and document compliance. Any issues identified are raised directly with the head contractor to rectify or can result in a physical inspection to verify.

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

Payment authorisations

The Authority's employees review works orders prior to payment for the following:

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

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

- void (vacant properties)
- tenant liability charges (where tenants have been charged for repairs)
- any budget code for insurance, planned or cyclical (quoted works)
- any safety device or appliance installed
- asbestos removal and remediation
- works orders over \$500 for a metropolitan region or over \$1,000 for a country region (excluding travel).

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

Addressing head contractor non-compliance

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

- pursued recoups and refunds in relation to incorrect measurements claimed
- directed head contractors to supply missing items when details are not provided as required
- where work was not to technical specifications, directions were given to re-perform or correct non-compliant works
- the Authority identified recoups to the value of \$667,356 during 2016-17.

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

- engaging qualified tradesmen, compliance and business improvement officers to undertake on-site quality audit inspections and desktop audits
- operational and quality assurance meetings with the head contractors to address any issues relating to non-compliance matters
- supporting tools and materials, such as the development of business rules, which are circulated as and when required
- toolbox workshop collaborative sessions between the Authority's employees and head contractors
- embedding the Authority's Quality Assurance Framework
- monthly audit reports capturing monthly trends and issues.

Table 18 provides a breakdown of non-compliant audited works orders.



Table 18: Non-compliant audited works orders: 1 July 2016 - 30 June 2017 number (and percentage) for each area of non-compliance ⁽¹⁾

Non-compliance reason ⁽²⁾	Works Orders	Percentage
Labour added by head contractor exceeds authority limit	2	0%
Labour added by head contractor without details	37	0%
Labour value incorrectly claimed	8	0%
Material added by head contractor exceeds authority limit	1	0%
Material added by head contractor without details provided	3	0%
Material value incorrectly claimed	355	4%
Schedule of rates incorrectly claimed	1,137	13%
Schedule of rates added not related to original task	174	2%
Duplication of schedule of rates	232	3%
Detail not provided as required by schedule of rate	1,900	22%
Included in other schedule of rate claimed	917	10%
Incorrect measurement or quantity claimed	523	6%
Workmanship non-compliant	359	4%
Task not done or incomplete	185	2%
Task not done and not required	110	1%
Head contractor claimed schedule of rate above self-variation threshold	16	0%
System issue ⁽³⁾	1	0%
Variable travel	2,144	24%
Emergency premium	655	7%

Notes:

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

(2) Table 19 provides descriptions of non-compliance items as listed in this table.

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

Non-compliant items definitions

Table 19 provides definitions for each of the non-compliant items within the head maintenance contract.

Table 19: definition of head maintenance contract non-compliant items

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

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



Appendix 3: Housing statistics

Table 20: Public housing rental statistics 2011-12 to 2016-17 ⁽¹⁾

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Rental waiting list by customer type						
Family	11,359	10,198	9,174	7,875	6,782	4,928
Senior	3,349	3,186	3,146	3,227	3,047	2,672
Single	8,163	7,737	7,693	8,330	8,630	8,764
Pending assessment				695	71	152
TOTAL	22,871	21,121	20,013	20,127	18,530	16,516
Rental waiting list by bedroom entitlement						
Family 2 -bedroom	5,825	5,170	4,677	3,801	3,370	2,541
Family 3 -bedroom	3,821	3,405	3,123	2,649	2,100	1,376
Family 4 -bedroom	1,359	1,294	1,072	1,060	992	742
Family 5+ bedroom	354	329	302	365	320	269
Senior 1 -bedroom	2,841	2,757	2,764	2,868	2,723	2,402
Senior 2 -bedroom	508	429	382	359	324	270
Single 1 -bedroom	8,163	7,737	7,693	8,330	7,963	8,283
Single 2 -bedroom	Not reported	Not reported	Not reported	Not reported	667	481
Pending assessment				695	71	152
TOTAL	22,871	21,121	20,013	20,127	18,530	16,516

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
New tenancies by customer type						
Family	1,748	1,518	1,656	1,579	1,798	2,455
Senior	736	717	661	686	686	806
Single	6745	633	603	455	389	463
TOTAL	3,159	2,868	2,920	2,720	2,873	3,724
Rental stock by bedroom number						
Bedsitter	119	82	78	N/A	N/A	N/A
1 -bedroom	8,654	8,771	8,825	8,986	8,911	8,894
2 -bedroom	11,304	11,332	11,361	11,360	11,311	11,514
3 -bedroom	13,023	12,875	12,730	12,625	12,497	12,708
4 -bedroom	2,979	2,975	2,976	2,964	2,973	3,091
5+ bedroom	670	679	698	709	711	756
TOTAL	36,749	36,714	36,668	36,644	36,403	36,963
Rental stock by dwelling type						
House	12,193	13,827	13,701	11,868	11,705	12,005
Duplex	4,639	4,592	4,581	4,592	4,585	4,652
Medium/high density ⁽²⁾	19,917	18,295	18,386	20,184	20,113	20,306
TOTAL	36,749	36,714	36,668	36,644	36,403	36,963

Notes:

(1) All stock numbers relate to public housing dwellings only.

(2) Medium/high-density: townhouses, flats and apartments.

Table 21 Construction, spot purchases and refurbishments in 2016-17 ⁽¹⁾

Housing construction and spot purchase ⁽²⁾	Number completed
Public rental housing	
General rental	893
Community housing general ⁽³⁾	40
Community Disability Housing Program	12
Joint venture	0
House and land for sale	0
Subtotal	945
Aboriginal housing	
Aboriginal housing – communities ⁽⁴⁾	17
Subtotal	17
Community housing	
Community Housing Program	0
Crisis Accommodation Program	11
State Community Housing Investment Program	0
Subtotal	11
Affordable housing	
Affordable housing	387
Subtotal	387
Workers housing	
Government Regional Officers' Housing	31
Key worker housing	10
Subtotal	41
TOTAL	1,401

Refurbishments	Dwellings completed
New Living (retained properties)	
Refurbishments	11
Subtotal	11
Aboriginal housing	
Aboriginal housing – communities refurbishments	25
Indigenous community housing organisations refurbishments	0
Subtotal	25
Community housing	
Community Housing Program	0
Crisis Accommodation Program	0
State Community Housing Investment Program	0
Subtotal	0
TOTAL	36
GRAND TOTAL	1,437

Notes:

- (1) Figures include activity from all funding sources including Social Housing Investment Package.
- (2) Construction and spot purchase and completion figures include units that have been transferred between programs.
- (3) Community housing general includes units transferred or earmarked for transfer to community housing organisations. Some units originally designated as general rental in previous years' annual reports can change to community housing general, as the specific use is finalised. The distribution between general rental and community housing general is subject to possible further changes.
- (4) Aboriginal housing communities construction includes units in Aboriginal communities as well as units for employment-related accommodation and visitors centres (includes caretaker quarters for visitors centre).

Appendix 4: Housing Authority offices

Head Office

99 Plain Street East Perth 6004
Tel: (08) 9222 4666
Toll free: 1800 093 325

Metropolitan offices

North Metropolitan

Mirrabooka

8 Sudbury Road Mirrabooka 6061
Tel: (08) 9345 9655

City Office

605 Wellington Street Perth 6000
Tel: (08) 9476 2444

Joondalup

Unit 4/7 Wise Street
(Corner of Collier Pass and Wise Street)
Joondalup 6027
Tel: (08) 9404 3300

Midland

21 Old Great Northern Highway Midland 6056
Tel: (08) 9250 9191

South Metropolitan

Fremantle

42 Queen Street Fremantle 6160
Tel: (08) 9432 5300

Kwinana

2 Stidworthy Way Kwinana 6167
Tel: (08) 9411 9500

Mandurah

1/17 Sholl Street Mandurah 6210
Tel: (08) 9583 6100

South East Metropolitan

Cannington

17 Manning Road Cannington 6107
Tel: (08) 9350 3244

Armadale

Shop 2a, Armadale Shopping Centre
Jull Street (Cnr Third Road) Armadale 6112
Tel: (08) 9391 1600

Victoria Park

269 Albany Highway Victoria Park 6100
Tel: (08) 9350 3700

Great Southern

Albany

131 Aberdeen Street Albany 6330
Tel: (08) 9845 7144

Katanning

6 Daping Street Katanning 6317
Tel: (08) 9891 1800

South West

Bunbury

22 Forrest Avenue Bunbury 6230
Tel: (08) 9792 2111

Busselton

Suite 1A, 9 Harris Road Busselton 6280
Tel: (08) 9781 1300

Manjimup

Unit 10, 30-32 Rose Street Manjimup 6258
Tel: (08) 9771 7800

Goldfields

Kalgoorlie

Unit 1-2/84-90 Brookman Street
Kalgoorlie 6430
Tel: (08) 9093 5200

Esperance

92 Dempster Street Esperance 6450
Tel: (08) 9072 3000

Mid West

Geraldton

Union Bank Building
201 Marine Terrace Geraldton 6530
Tel: (08) 9923 4444

Carnarvon

30 Robinson Street Carnarvon 6701
Tel: (08) 9941 6500

Meekatharra

Main Street Meekatharra 6642
Tel: (08) 9956 5000

Pilbara

South Hedland

Cnr Brand and Tonkin Streets
South Hedland 6722
Tel: (08) 9160 2800

Karratha

Level 2, 20 Sharpe Ave Karratha 6714
Tel: (08) 9159 1700

East Kimberley

Kununurra

16 Coolibah Drive Kununurra 6743
Tel: (08) 9166 5100

Halls Creek

Lot 72 and 73
Great Northern Highway
Halls Creek 6770
Tel: (08) 9168 9300

West Kimberley

Broome

Frederick Street Broome 6725
Tel: (08) 9158 3600

Derby

16-22 Loch Street Derby 6728
Tel: (08) 9158 4000

Wheatbelt

Northam

McIver House
5 Elizabeth Place Northam 6401
Tel: (08) 9690 1900

Merredin

27 Mitchell Street Merredin 6415
Tel: (08) 9081 3800

Narrogin

Government Building
11-13 Park Street Narrogin 6312
Tel: (08) 9881 9400

Government Regional Officers' Housing Central Office

(realtor enquiries)
203 Nicholson Road Shenton Park 6008
Tel: (08) 9286 6000
Toll Free: 1800 644 708

Housing Direct

Toll Free: 1300 137 677

Keystart/Country Housing Authority

2 Brook Street East Perth 6892
Toll Free (metro): 1300 578 278
Toll Free (country): 1800 158 200
Website: www.keystart.com.au
Email: info@keystart.com.au





Government of **Western Australia**
Housing Authority



HOUSING AUTHORITY 2016-17 ANNUAL REPORT



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