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

Housing Authority
Annual Report
2019-20

Contents

Statement of compliance

Hon Peter Tinley AM MLA

Minister for Housing

For the year ended 30 June 2020

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the annual report of the Housing Authority for the financial year ending 30 June 2020.

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

Michelle Andrews
Chief Executive Officer
Accountable Authority

15 October 2020

Accessibility statement

The Housing Authority strives to achieve online accessibility when delivering information to be inclusive of a wide range of people, including people with disability.

This annual report has been designed in both a PDF and accessible Word format. Some parts of the report may not achieve accessibility standards; for example the text size in some financial tables has been reduced to fit an A4 page. If you require an alternative format, please email: enquiries@communities.wa.gov.au

Acknowledgement of country and peoples

The Housing Authority proudly acknowledges Traditional Custodians throughout Western Australia and recognises their continuing connection to their lands, families and communities. We pay our respects to Aboriginal and Torres Strait Islander people and cultures, and to Elders past, present and emerging.

Contact details

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If you are deaf or have a hearing or speech impairment, contact us through the National Relay Service.

Overview

Executive summary

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

At that time, the staff of the Housing Authority were transferred to the new department.

The Housing Authority has specific reporting requirements in accordance with the *Financial Management Act 2006* which are contained in this report. All other information for the financial year is contained in the annual report of the Department of Communities 2019–20.

Operational structure

Responsible Minister

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

Enabling legislation

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

Administered legislation

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

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

Organisational structure

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

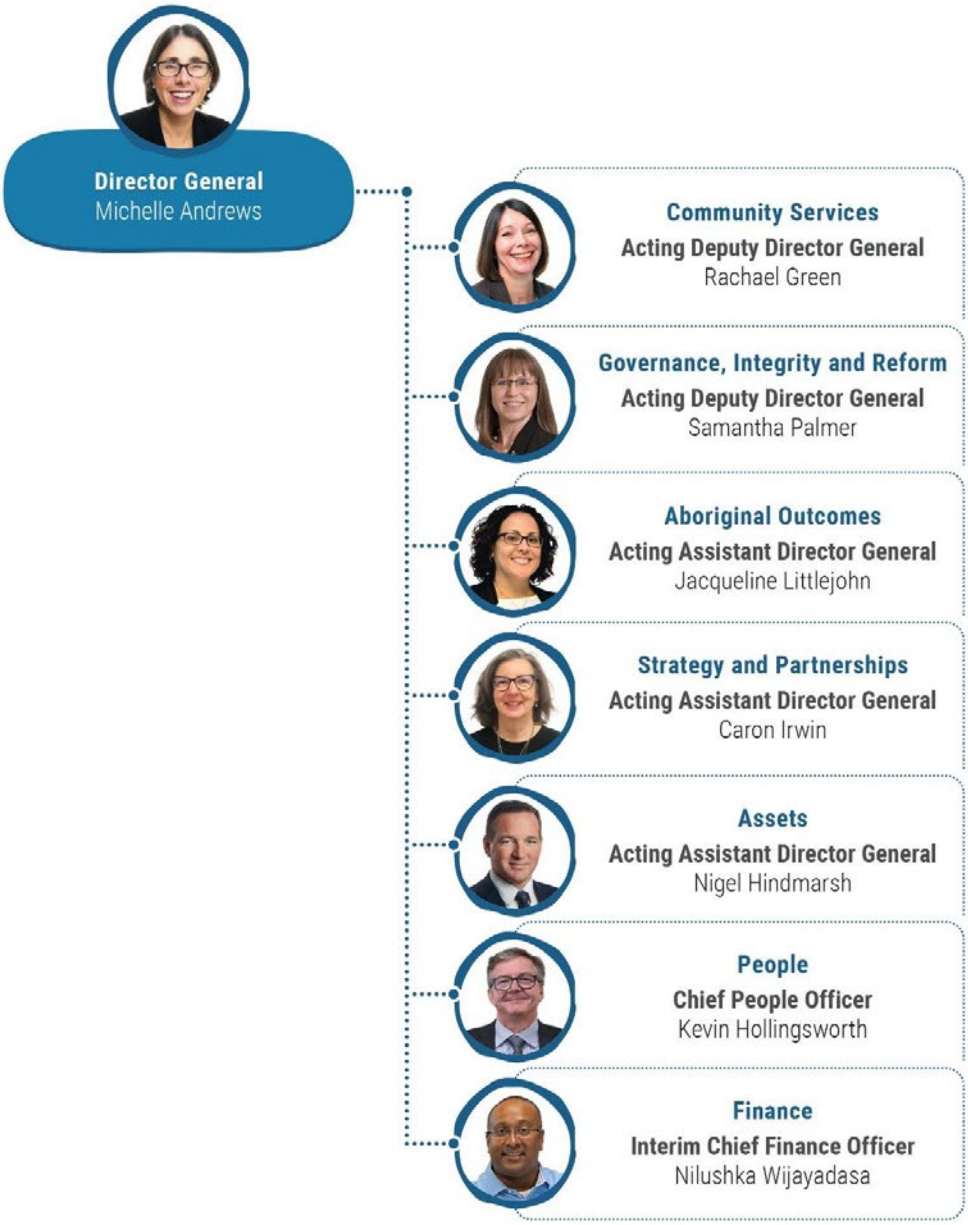
The Chief Executive Officer uses the resources of the Department of Communities to perform the Housing Authority's functions.

Department of Communities corporate structure

The Department of Communities' Director General, Michelle Andrews, has oversight of the following agency divisions:

- Community Services, led by Acting Deputy Director General, Rachael Green
- Governance, Integrity and Reform, led by Acting Deputy Director General, Samantha Palmer
- Aboriginal Outcomes, led by Acting Assistant Director General, Jacqueline Littlejohn
- Strategy and Partnerships, led by Acting Assistant Director General, Caron Irwin
- Assets, led by Acting Assistant Director General, Nigel Hindmarsh
- People, led by Chief People Officer, Kevin Hollingworth
- Finance, led by Interim Chief Finance Officer, Nilushka Wijayadasa.

Figure 1: Department of Communities corporate structure flowchart



Agency performance

Report on operations

The activities of the Housing Authority have been reported in the Department of Communities' Annual Report for 2019–20.

Performance management framework

Performance management framework

Changes to the outcome based management reporting framework

The Housing Authority's performance is measured against key performance indicators and deliverables that are set out in its outcome-based management reporting framework. The framework was streamlined and consolidated in the 2019-20 State Budget process. The following changes were made in consultation with the Department of Treasury and the Office of the Auditor General:

- The Housing Authority's outcome wording was amended to reflect the broader focus on achieving a wide range of affordable housing solutions for Western Australians.
- The effectiveness indicator "The extent to which the Government Regional Officers' Housing (GROH) is responsive to the provision of housing to meet the needs of eligible Western Australian Government employees (total demand relative to current supply)" was ceased.

Outcome-based management framework

The Housing Authority's performance in the achievement of its outcomes and delivery of its services, is demonstrated in the key effectiveness and efficiency indicators, which are outlined in Tables 1 and 5.

Table 1: Housing Authority outcomes and services (1)

Desired Outcome	Service
Affordable housing options are available to eligible West Australians	7. Rental housing
Affordable housing options are available to eligible West Australians	8. Home loans
Affordable housing options are available to eligible West Australians	9. Land and housing supply

(1) Further details on the indicators are contained in the Disclosures and Legal Compliance section of this report.

Key performance indicator summary

Summary of outcome and effectiveness key performance indicators for 2019-20

Table 2: Outcome. Affordable housing options are available to eligible Western Australians (1)

Effectiveness key performance indicator	2018-19 Actual	2019-20 (2) Target	2019-20 Actual	Explanation of significant variance
1.1 Responsiveness - Total housing assistances provided relative to the public rental waiting list	1.23	1.23	1.15	In 2019-20, the ratio of total housing assistances provided relative to public rental waiting list was seven per cent lower than both the target and the previous year. This was mainly due to a 15 per cent decrease of bond assistance loans approved in 2019-20 compared to the previous year and a 11 per cent reduction when compared to the 2019-20 target. The reduction in approved bond assistance loans reflected a reduced level of demand from public housing applicants due to the increased affordability of private rental housing and other affordable housing options which were available for the majority of 2019-20. The impact of the COVID-19 pandemic in the June quarter of 2019-20 saw further reductions in bond assistance loans approved and also a reduction of 21 per cent in land sales across land development projects when compared to the 2019-20 target.
1.2 Waiting times for accommodation – applicants housed: Average (in weeks)	95	120	94	In 2019-20, the average waiting time for accommodation was 22 per cent lower than the target and one per cent lower than the previous year. Throughout most of 2019-20, the

Effectiveness key performance indicator	2018-19 Actual	2019-20 (2) Target	2019-20 Actual	Explanation of significant variance
				availability of private rental housing and more affordable housing options had a positive impact on performance. The increased availability of private rental accommodation and the Housing Authority's many initiatives over recent years and, continual focus and greater attention on alternative pathways such as the Social Housing Investment Package (SHIP) and the Assisted Rental Pathways Pilot, has stimulated the diversity of housing supply and has created more affordable housing opportunities to assist people to transition through the housing continuum. This has led to a general improvement in the average and median public housing waiting times in recent years.
1.2 Waiting times for accommodation – applicants housed: Median (in weeks)	45	60	48	In 2019-20, the median waiting time was 20 per cent lower than the target. Throughout most of 2019-20, the availability of private rental housing and more affordable housing options had a positive impact on performance. The increased availability of private rental accommodation and the Housing Authority's many initiatives over recent years and, continual focus and greater attention on alternative pathways such as the Social Housing Investment Package (SHIP) and the Assisted Rental Pathways Pilot, has stimulated the diversity of housing supply and has created more affordable housing opportunities to assist people to transition through the housing continuum. This has led to a general improvement in the average and median public housing waiting times in recent years.

(1) Further details on the indicators are contained in the Disclosures and Legal Compliance section of this report.

(2) The targets are published in the 2019-2020 Western Australian State Budget Paper No 2 (Volume 2, Division 33, Part 8).

Summary of services and efficiency key performance indicators for 2019-20

Table 3: Service 1. Rental housing (1)

Efficiency key performance indicator	2018-19 Actual	2019-20 (2) Target	2019-20 Actual	Explanation of significant variance
1.1 Average operating cost per public rental property	$15,513	$14,550	$17,175	In 2019-20, the average operating cost per public rental property was higher than the 2019-20 target and the previous year, mainly due to increased maintenance expenditure arising from higher tenant demand for day-to-day maintenance and increases in credit loss expenses on revenue stream financial assets, largely reflecting customers impacted by the COVID-19 pandemic.
1.2 Average operating cost per government regional officers' housing (GROH) rental property	$24,735	$14,929	$14,784	The average operating cost per Government Regional Officers' Housing (GROH) rental property in 2019-20 was lower than the previous year mainly due to a change in the accounting standards in 2019-20 for AASB 16: Leases. In 2018-19, all rental expenses associated with GROH properties were recognised as rental expenses. From 2019-20, the new accounting standard recognises GROH leased properties as capitalised assets and liabilities, rather than rental expenses.

(1) Further details on the indicators are contained in the Disclosures and Legal Compliance section of this report.

(2) The targets are published in the 2019-2020 Western Australian State Budget Paper No 2 (Volume 2, Division 33, Part 8).

Table 4: Service 2. Home loans (1)

Efficiency key performance indicator	2018-19 Actual	2019-20 (2) Target	2019-20 Actual	Explanation of significant variance
2.1 Average operating cost per current loan account	$3,083	$2,501	$4,214	In 2019-20, the average operating cost per current loan account was greater than the 2019-20 target and the previous year, mainly due to increases in credit loss expenses on financial assets, reflecting customers impacted by the COVID-19 pandemic, in combination with a general increased loss expectation throughout the portfolio as a result of a deterioration in the macro-economic environment.

(1) Further details on the indicators are contained in the Disclosures and Legal Compliance section of this report.

(2) The targets are published in the 2019-2020 Western Australian State Budget Paper No 2 (Volume 2, Division 33, Part 8).

Table 5: Service 3. Land and housing supply (1)

Efficiency key performance indicator	2018-19 Actual	2019-20 (2) Target	2019-20 Actual	Explanation of significant variance
3.1 Average operating cost per lot developed	$46,645	$22,746	$36,188	The 2019-20 average operating cost was higher than the target but lower than the previous year. Although the number of lots developed increased when compared to the previous year, it was lower than target largely due to the downturn in the property market, with underlying operating costs remaining static.
3.2 Average operating cost per property sold	$35,916	$26,647	$44,380	The variances between the 2019-20 average cost, the previous year and the 2019-20 target is largely attributable to an expected increase in the number of properties to be sold that did not emerge, mainly due to the downturn in the property market, with underlying operating costs remaining static.

(1) Further details on the indicators are contained in the Disclosures and Legal Compliance section of this report.

(2) The targets are published in the 2019-2020 Western Australian State Budget Paper No 2 (Volume 2, Division 33, Part 8).

Disclosures and legal compliance

Financial performance summary

The Housing Authority's financial performance summary is reported in the Department of Communities' Annual Report for 2019–20.

Auditor General's opinion

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

HOUSING AUTHORITY

Report on the financial statements

Opinion
I have audited the financial statements of the Housing Authority (the Authority) and its controlled entities (collectively the Group) which comprise the Consolidated Statement of Financial Position as at 30 June 2020, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Summary of Consolidated Account Appropriations for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Group for the year ended 30 June 2020 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 Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls

Basis for Qualified Opinion

We identified significant weaknesses in the procurement controls implemented by the Authority. Our testing showed controls were inadequate to demonstrate that the ordering of goods or services was approved prior to ordering. This increases the risk of erroneous or fraudulent payments and ordering of inappropriate or unnecessary goods or services.

For procurements without a purchase order, the Authority does not evidence that goods/services were received by someone independent of the incurring officer. Rather the incurring officer fulfils the receiving function at the time of incurring. This is inadequate segregation of duties and contrary to the requirements of Treasurer's Instruction 304 *Authorisation of Payments*. It also increases the risk of erroneous and fraudulent payments.

Qualified 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 Housing 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, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, 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 2020.

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 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 non-compliance 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 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and 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 agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

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 entity'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 2020 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 contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.

CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
26 October 2020

Page 4 of 4

Financial statements

Certification of financial statements

For the reporting period ended 30 June 2020

The accompanying financial statements of the Housing Authority and the accompanying consolidated financial statements have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2020 and the financial position as at 30 June 2020.

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.

Nilushka Wijayadasa
Chief Finance Officer
13 October 2020

Michelle Andrews
Accountable Authority

15 October 2020

Statement of Comprehensive Income

For the year ended 30 June 2020

Table 6: Statement of Comprehensive Income

Expenses and Income	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Revenue and Income	–	–	–	–	–
Sales	3.1	163,914	175,849	162,836	173,879
Rental revenue	3.2	357,359	387,922	357,359	387,922
Grants, contributions and subsidies	3.3	126,513	381,376	126,513	381,376
Interest revenue	3.4	216,149	221,714	84,292	120,939
Other revenue	3.5	35,967	45,547	93,209	100,291
Total income	**–**	**899,902**	**1,212,408**	**824,209**	**1,164,407**
Expenses	–	–	–	–	–
Cost of sales	3.1	122,747	111,144	121,598	106,788
Rental expenses	4.2	317,794	353,956	317,794	353,956
Community support expense	4.2	128,121	121,212	128,121	121,212
Employee benefit expense	4.1	181,359	175,605	180,928	175,170
Supplies and services	4.2	62,267	54,565	56,700	48,818
Depreciation and amortisation expense	5.2,5.3, 5.4	121,005	131,970	119,240	130,530
Finance costs	7.3	115,593	153,585	115,590	153,581
Accommodation expenses	4.2	16,414	15,747	15,854	13,499
Loss on disposal of non-current assets	4.3	9,267	11,099	9,267	11,099
Other expenses	4.2	187,997	154,160	121,237	125,499

Expenses and Income	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Total expenses	–	**1,262,564**	**1,283,043**	**1,186,329**	**1,240,152**
Loss before grants and subsidies from State Government	–	**(362,662)**	**(70,635)**	**(362,120)**	**(75,745)**
Income from State Government	–	–	–	–	–
Service appropriation	3.6	15,983	75,440	15,983	75,440
Royalties for Regions Fund	3.6	63,878	6,108	63,878	6,108
Services received free of charge	3.6	433	242	433	242
Total income from State Government	–	**80,294**	**81,790**	**80,294**	**81,790**
Profit/(loss) for the period	–	**(282,368)**	**11,155**	**(281,826)**	**6,045**
Other comprehensive income	–	–	–	–	–
Changes in asset revaluation surplus	9.10	(279,298)	(321,403)	(279,298)	(321,403)
Total other comprehensive income	–	**(279,298)**	**(321,403)**	**(279,298)**	**(321,403)**
Profit/(loss) attributable to:	–	–	–	–	–
Consolidated equity	–	(282,217)	11,552	–	–
Non-controlling interest	9.11	(151)	(397)	–	–
Total	–	**(282,368)**	**11,155**	–	–
Total comprehensive income attributable to:	–	–	–	–	–

Expenses and Income	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Consolidated equity	–	(561,515)	(309,851)	–	–
Non-controlling interest	9.11	(151)	(397)	–	–
Total	**–**	**(561,666)**	**(310,248)**	**–**	**–**
Total comprehensive income for the period	**–**	**(561,666)**	**(310,248)**	**(561,124)**	**(315,358)**

The Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2020

Table 7: Statement of Financial Position

Assets and Liabilities	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Current assets	–	–	–	–	–
Cash and cash equivalents	7.4	155,704	190,641	90,657	161,480
Restricted cash and cash equivalents	7.4	23,982	24,859	23,982	24,859
Inventories	5.1	273,156	290,616	269,263	285,287
Loans and receivables	6.1	713,164	654,722	182,518	168,231
Other current assets	6.3	26,052	10,702	33,585	23,516
Non-current assets classified as held for sale	5.5	11,568	8,159	11,568	8,159
Other financial assets	6.4	200,080	179,955	–	–
Total current assets	–	**1,403,706**	**1,359,654**	**611,573**	**671,532**
Non-current assets	–	–	–	–	–
Inventories	5.1	698,581	674,316	683,667	658,999
Loans and receivables	6.1	4,304,550	3,880,093	4,846,025	4,337,156
Other financial assets	6.4	24	24	10,953	12,005
Rental properties	5.2	10,204,050	10,544,724	10,204,050	10,544,724
Community Housing properties	5.2	703,672	725,559	703,672	725,559
Shared Equity properties	5.2	471,257	500,450	471,257	500,450
Other properties	5.2	95,667	92,048	95,667	92,048
Plant and equipment	5.2	3,707	4,622	973	1,474
Buildings under construction	5.2	17,370	86,982	17,370	86,982
Right-of-use assets	5.3	8,502	–	2,276	–
Intangible assets	5.4	5,694	12,524	5,069	11,692

Assets and Liabilities	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Total non-current assets	–	**16,513,074**	**16,521,342**	**17,040,979**	**16,971,089**
Total assets	–	**17,916,780**	**17,880,996**	**17,652,552**	**17,642,621**
Current liabilities	–	–	–	–	–
Payables	6.5	31,182	35,776	30,803	35,418
Borrowings	7.1	158,701	105,306	158,701	105,306
Lease liabilities	7.2	41,632	–	40,272	–
Provisions	6.6	32,445	11,392	31,996	11,392
Other current liabilities	6.7	74,529	44,256	64,547	31,858
Total current liabilities	–	**338,489**	**196,730**	**326,319**	**183,974**
Non-current liabilities	–	–	–	–	–
Payables	6.5	24	24	24	24
Borrowings	7.1	5,485,196	5,072,309	5,485,196	5,072,309
Lease liabilities	7.2	30,652	–	22,793	–
Provisions	6.6	56,096	55,360	56,096	55,360
Total non-current liabilities	–	**5,571,968**	**5,127,693**	**5,564,109**	**5,127,693**
Total liabilities	–	**5,910,457**	**5,324,423**	**5,890,428**	**5,311,667**
Net assets	–	**12,006,323**	**12,556,573**	**11,762,124**	**12,330,954**
Equity	–	–	–	–	–
Contributed equity	9.10	2,489,954	2,478,524	2,445,684	2,453,390
Reserves	9.10	6,301,601	6,652,662	6,300,885	6,651,944
Retained earnings	9.10	3,214,028	3,424,496	3,015,555	3,225,620
Total equity attributable to the consolidated entity	–	**12,005,583**	**12,555,682**	**11,762,124**	**12,330,954**
Non-controlling interest	9.11	740	891	–	–
Total equity	–	**12,006,323**	**12,556,573**	**11,762,124**	**12,330,954**

The Statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2020

Table 8: Statement of Changes in Equity

Changes in Equity	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Balance of equity at start of year	**–**	**12,555,682**	**12,834,349**	**12,330,954**	**12,645,320**
Contributed equity	**9.10**	**–**	**–**	**–**	**–**
Balance at start of the year	**–**	**2,478,524**	**2,458,937**	**2,453,390**	**2,461,703**
Transactions with owners in their capacity as owners:	–	–	–	–	–
Capital contribution	–	5,332	–	5,332	–
Other contributions by owners	–	6,494	23,095	6,494	23,095
Distributions to owners	–	(396)	(3,508)	(19,532)	(31,408)
Balance at end of the period	**–**	**2,489,954**	**2,478,524**	**2,445,684**	**2,453,390**
Reserves	**9.10**	**–**	**–**	**–**	**–**
Balance at start of the year	**–**	**6,652,662**	**7,436,369**	**6,651,944**	**7,435,648**
Asset revaluation decrement	–	(279,298)	(321,403)	(279,298)	(321,403)
Land inventory prior year eliminations	–	–	21,021	–	21,021
Impairment loss on rental properties	–	–	(2,022)	–	(2,022)
Transfer to retained earnings	–	(71,763)	(481,303)	(71,761)	(481,300)
Balance at end of the period	**–**	**6,301,601**	**6,652,662**	**6,300,885**	**6,651,944**

Changes in Equity	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Retained earnings	**9.10**	**–**	**–**	**–**	**–**
Balance at start of the year		3,424,496	2,939,043	3,225,620	2,747,969
Initial application of Australian Accounting Standards	9.2	–	(2,932)	–	(2,494)
Restated balance at start of the year	**–**	**3,424,496**	**2,936,111**	**3,225,620**	**2,745,475**
Transfer from reserves	–	71,749	476,833	71,761	474,100
Profit/(loss) for the period	–	(282,217)	11,552	(281,826)	6,045
Balance at end of the period	**–**	**3,214,028**	**3,424,496**	**3,015,555**	**3,225,620**
Equity attributable to equity holder Housing Authority	**–**	**12,005,583**	**12,555,682**	**11,762,124**	**12,330,954**
Equity attributable to non-controlling interest	9.11	740	891	–	–
Balance of equity at the end of the period	**–**	**12,006,323**	**12,556,573**	**11,762,124**	**12,330,954**

The Statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2020

Table 9: Statement of Cash Flows

Cash Flows	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Cash flows from operating activities - Receipts	–	–	–	–	–
Grants, contributions and subsidies	–	126,513	374,268	126,513	374,268
Rental receipts	–	352,684	395,697	352,684	395,697
Interest received	–	219,748	218,871	90,706	117,071
Inventory receipts on sales	–	166,088	188,429	164,794	186,381
Other receipts	–	70,365	34,562	131,326	105,406
GST receipts on sales	–	11,493	11,735	11,493	11,735
GST receipts from taxation authority	–	29,576	29,224	29,576	29,171
Cash flows from operating activities - Payments	–	–	–	–	–
Employee benefits	–	(196,413)	(175,173)	(196,413)	(175,173)
Accommodation	–	(12,569)	(13,741)	(12,569)	(13,741)
Supplies and services	–	(65,698)	(63,363)	(35,091)	(33,738)
Finance costs	–	(121,126)	(150,448)	(121,126)	(150,448)
Purchase and development of inventory	–	(92,644)	(91,639)	(92,644)	(91,639)
GST payments on purchases	–	(26,955)	(30,148)	(26,951)	(30,148)
GST payments to taxation authority	–	(11,690)	(18,244)	(11,690)	(18,244)
Rental property payments	–	(312,066)	(368,042)	(312,066)	(368,042)

Cash Flows	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Other payments	–	(258,538)	(208,133)	(258,537)	(208,133)
Net cash provided by / (used in) operating activities	**7.4.2**	**(121,232)**	**133,855**	**(159,995)**	**130,423**
Cash flows from investing activities - Receipts	**–**	**–**	**–**	**–**	**–**
Proceeds from the sale of non-current physical assets	–	88,194	97,855	88,194	97,855
Home loan repayments received	–	430,708	356,993	–	–
Other investing receipts	–	–	–	–	–
Cash flows from investing activities - Payments	**–**	**–**	**–**	**–**	**–**
Purchase of non-current physical assets	–	(46,795)	(88,713)	(46,497)	(85,600)
New home loans advanced	–	(920,758)	(800,607)	–	–
Other investing payments	–	–	–	(495,000)	(379,789)
Net cash used in investing activities	**–**	**(448,651)**	**(434,472)**	**(453,303)**	**(367,534)**
Cash flows from financing activities - Receipts	**–**	**–**	**–**	**–**	**–**
Proceeds from borrowings WA Treasury Corporation	–	1,776,000	599,447	1,776,000	599,447
Finance leases	–	63,587	–	63,587	–
Cash flows from financing activities - Payments	**–**	**–**	**–**	**–**	**–**
Repayment of borrowings from	–	–	–	–	–

Cash Flows	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
WA Treasury Corporation	–	(1,287,204)	(492,824)	(1,287,204)	(492,824)
Repayment of Commonwealth borrowings	–	(17,006)	(16,672)	(17,006)	(16,672)
Principal elements of lease payments	–	(67,235)	–	(65,934)	–
Net cash provided by financing activities	–	**468,142**	**89,951**	**469,443**	**89,951**
Cash flows from State Government	**–**	**–**	**–**	**–**	**–**
Net capital contribution	–	6,191	–	(7,706)	(28,265)
Royalties for Regions fund	–	63,878	4,824	63,878	4,824
Proceeds from State Government	–	15,983	82,548	15,983	82,548
Net cash provided by State Government	**–**	**86,052**	**87,372**	**72,155**	**59,107**
Net increase/(decrease) in cash and cash equivalents	–	(15,689)	(123,294)	(71,700)	(88,053)
Cash and cash equivalents at the beginning of the period	–	395,455	518,749	186,339	274,392
Cash and cash equivalents at the end of the period	**7.4.1**	**379,766**	**395,455**	**114,639**	**186,339**

The Statement of cash flows should be read in conjunction with the accompanying notes.

Summary of Consolidated Account Appropriations

For the year ended 30 June 2020

Table 10: Summary of Consolidated Account Appropriations

Account Appropriations	Budget Estimate 2020 $000	Supplementary Funding 2020 $000	Revised Budget 2019 $000	Actual 2020 $000	Variance 2020 $000
Delivery of Services	–	–	–	–	–
Net amount appropriated to deliver services	13,983	–	15,983	15,983	–
Capital	–	–	–	–	–
Capital appropriations	7,370	–	5,332	5,332	–
Grand Total	**21,353**	**–**	**21,315**	**21,315**	**–**

No supplementary income was received by the Housing Authority.

Notes to the Financial Statements

1. Basis of Preparation

The Housing Authority is a Statutory Authority controlled by the State of Western Australia, which is the ultimate parent. The Housing Authority is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Housing Authority on 15 October 2020.

Statement of compliance

The Housing Authority is a public non-financial corporation entity that prepares general purpose financial statements in accordance with:

1) The *Financial Management Act 2006* (FMA)
2) The Treasurer's Instructions (the Instructions or TI)
3) Australian Accounting Standards (AAS) including applicable interpretations
4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

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.

Basis of consolidation

The reporting entity comprises the Authority and controlled entities included in the legal form of controlled entities below.

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.

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 these Keystart trusts and companies have been established in the State of Western Australia. The financial transactions for these entities have no effect on the operating result of the Housing Authority. The Housing Authority provides a support arrangement to the structure through the Support Trust.

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

(iii) Goldmaster Enterprises Pty Ltd - A property development company to assist the Housing Authority achieve its objectives. The Authority has equity interest of 87.18 per cent and effective control via representation on the Board of this company.

(iv) Seacrest Corporation Pty Ltd - The Authority controls and holds 100 per cent equity interest in this company. The company is used solely for managing the development of the Seacrest Estate in Geraldton Western Australia.

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 Housing Authority is the sole shareholder of Seacrest Corporation Pty Ltd.

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

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

Table 11: Controlled entities and contribution to retained earnings

Controlled entities and contribution to retained earnings	Percentage owned 2020 %	Percentage owned 2019 %	Contribution to Consolidated Entity result 2020 $000	Contribution to Consolidated Entity result 2019 $000	Investment shares at cost 2020 $000	Investment shares at cost 2019 $000
Name	–	–	–	–	–	–
Goldmaster Enterprises Pty Ltd	87.18%	87.18%	–	–	37,350	37,350
Profit/(loss)	–	–	(1,174)	(3,095)	–	–
Keystart Bonds Ltd	100.00%	100.00%	Nil	Nil	–	–
Keystart Loans Ltd	100.00%	100.00%	Nil	Nil	–	–
Keystart Support Pty Ltd	100.00%	100.00%	Nil	Nil	–	–
Keystart Support (Subsidiary) Pty Ltd	100.00%	100.00%	Nil	Nil	–	–
Keystart Scheme Management Pty Ltd	100.00%	100.00%	Nil	Nil	–	–
Keystart Housing Scheme Trust	–	–	–	–	–	–
(Loss)/profits	–	–	Nil	Nil	–	–
Transfer from reserve	–	–	2	3	–	–
Keystart Support Trust	–	–	Nil	Nil	–	–

Controlled entities and contribution to retained earnings	Percentage owned 2020 %	Percentage owned 2019 %	Contribution to Consolidated Entity result 2020 $000	Contribution to Consolidated Entity result 2019 $000	Investment shares at cost 2020 $000	Investment shares at cost 2019 $000
Homeswest Loan Scheme Trust	–	–	Nil	Nil	–	–
Seacrest Corporation Pty Ltd	100.00%	100.00%	21	503	–	–

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 2019-20 financial year.

Contributed equity

AASB Interpretation 1038 ‘Contributions by Owners Made to Wholly-Owned Public Sector Entities’ requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, 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 appropriations have been designated as contributions by owners by TI 955 ‘Contributions by Owners made to Wholly Owned Public Sector Entities’ and have been credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

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.

Consolidated financial statements

i. The investment in subsidiary is accounted for in the consolidated financial statements in accordance with AASB 10 ‘Consolidated Financial Statements’. 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.

Insurance

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

The Housing Authority has a policy of not insuring its residential property assets as it is considered uneconomical, however, the Authority does insure:

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

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

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

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 6.2 'Deferred income Tax Asset'.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experiences and various other factors that are believed to be reasonable under the circumstances.

Significant judgements and estimates have been made to meet the requirements of the new standards AASB 16, AASB 15 and AASB 1058.

AASB 16:

Key judgements are to be made for AASB 16 include identifying leases within contracts, determination whether there is reasonable certainty around exercising extension and determination options, identifying whether payments are variable or fixed in substance and determining the stand-alone selling process for lease and non-lease components.

Estimation uncertainty that may arise is the estimation of the lease term, determination of the appropriate discount rate to discount the lease payments and assessing whether the right of use asset needs to be impaired.

AASB 15:

Key judgments include determining the timing of revenue from contracts with customers in terms of timing of satisfaction of performance obligations and determining the transaction price and the amounts allocated to performance obligations.

Estimations uncertainty the transaction prices (estimating variable consideration, adjusting the consideration for the time value of money and measuring non-cash considerations), allocating the transaction price, including estimating stand-alone selling prices and allocating discounts and variable consideration.

AASB 1058:

Key judgements include determining the timing in the satisfaction of obligations and judgements used in determining whether funds are restricted.

Refer to Note 9.2 for the impact of the initial adoption and the practical expedients applied in the initial recognition.

2. Agency Outputs

How the agency operates

This section includes information regarding the nature of funding the Agency receives and how this funding is utilised to achieve the Agency’s objectives.

Notes:

2.1 Agency objectives

Mission

The Housing Authority's mission is working in partnership to build economic and social prosperity by enabling Western Australians to have a place to call home.

Services

The Housing Authority provides the following services:

Service 1: Rental Housing

The provision of housing to eligible Western Australians through Public Housing, Community Housing managed Properties, Rental Housing for Key Workers in regional Western Australia and properties for remote Aboriginal Communities.

Service 2: Home Loans

Enabling the financing of home ownership for eligible applicants.

Service 3: Land and Housing Supply

Development of land for housing and provision of housing for sale to the Western Australian market.

Service 4: Government Regional Officers' Housing

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.

2.2 Schedule of income and expenses by service

Table 12: Schedule of income and expenses by service

Consolidated 2020	Rental Housing $000	Government Regional Officers Housing $000	Home Loans $000	Land and Housing Supply $000	Total $000
Revenue and Income	–	–	–	–	–
Sales	(101)	81	–	163,934	163,914
Rental revenue	269,148	88,124	–	87	357,359
Grants, contributions and subsidies	124,137	–	–	2,376	126,513
Interest revenue	(9,445)	3,981	217,930	3,683	216,149
Other revenue	23,713	2,392	6,768	3,094	35,967
Total revenue and income	**407,452**	**94,578**	**224,698**	**173,174**	**899,902**
Expenses	–	–	–	–	–
Cost of sales	569	242	–	121,936	122,747
Rental expenses	274,968	42,537	45	244	317,794
Community support expense	128,121	–	–	–	128,121
Employee benefits expense	155,894	6,324	3,628	15,513	181,359
Supplies and services	46,591	4,552	7,215	3,909	62,267

Consolidated 2020	Rental Housing $000	Government Regional Officers Housing $000	Home Loans $000	Land and Housing Supply $000	Total $000
Depreciation and amortisation expense	100,646	10,997	8,274	1,088	121,005
Finance costs	16,500	4,641	90,312	4,140	115,593
Accommodation expenses	14,731	475	669	539	16,414
Loss on disposal of non-current assets	6,536	(165)	2,877	19	9,267
Other expenses	88,515	3,075	67,133	29,274	187,997
Total expenses	**833,071**	**72,678**	**180,153**	**176,662**	**1,262,564**
Profit/(loss) before income from government	**(425,619)**	**21,900**	**44,545**	**(3,488)**	**(362,662)**
Income from State Government	80,294	–	–	–	80,294
Profit/(loss) after income from government	**(345,325)**	**21,900**	**44,545**	**(3,488)**	**(282,368)**
Non-controlling interest	–	–	–	151	151
Profit/(loss) for the period	**(345,325)**	**21,900**	**44,545**	**(3,337)**	**(282,217)**

The Schedule of income and expenses by service should be read in conjunction with the accompanying notes.

Table 13: Schedule of income and expenses by service

Consolidated 2019	Rental Housing $000	Government Regional Officers Housing $000	Home Loans $000	Land and Housing Supply $000	Total $000
Revenue and Income	–	–	–	–	–
Sales	2,291	237	–	173,321	175,849
Rental revenue	242,028	145,784	1	109	387,922
Grants, contributions and subsidies	380,376	–	–	1,000	381,376
Interest revenue	(18,914)	6,315	223,685	10,628	221,714
Other revenue	19,339	1,053	7,250	17,905	45,547
Total revenue and income	**625,120**	**153,389**	**230,936**	**202,963**	**1,212,408**
Expenses	–	–	–	–	–
Cost of sales	(6,648)	498	–	117,294	111,144
Rental expenses	261,953	91,801	8	194	353,956
Community support expense	121,212	–	–	–	121,212
Employee benefits expense	148,130	12,038	3,258	12,179	175,605
Supplies and services	43,953	1,982	6,108	2,522	54,565
Depreciation and amortisation expense	111,659	11,002	8,155	1,154	131,970
Finance costs	20,523	5,110	122,984	4,968	153,585

Consolidated 2019	Rental Housing $000	Government Regional Officers Housing $000	Home Loans $000	Land and Housing Supply $000	Total $000
Accommodation expenses	12,139	575	2,380	653	15,747
Loss on disposal of non-current assets	8,216	404	2,478	1	11,099
Other expenses	62,390	2,183	40,439	49,148	154,160
Total expenses	**783,527**	**125,593**	**185,810**	**188,113**	**1,283,043**
Profit/(loss) before income from government	**(158,407)**	**27,796**	**45,126**	**14,850**	**(70,635)**
Income from State Government	81,790	–	–	–	81,790
Profit/(loss) after income from government	**(76,617)**	**27,796**	**45,126**	**14,850**	**11,155**
Non-controlling interest	–	–	–	397	397
Profit/(loss) for the period	**(76,617)**	**27,796**	**45,126**	**15,247**	**11,552**

The Schedule of income and expenses by service should be read in conjunction with the accompanying notes.

44 Housing Authority Annual Report 2019–20

Table 14: Schedule of income and expenses by service

Parent 2020	Rental Housing $000	Government Regional Officers Housing $000	Home Loans $000	Land and Housing Supply $000	Total $000
Revenue and Income	–	–	–	–	–
Sales	(101)	81	–	162,856	162,836
Rental revenue	269,148	88,124	–	87	357,359
Grants, contributions and subsidies	124,137	–	–	2,376	126,513
Interest revenue	(9,445)	3,981	85,607	4,149	84,292
Other revenue	23,713	2,392	64,238	2,866	93,209
Total revenue and income	**407,452**	**94,578**	**149,845**	**172,334**	**824,209**
Expenses	–	–	–	–	–
Cost of sales	569	242	–	120,787	121,598
Rental expenses	274,968	42,537	45	244	317,794
Community support expense	128,121	–	–	–	128,121
Employee benefits expense	155,894	6,324	3,197	15,513	180,928
Supplies and services	46,591	4,552	596	4,961	56,700
Depreciation and amortisation expense	100,644	10,997	6,511	1,088	119,240
Finance costs	16,500	4,641	90,309	4,140	115,590

Parent 2020	Rental Housing $000	Government Regional Officers Housing $000	Home Loans $000	Land and Housing Supply $000	Total $000
Accommodation expenses	14,731	475	108	540	15,854
Loss on disposal of non-current assets	6,536	(165)	2,877	19	9,267
Other expenses	88,515	3,075	1,659	27,988	121,237
Total expenses	**833,069**	**72,678**	**105,302**	**175,280**	**1,186,329**
Profit/(loss) before income from government	**(425,617)**	**21,900**	**44,543**	**(2,946)**	**(362,120)**
Income from State Government	80,294	–	–	–	80,294
Profit/(loss) after income from government	**(345,323)**	**21,900**	**44,543**	**(2,946)**	**(281,826)**
Profit/(loss) for the period	**(345,323)**	**21,900**	**44,543**	**(2,946)**	**(281,826)**

The Schedule of income and expenses by service should be read in conjunction with the accompanying notes.

Table 15: Schedule of income and expenses by service

Parent 2019	Rental Housing $000	Government Regional Officers Housing $000	Home Loans $000	Land and Housing Supply $000	Total $000
Revenue and Income	–	–	–	–	–
Sales	2,291	237	–	171,351	173,879
Rental revenue	242,028	145,784	1	109	387,922
Grants, contributions and subsidies	380,376	–	–	1,000	381,376
Interest revenue	(18,914)	6,315	122,408	11,130	120,939
Other revenue	19,339	1,053	62,237	17,662	100,291
Total revenue and income	**625,120**	**153,389**	**184,646**	**201,252**	**1,164,407**
Expenses	–	–	–	–	–
Cost of sales	(6,648)	498	–	112,938	106,788
Rental expenses	261,953	91,801	8	194	353,956
Community support expense	121,212	–	–	–	121,212
Employee benefits expense	148,130	12,038	2,823	12,179	175,170
Supplies and services	43,953	1,982	456	2,427	48,818
Depreciation and amortisation expense	111,659	11,002	6,720	1,149	130,530
Finance costs	20,523	5,110	122,980	4,968	153,581

Parent 2019	Rental Housing $000	Government Regional Officers Housing $000	Home Loans $000	Land and Housing Supply $000	Total $000
Accommodation expenses	12,139	575	132	653	13,499
Loss on disposal of non-current assets	8,216	404	2,478	1	11,099
Other expenses	62,390	2,183	1,927	58,999	125,499
Total expenses	**783,527**	**125,593**	**137,524**	**193,508**	**1,240,152**
Profit/(loss) before income from government	**(158,407)**	**27,796**	**47,122**	**7,744**	**(75,745)**
Income from State Government	81,790	–	–	–	81,790
Profit/(loss) after income from government	**(76,617)**	**27,796**	**47,122**	**7,744**	**6,045**
Profit/(loss) for the period	**(76,617)**	**27,796**	**47,122**	**7,744**	**6,045**

The Schedule of income and expenses by service should be read in conjunction with the accompanying notes.

3 Our Funding Sources

How we obtain our funding

This section provides additional information about how the Housing Authority obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Housing Authority and the relevant notes are:

Table 16: Primary income received

Primary income received	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Sales	3.1	163,914	175,849	162,836	173,879
Rental revenue	3.2	357,359	387,922	357,359	387,922
Grants, contributions and subsidies	3.3	126,513	381,376	126,513	381,376
Interest revenue	3.4	216,149	221,714	84,292	120,939
Other revenue	3.5	35,967	45,547	93,209	100,291
Income from State Government	3.6	80,294	81,790	80,294	81,790

3.1. Trading profit

Table 17: Trading profit

Trading profit	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Sales	–	–	–	–
Joint operations land	63,322	66,851	63,322	66,851
Land	23,254	23,612	23,254	23,410
House and land packages	77,338	85,386	76,260	83,618
Total	**163,914**	**175,849**	**162,836**	**173,879**
Less cost of sales	–	–	–	–
Joint operations land	(23,496)	(24,285)	(23,496)	(24,285)
Land	(16,488)	(21,146)	(16,488)	(20,957)
House and land packages	(82,763)	(65,713)	(81,614)	(61,546)
Total	**(122,747)**	**(111,144)**	**(121,598)**	**(106,788)**
Trading profit	**41,167**	**64,705**	**41,238**	**67,091**

Until 30 June 2019, revenue from land sales was recognised when the contract for sale became unconditional. From 1 July 2019, revenue is recognised at the transaction price when the Housing Authority transfers the land title to the buyer.

3.2. Rental revenue

Table 18: Rental revenue

Rental revenue	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Rental and other properties	354,181	384,350	354,181	384,350
Rental amenities	3,178	3,572	3,178	3,572
Total rental revenue	**357,359**	**387,922**	**357,359**	**387,922**

The Housing Authority charges rents in accordance with section 30 of the *Housing Act 1980*. The basis for the amount of rent to be charged is determined from market rent information received from the Western Australian Land Information Authority (Valuations and Property Analytics) and due consideration to regional rental markets. Rental property revenue represents the net rental revenue 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 per cent of the household income as rent or the market rent for the property. Tenants eligible to pay rent by reference to the household income will pay no more than 25 per cent of the household income as rent. If 25 per cent of the household income is more than the market rent, then the rent payable is the market rent. 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. If applicable, tenants who occupied their current rental property before 28 March 2016 will receive rent increases until they are paying 25 per cent of the assessable household income as rent or the market rent. The rent increases will be staged with increase limits applied to reduce the impact of the changes for these tenants.

3.3. Grants, contributions and subsidies

Table 19: Grants and subsidies

Grants and subsidies	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Current Commonwealth grants and contributions	–	–	–	–
Remote Indigenous Housing	–	251,310	–	251,310
National Housing and Homelessness Agreement	121,096	119,486	121,096	119,486
Total Commonwealth grants and contributions	**121,096**	**370,796**	**121,096**	**370,796**
Current General government grants	–	–	–	–
Department of Primary Industries and Regional Development	2,581	–	2,581	–
Disability Services Commission	–	2,751	–	2,751
Mental Health Commission	1,750	6,439	1,750	6,439
Water Corporation	–	390	–	390
Total general government grants	**4,331**	**9,580**	**4,331**	**9,580**
Local Government capital grants	–	–	–	–
Shire of Manjimup	1,086	1,000	1,086	1,000
Total local government grants	**1,086**	**1,000**	**1,086**	**1,000**
Total grants, contributions and subsidies	**126,513**	**381,376**	**126,513**	**381,376**

Until 30 June 2019 income from grants is recognised at fair value when the grants are receivable.

From 1 July 2019 current grants are recognised as income when the grants are receivable. Capital grants are recognised as income when the Authority achieves the milestones specified in the grant agreement.

3.4. Interest revenue

Table 20: Interest revenue

Interest revenue	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Loan interest	–	–	–	–
Keystart secured mortgage advances	210,908	208,945	–	–
Total loan interest	**210,908**	**208,945**	**–**	**–**
Other interest	–	–	–	–
Interest on cash at bank	937	5,716	936	5,712
Interest on finance leases	1,255	–	1,255	–
Interest on investments	2,013	4,219	81,065	112,393
Interest other	1,036	2,834	1,036	2,834
Total other interest	**5,241**	**12,769**	**84,292**	**120,939**
Total interest revenue	**216,149**	**221,714**	**84,292**	**120,939**

Interest income is recognised as interest accrues. For all financial instruments measured at amortised cost interest income is recognised using the effective interest rate.

3.5. Other revenue

Table 21: Other revenue

Other revenue	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Bad debts recovered	1,153	1,073	1,153	1,073
Conveyancing fees	1,519	1,340	1,519	1,340
Dividends (a)	–	-	62,708	60,657
DMA participation fee	–	15,925	–	15,925
Employee contributions	808	–	808	–
Previous year's GST refunds	18,779	11,893	18,779	11,893
Other revenue (b)	13,708	15,316	8,242	9,403
Total other revenues	**35,967**	**45,547**	**93,209**	**100,291**

a) Dividends are recognised when Keystart, the Housing Authority's subsidiary, has declared dividends for distribution.

b) Other revenue is recognised when the Authority satisfies the performance obligations as services have been provided.

3.6. Income from State Government

Table 22: Income from State Government

Income from State Government	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Service appropriation (a)	15,983	75,440	15,983	75,440
Royalties for Regions Fund (b)	63,878	6,108	63,878	6,108
Services received free of charge from other State government agencies (c)	–	–	–	–
Department of Finance - Government accommodation leasing	433	242	433	242
Total income from State Government	**80,294**	**81,790**	**80,294**	**81,790**

a) Service Appropriations are recognised as revenues at fair value in the period in which the Housing Authority gains control of the appropriated funds. The Housing Authority gains control of appropriated funds at the time those funds are deposited in the bank account. Service appropriations fund services delivered.

b) 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.

The Housing Authority has assessed Royalty for Regions agreements and concludes that they are not within the scope of AASB 15 as they do not meet the 'sufficiently specific' criterion.

The application of AASB 15 and AASB 1058 from 1 July 2019 has no impact on the treatment of income from State Government.

c) Services received free of charge or for nominal cost that the entity would have purchased are recognised as income at fair value of the services where they can be reliably measured.

4. Use of our Funding

Expenses incurred in the delivery of services

This section provides additional information about how the Housing Authority's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Housing Authority in achieving its objectives and the relevant notes are:

Table 23: Primary Expenses

Primary Expenses	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Employee benefits expense	4.1	181,359	175,605	180,928	175,170
Other expenditures	4.2	712,593	699,640	639,706	662,984
Loss on disposal of non-current assets	4.3	(9,267)	(11,099)	(9,267)	(11,099)

4.1 Employee benefits expense

Table 24: Employee benefits expense

Employee benefits expense	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Employee benefits (a)	167,520	160,706	167,089	160,271
Superannuation - defined contribution plans (b)	17,313	15,268	17,313	15,268
Superannuation - defined benefit plans	1,153	1,181	1,153	1,181
Other employee benefits expense	1,574	2,184	1,574	2,184
Total	**187,560**	**179,339**	**187,129**	**178,904**
Less credits:	–	–	–	–
Administration capitalised	(2,566)	(3,378)	(2,566)	(3,378)
Recoups	(3,635)	(356)	(3,635)	(356)
Total credits	**(6,201)**	**(3,734)**	**(6,201)**	**(3,734)**
Total employee benefits expense	**181,359**	**175,605**	**180,928**	**175,170**
Add: AASB 16 non-monetary benefits (c)	1,788	–	1,788	–
Less: employee contributions	(808)	–	(808)	–
Net employee benefits	**182,339**	**175,605**	**181,908**	**175,170**

a) Includes wages, salaries and social contributions, paid annual leave and sick leave and non-monetary benefits (such as medical care, housing, cars and free or subsidies goods or services) for current employees.
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 4.2 'Other expenditures'.
c) AASB 16 non-monetary benefits include the provision of vehicles and housing benefits measured at cost in accordance with the application of AASB 16.

Termination benefits

Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Housing Authority is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation

The amount recognised in profit or loss of the Statement of comprehensive income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole of government reporting. It is however a defined contribution plan for Housing Authority purposes because the concurrent contributions (defined contributions) made by the Housing Authority to GESB extinguishes the Housing Authority’s obligations to the related superannuation liability

The 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.

4.2. Other expenditures

Table 25: Other expenditures

Other expenditures	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Rental expenses	–	–	–	–
Debt collection expenses	1,404	1,259	1,404	1,259
Demolition costs	2,075	2,413	2,075	2,413
Estate management expenses	4,645	3,915	4,645	3,915
General expenses	29,056	17,656	29,056	17,656
Insurance expenses	11,388	8,373	11,388	8,373
Maintenance expenses	156,121	149,188	156,121	149,188
Rates expenses	102,733	99,489	102,733	99,489
Renovations and improvements	10,372	9,087	10,372	9,087
Non-cancellable operating leases:	–	–	–	–
Rental properties	–	62,576	–	62,576
Total rental expenses	**317,794**	**353,956**	**317,794**	**353,956**
Community support expense	–	–	–	–
Aboriginal Housing (a)	113,374	112,307	113,374	112,307
Community Housing (b)	14,747	8,905	14,747	8,905
Total community support expense	**128,121**	**121,212**	**128,121**	**121,212**

a) Aboriginal Housing community support consists of expenses incurred in the provision of remote indigenous community housing and support programmes, including capitalised administration. During 2020 no administration costs were capitalised (2019: $1.450m).

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

Table 26: Other expenditures

Other expenditures	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Supplies and services	–	–	–	–
Asset maintenance	5,273	2,951	5,273	2,951
Audit fees	776	984	410	809
Communication	4,477	4,124	4,298	3,946
Motor vehicles	1,440	942	1,440	942
Other personnel costs	5,562	4,558	5,562	4,558
Professional services, consultants and contractors	27,839	27,941	27,839	27,941
Stationery and supplies	715	865	426	465
Travel	1,492	1,773	1,492	1,773
Other costs and expenses	14,693	9,416	9,960	4,422
Total	**62,267**	**53,554**	**56,700**	**47,807**
Non-cancellable operating leases:	–	–	–	–
Motor vehicles	–	1,011	–	1,011
Total	–	**1,011**	–	**1,011**
Total supplies and services	**62,267**	**54,565**	**56,700**	**48,818**

Table 27: Other expenditures

Other expenditures	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Accommodation expenses	–	–	–	–
Rental (a)	9,830	9,312	9,391	7,103
Accommodation outgoings and repairs and maintenance	6,584	6,435	6,463	6,396
Total accommodation expenses	**16,414**	**15,747**	**15,854**	**13,499**

a) Included within rental costs are Government Office Accommodation rental expenses.

Table 28: Other expenditures

Other expenditures	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Other expenses	–	–	–	–
Assets transferred to Community Housing	–	87	–	87
Employee on-costs	12,144	10,618	12,144	10,618
Expected credit loss expense	85,208	33,317	36,346	9,692
Fees - Keystart	17,099	15,654	-	-
Grants and subsidies	17,308	13,762	17,308	13,762
Impairment – Assets	–	–	1,052	11,027
Land expenses	21,087	24,898	21,087	24,898
Loan scheme expenses	816	905	816	905
Project expenses	19,499	8	19,499	8
Write down of assets classified as held for sale	361	711	361	711
Write-down of non-current assets	7,687	15,547	7,377	15,547
Other expenses	6,788	38,653	5,247	38,244
Total other expenses	**187,997**	**154,160**	**121,237**	**125,499**
Total other expenditure	**712,593**	**699,640**	**639,706**	**662,984**

Supplies and Services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Other

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Accommodation expenses include:

Rental expenses include:

(i) short-term leases with a lease term of 12 months or less;
(ii) low-value leases with an underlying value of $5,000 or less; and
(iii) variable lease payments recognised in the period in which the event or condition that triggers those payments occurs.

Accommodation outgoings and repairs and maintenance are recognised as expenses as incurred.

Expected credit losses is an allowance of trade receivables and loans to homebuyers, measured at the lifetime expected credit losses at each reporting date. The Entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 6.1. Movement in the allowance for impairment of trade receivables and movement in the allowance for impairment of loans to homebuyers (Consolidated entity only).

Employee on-cost includes workers' compensation insurance, payroll tax and other employment on-costs.

Write-down of non-current assets classified as held for sale to the lower of carrying amount and fair value less selling costs.

4.3 Loss on disposal of non-current assets

Table 29: Loss on disposal of non-current assets

Loss on disposal of non-current assets	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Proceeds from the disposal of non-current assets	–	–	–	–
Community Housing properties	1,409	8,061	1,409	8,061
Rental properties	63,786	74,413	63,786	74,413
Shared Equity properties	21,073	22,803	21,073	22,803
Plant and equipment and intangible assets	–	50	–	50
Total	**86,268**	**105,327**	**86,268**	**105,327**
Carrying amount of non-current assets disposed	–	–	–	–
Community Housing properties	(1,897)	(7,390)	(1,897)	(7,390)
Rental properties	(70,286)	(84,040)	(70,286)	(84,040)
Shared Equity properties	(23,347)	(24,949)	(23,347)	(24,949)
Plant and equipment and intangible assets	–	(47)	–	(47)
Right-of-use assets	(5)	–	(5)	–
Total	**(95,535)**	**(116,426)**	**(95,535)**	**(116,426)**
Net loss	**(9,267)**	**(11,099)**	**(9,267)**	**(11,099)**

The cost on disposal of rental properties includes the value of properties demolished of $7.453m (2019: $12.920m).

Gains or losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the Statement of comprehensive income.

5. Key Assets

Assets the agency utilises for economic benefit or service potential

This section includes information regarding the key assets the Agency utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

Table 30: Key Assets

Key Assets	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Inventories	5.1	971,737	964,932	952,930	944,286
Rental properties	5.2	10,204,050	10,544,724	10,204,050	10,544,724
Community housing properties	5.2	703,672	725,559	703,672	725,559
Shared equity properties	5.2	471,257	500,450	471,257	500,450
Other properties	5.2	95,667	92,048	95,667	92,048
Plant and equipment	5.2	3,707	4,622	973	1,474
Buildings under construction	5.2	17,370	86,982	17,370	86,982
Right-of-use assets	5.3	8,502	-	2,276	-
Intangibles	5.4	5,694	12,524	5,069	11,692

5.1. Inventories

Table 31: Inventories

Inventories	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Land held for sale at cost current	–	–	–	–
Cost of acquisition and development	108,655	120,347	104,763	115,040
Joint operations land at cost	47,573	48,309	47,573	48,309
House and land packages for sale	68,765	94,869	68,764	94,847
House and land packages construction in progress	48,163	27,091	48,163	27,091
Total current inventories	**273,156**	**290,616**	**269,263**	**285,287**
Land held for sale at cost non - current	–	–	–	–
Cost of acquisition and development	607,430	578,133	592,516	562,816
Joint operations land at cost (a)	91,151	96,183	91,151	96,183
Total non-current inventories	**698,581**	**674,316**	**683,667**	**658,999**
Total inventories	**971,737**	**964,932**	**952,930**	**944,286**

Inventories

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

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

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

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

Butler

The Housing Authority holds a 46.78 per cent interest in an incorporated joint operation with Butler Land Pty Ltd for the development of land at the Brighton estate. The incorporated joint operation is named Ocean Springs Pty Ltd.

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

Dalyellup Beach

The Housing Authority holds a 50 per cent interest in an incorporated joint operation with Home Satterley Dalyellup Pty Ltd for the development of land at Dalyellup Beach, Bunbury. The incorporated joint operation is named Dalyellup Beach Pty Ltd.

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

Ellenbrook

The Housing Authority holds a 47.14 per cent interest in an incorporated joint operation with Morella Pty Ltd a syndicate of companies for the development of land at Ellenbrook. The incorporated joint operation is named Ellenbrook Management Pty Ltd.

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

Oyster Harbour

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

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

Wellard

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

Banksia Grove

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

Brookdale

The Housing Authority holds a 50 per cent interest in an unincorporated joint operation with Stockland WA Development Pty Ltd for the development of land at Brookdale. The Housing Authority contributes development costs and receives revenues on the basis of interest held in the joint operation.

Harrisdale

The Housing Authority holds an interest in an unincorporated joint operation with Cedar Woods Properties Harrisdale Pty Ltd for the development of its land at Harrisdale. The Housing Authority contributes the land and the participant contributes the funds for the development of the land. The Housing Authority receives a 20 per cent land payment on the sale of the lots and built form products, a 10 per cent land payment on the sale of built form products and a 20 per cent share in the profits.

During 2019-20 the Harrisdale joint operation reverted to a Development Management Agreement where the Housing Authority has 100% ownership of the development.

Golden Bay Estate

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

5.1 Inventories (continued)

Table 32: Inventories

Inventories 2020	Notes	Butler $000	Dalyellup Beach $000	Ellenbrook $000	Oyster Harbour $000	Golden Bay Estate $000	Brookdale $000	Harrisdale $000	Wellard $000	Banksia Grove $000	Total $000
Current assets	–	–	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	7.4	5,745	4,537	1,491	207	671	1,275	–	–	–	13,926
Receivables	7.4	611	377	526	–	–	–	–	–	–	1,514
Inventories	5.1	8,272	2,543	23,262	2,893	4,236	6,367	–	–	–	47,573
Other current assets	6.3	–	46	504	–	–	–	–	–	–	550
Total	–	**14,628**	**7,503**	**25,783**	**3,100**	**4,907**	**7,642**	–	–	–	**63,563**
Non-current assets	–	–	–	–	–	–	–	–	–	–	–
Receivables	7.4	–	–	82	–	–	–	–	–	–	82
Office equipment	5.2	–	81	16	–	14	–	–	–	–	111
Buildings	5.2	2,519	–	128	–	–	–	–	–	–	2,647
Development costs (1)	5.1	13,067	14,871	7,547	1,546	791	32,412	–	–	–	70,234
Sub-total	–	**15,586**	**14,952**	**7,773**	**1,546**	**805**	**32,412**	–	–	–	**73,074**
Total assets	–	**30,214**	**22,455**	**33,556**	**4,646**	**5,712**	**40,054**	–	–	–	**136,637**

Inventories 2020	Notes	Butler $000	Dalyellup Beach $000	Ellenbrook $000	Oyster Harbour $000	Golden Bay Estate $000	Brookdale $000	Harrisdale $000	Wellard $000	Banksia Grove $000	Total $000
Current liabilities	–	–	–	–	–	–	–	–	–	–	–
Payables	6.5	1,636	531	287	19	424	939	–	–	–	3,836
Other liabilities	6.8	–	48	–	7	–	237	–	–	–	292
Provisions	6.6	–	–	1,210	–	228	316	–	–	–	1,754
Total	–	**1,636**	**579**	**1,497**	**26**	**652**	**1,492**	–	–	–	**5,882**
Non-current liabilities	–	–	–	–	–	–	–	–	–	–	–
Payables	6.5	–	–	24	–	–	–	–	–	–	24
Sub-total	–	–	–	**24**	–	–	–	–	–	–	**24**
Total liabilities	–	**1,636**	**579**	**1,521**	**26**	**652**	**1,492**	–	–	–	**5,906**
Net assets	–	**28,578**	**21,876**	**32,035**	**4,620**	**5,060**	**38,562**	–	–	–	**130,731**
Land (1)	–	**1,140**	–	**1,238**	**430**	**8,027**	**7,419**	–	**1,726**	**937**	**20,917**

(1) The total development costs ($70.234m) and Authority land ($20.917m) represents the total ($91.151m) joint operations land.

Table 33: Inventories

Inventories 2019	Notes	Butler $000	Dalyellup Beach $000	Ellenbrook $000	Oyster Harbour $000	Golden Bay Estate $000	Brookdale $000	Harrisdale $000	Wellard $000	Banksia Grove $000	Total $000
Current assets	–	–	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	7.4	3,649	2,670	1,275	131	2,233	1,143	–	–	–	11,101
Receivables	7.4	789	208	771	82	85	-	–	–	–	1,935
Inventories	5.1	8,659	3,870	21,719	3,107	4,340	6,614	–	–	–	48,309
Other current assets	6.3	–	–	800	–	–	–	–	–	–	800
Total	–	**13,097**	**6,748**	**24,565**	**3,320**	**6,658**	**7,757**	–	–	–	**62,145**
Non-current assets	–	–	–	–	–	–	–	–	–	–	–
Receivables	7.4	–	–	191	–	–	–	–	–	–	191
Office equipment	5.2	–	81	37	–	16	–	–	–	–	134
Buildings	5.2	2,346	–	95	–	–	–	–	–	–	2,441
Development costs (1)	5.1	14,524	12,314	8,476	1,998	772	29,210	–	–	–	67,294
Sub-total	–	**16,870**	**12,395**	**8,799**	**1,998**	**788**	**29,210**	–	–	–	**70,060**
Total assets	–	**29,967**	**19,143**	**33,364**	**5,318**	**7,446**	**36,967**	–	–	–	**132,205**
Current liabilities	–	–	–	–	–	–	–	–	–	–	–

Inventories 2019	Notes	Butler $000	Dalyellup Beach $000	Ellenbrook $000	Oyster Harbour $000	Golden Bay Estate $000	Brookdale $000	Harrisdale $000	Wellard $000	Banksia Grove $000	Total $000
Payables	6.5	1,084	142	798	29	1,124	559	–	–	–	3,736
Other liabilities	6.8	–	–	–	–	–	223	–	–	–	223
Provisions	6.6	–	–	1,278	–	1,188	375	–	–	–	2,841
Total	–	**1,084**	**142**	**2,076**	**29**	**2,312**	**1,157**	**–**	**–**	**–**	**6,800**
Non-current liabilities	–	–	–	–	–	–	–	–	–	–	–
Payables	6.5	–	–	24	–	–	–	–	–	–	24
Sub-total	–	**–**	**–**	**24**	**–**	**–**	**–**	**–**	**–**	**–**	**24**
Total liabilities	–	**1,084**	**142**	**2,100**	**29**	**2,312**	**1,157**	**–**	**–**	**–**	**6,824**
Net assets	–	**28,883**	**19,001**	**31,264**	**5,289**	**5,134**	**35,810**	**–**	**–**	**–**	**125,381**
Land (1)	–	**1,273**	**–**	**1,327**	**5,872**	**7,362**	**9,039**	**901**	**2,002**	**1,113**	**28,889**

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

Joint Operations

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

The Housing Authority also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods and services by the joint operations.

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

5.2. Property, plant and equipment

Table 34: Property, plant and equipment

Consolidated Year ended 30 June 2020	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
1 July 2019	–	–	–	–	–	–	–
Gross carrying amount	10,546,061	734,591	507,178	96,658	20,097	86,982	11,991,567
Accumulated depreciation	(1,337)	(9,032)	(6,728)	(4,610)	(15,475)	–	(37,182)
Accumulated impairment loss	–	–	–	–	–	–	–
Carrying amount at start of period	**10,544,724**	**725,559**	**500,450**	**92,048**	**4,622**	**86,982**	**11,954,385**
Additions	6,565	1,038	5,241	300	256	66,589	79,989
Transfer from owner	–	–	–	–	–	–	–
Transfers within business outcomes	(1,217)	722	306	189	–	–	–
Transfers - buildings under construction	64,716	12,873	3,047	5,218	–	(85,854)	–
Transfers to Profit and Loss	–	–	–	–	–	(50,017)	(50,017)
Transfers from WIP and HFS	(1,092)	381	4,734	–	–	(330)	3,693

Consolidated Year ended 30 June 2020	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Disposals	(70,056)	(1,252)	(23,228)	(278)	(711)	–	(95,525)
Depreciation eliminated on disposal	–	–	–	–	706	–	706
Impairment losses (a)	(7,377)	–	–	–	–	–	(7,377)
Impairment losses reversed (a)	–	–	–	–	–	–	–
Revaluation increments (decrements)	(238,217)	(27,712)	(12,969)	(400)	–	–	(279,298)
Depreciation	(93,996)	(7,937)	(6,324)	(1,410)	(1,166)	–	(110,833)
Carrying amount at 30 June 2020	**10,204,050**	**703,672**	**471,257**	**95,667**	**3,707**	**17,370**	**11,495,723**
Gross carrying amount	10,204,320	703,692	471,401	100,842	15,882	17,370	11,513,507
Accumulated depreciation	(270)	(20)	(144)	(5,175)	(12,175)	–	(17,784)

a) Impairment losses are recognised in the Statement of comprehensive income. Where an asset is measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. Information on fair value measurements is provided in Note 8.3.

Table 35: Property, plant and equipment

Consolidated Year ended 30 June 2019	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
1 July 2018	–	–	–	–	–	–	–
Gross carrying amount	11,028,380	718,574	525,273	84,147	18,591	10,031	12,384,996
Accumulated depreciation	(3,844)	(515)	(238)	(4,317)	(15,469)	–	(24,383)
Accumulated impairment loss	–	–	–	–	–	–	–
Carrying amount at start of period	**11,024,536**	**718,059**	**525,035**	**79,830**	**3,122**	**10,031**	**12,360,613**
Additions	5,455	2,411	5,582	891	3,312	66,701	84,352
Transfer from owner	–	–	–	21,236	–	–	21,236
Transfers within business outcomes	(535)	1,960	51	(1,476)	–	–	–
Transfers - buildings under construction	13,946	32,619	–	–	–	(46,565)	–
Transfers to Profit and Loss	–	(30,230)	–	–	–	–	(30,230)
Transfers from WIP and HFS	805	805	10,786	–	–	56,815	69,211
Disposals	(65,733)	(4,106)	(24,663)	(283)	(8)	–	(94,793)

Consolidated Year ended 30 June 2019	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Impairment of property (a)	(13,278)	–	–	–	–	–	(13,278)
Revaluation increments (decrements)	(317,108)	12,586	(9,851)	(7,030)	–	–	(321,403)
Depreciation	(103,364)	(8,545)	(6,490)	(1,120)	(1,804)	–	(121,323)
Carrying amount at 30 June 2019	**10,544,724**	**725,559**	**500,450**	**92,048**	**4,622**	**86,982**	**11,954,385**
Gross carrying amount	10,546,061	734,591	507,178	96,658	20,097	86,982	11,991,567
Accumulated depreciation	(1,337)	(9,032)	(6,728)	(4,610)	(15,475)	–	(37,182)

a) Impairment losses are recognised in the Statement of comprehensive income. Where an asset is measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. Information on fair value measurements is provided in Note 8.3.

5.2. Property, plant and equipment (continued)

Table 36: Property, plant and equipment

Parent Year ended 30 June 2020	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
1 July 2019	–	–	–	–	–	–	–
Gross carrying amount	10,546,061	734,591	507,178	96,658	13,704	86,982	11,985,174
Accumulated depreciation	(1,337)	(9,032)	(6,728)	(4,610)	(12,230)	–	(33,937)
Accumulated impairment loss	–	–	–	–	–	–	–
Carrying amount at start of period	**10,544,724**	**725,559**	**500,450**	**92,048**	**1,474**	**86,982**	**11,951,237**
Additions	6,565	1,038	5,241	300	116	66,589	79,849
Transfer from owner	–	–	–	–	–	–	–
Transfers within business outcomes	(1,217)	722	306	189	–	–	–
Transfers - buildings under construction	64,716	12,873	3,047	5,218	–	(85,854)	–
Transfers to Profit and Loss	–	–	–	–	–	(50,017)	(50,017)
Transfers from WIP and HFS	(1,092)	381	4,734	–	–	(330)	3,693

Parent Year ended 30 June 2020	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Disposals	(70,056)	(1,252)	(23,228)	(278)	(706)	–	(95,520)
Impairment losses (a)	(7,377)	–	–	–	–	–	(7,377)
Impairment losses reversed (a)	–	–	–	–	–	–	–
Depreciation eliminated on disposal	–	–	–	–	706	–	706
Revaluation increments (decrements)	(238,217)	(27,712)	(12,969)	(400)	–	–	(279,298)
Depreciation	(93,996)	(7,937)	(6,324)	(1,410)	(617)	–	(110,284)
Carrying amount at 30 June 2020	**10,204,050**	**703,672**	**471,257**	**95,667**	**973**	**17,370**	**11,492,989**
Gross carrying amount	10,204,320	703,692	471,401	100,842	13,097	17,370	11,510,722
Accumulated depreciation	(270)	(20)	(144)	(5,175)	(12,124)	–	(17,733)

a) Impairment losses are recognised in the Statement of comprehensive income. Where an asset is measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. Information on fair value measurements is provided in Note 8.3.

Table 37: Property, plant and equipment

Parent Year ended 30 June 2019	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
1 July 2018	–	–	–	–	–	–	–
Gross carrying amount	11,028,380	718,574	525,273	84,147	14,562	10,031	12,380,967
Accumulated depreciation	(3,844)	(515)	(238)	(4,317)	(12,514)	–	(21,428)
Carrying amount at start of period	**11,024,536**	**718,059**	**525,035**	**79,830**	**2,048**	**10,031**	**12,359,539**
Additions	5,455	2,411	5,581	891	338	66,701	81,377
Transfer from owner	–	–	–	21,236	–	–	21,236
Transfers within business outcomes	(535)	1,960	51	(1,476)	–	–	–
Transfers - buildings under construction	13,946	32,619	–	–	–	(46,565)	–
Transfers to Profit and Loss	–	(30,230)	–	–	–	–	(30,230)
Transfers from WIP and HFS	805	805	10,786	–	–	56,815	69,211
Disposals	(65,733)	(4,106)	(24,663)	(283)	–	–	(94,785)
Impairment of property (a)	(13,278)	–	–	–	–	–	(13,278)

Parent Year ended 30 June 2019	Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant and Equipment	Buildings Under Construction	Total
	$000	$000	$000	$000	$000	$000	$000
Revaluation increments (decrements)	(317,108)	12,586	(9,850)	(7,030)	–	–	(321,402)
Depreciation	(103,364)	(8,545)	(6,490)	(1,120)	(912)	–	(120,431)
Carrying amount at 30 June 2019	**10,544,724**	**725,559**	**500,450**	**92,048**	**1,474**	**86,982**	**11,951,237**
Gross carrying amount	10,546,061	734,591	507,178	96,658	13,704	86,982	11,985,174
Accumulated depreciation	(1,337)	(9,032)	(6,728)	(4,610)	(12,230)	–	(33,937)
Accumulated impairment loss	–	–	–	–	–	–	–

a) Impairment losses are recognised in the Statement of comprehensive income. Where an asset is measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. Information on fair value measurements is provided in Note 8.3.

Initial recognition

Items of property and plant and equipment and, costing $5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property and 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).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

The initial cost for a non-financial physical asset under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of land and buildings.

Buildings and infrastructure are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

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.

Revaluation model

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

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

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

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

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

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

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

Derecognition:

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

Asset revaluation reserve:

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

5.2.1. Depreciation and impairment

Table 38: Depreciation and impairment

Charge for the year	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Depreciation	–	–	–	–
Rental properties	93,996	103,364	93,996	103,364
Community Housing properties	7,937	8,545	7,937	8,545
Shared Equity properties	6,324	6,490	6,324	6,490
Other properties	1,410	1,120	1,410	1,120
Plant, equipment and vehicles	1,166	1,804	617	912
Total depreciation for the year	**110,833**	**121,323**	**110,284**	**120,431**

As at 30 June 2020 there were no indications of impairment to property, plant and equipment or infrastructure.

Please refer to Note 5.3 for guidance in relation to the impairment assessment that has been performed for intangible assets.

Finite useful lives

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.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Table 39: Asset depreciation rate

Asset	Depreciation rate
Rental properties	2%
Community Housing properties	2%
Shared Equity properties	3%
Leasehold improvements	6%
Other properties:	–
• Commercial properties	2%
• Office properties	5%
Plant and equipment	10% - 50%

Works of art controlled by the Housing 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.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Land and works of art, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

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 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.

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 its recoverable amount, the losses recognised as a revaluation decrement through other comprehensive income.

As the Housing Authority is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised in prior years.

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

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

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

5.3. Right-of-use assets

Table 40: Right-of-use assets

Consolidated - Year ended 30 June 2020	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
At 30 June 2019	–	–	–	–
Opening net carrying amount	–	–	–	–
Recognition of right-of-use assets on initial application of AASB 16	8,505	846	1,628	10,979
Restated opening carrying amount	**8,505**	**846**	**1,628**	**10,979**
1 July 2019	–	–	–	–
Gross carrying amount	8,505	846	1,628	10,979
Accumulated depreciation	–	–	–	–
Accumulated impairment loss	–	–	–	–
Carrying amount at start of period	**8,505**	**846**	**1,628**	**10,979**
Additions	–	–	829	829
Transfers	–	–	–	–
Disposals	(75)	–	(49)	(124)
Impairment losses	–	–	–	–
Impairment losses reversed	–	–	–	–
Depreciation	(1,635)	(597)	(950)	(3,182)
Carrying amount at 30 June 2020	**6,795**	**249**	**1,458**	**8,502**
Gross carrying amount	8,120	846	2,260	11,226
Accumulated depreciation	(1,325)	(597)	(802)	(2,724)

Table 41: Right-of-use assets (continued)

Parent - Year ended 30 June 2020	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
At 30 June 2019	–	–	–	–
Opening net carrying amount	–	–	–	–
Recognition of right-of-use assets on initial application of AASB 16	1,428	846	1,628	3,902
Restated opening carrying amount	**1,428**	**846**	**1,628**	**3,902**
1 July 2019	–	–	–	–
Gross carrying amount	1,428	846	1,628	3,902
Accumulated depreciation	–	–	–	–
Accumulated impairment loss	–	–	–	–
Carrying amount at start of period	**1,428**	**846**	**1,628**	**3,902**
Additions	–	–	829	829
Transfers	–	–	–	–
Disposals	(75)	–	(49)	(124)
Impairment losses	–	–	–	–
Impairment losses reversed	–	–	–	–
Depreciation	(784)	(597)	(950)	(2,331)
Carrying amount at 30 June 2020	**569**	**249**	**1,458**	**2,276**
Gross carrying amount	1,043	846	2,260	4,149
Accumulated depreciation	(474)	(597)	(802)	(1,873)

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs, including dismantling and removing the underlying asset.

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 ‘Investment Property’.

The Housing Authority has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of $5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Housing Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 5.2.1.

Table 42: Right-of-use assets relating to leases

The following amounts relating to leases have been recognised in the statement of comprehensive income:

Right-of-use assets relating to leases	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Depreciation expense of right-of-use assets	3,182	–	2,331	–
Lease interest expense	1,320	–	1,320	–
Total amount recognised in the statement of comprehensive income	**4,502**	**–**	**3,651**	**–**

The total cash outflow for leases in 2020 was $65.934 million (Parent entity) and $67.235 million (Consolidated entity).

The Housing Authority's leasing activities and how these are accounted for:

The Housing Authority has leases for buildings, plant and equipment and vehicles.

The Housing Authority has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Up to 30 June 2019, the Housing Authority classified lease as either finance leases or operating leases. From 1 July 2019, the Housing Authority recognises leases as right-of-use assets and associated lease liabilities in the Statement of financial position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 7.2.

5.4. Intangible assets

Table 43: Consolidated - Intangible assets

Consolidated - Intangible assets	Computing software 2020 $000	Computing software 2019 $000	Computing development 2020 $000	Computing development 2019 $000	Total 2020 $000	Total 2019 $000
Gross carrying amount	8,533	9,043	52,698	52,674	61,231	61,717
Accumulated depreciation	(6,628)	(6,311)	(42,079)	(32,379)	(48,707)	(38,690)
Carrying amount at start of period	**1,905**	**2,732**	**10,619**	**20,295**	**12,524**	**23,027**
Intangible assets reconciliation	–	–	–	–	–	–
Additions	158	137	2	23	160	160
Transfers	–	–	–	–	–	–
Disposals	–	(16)	–	–	–	(16)
Amortisation expense	(739)	(948)	(6,251)	(9,699)	(6,990)	(10,647)
Carrying amount at end of period	**1,324**	**1,905**	**4,370**	**10,619**	**5,694**	**12,524**
Gross carrying amount	8,693	8,533	52,699	52,698	61,392	61,231
Accumulated depreciation	(7,369)	(6,628)	(48,329)	(42,079)	(55,698)	(48,707)

Table 44: Parent - Intangible assets

Parent - Intangible assets	Computing software 2020 $000	Computing software 2019 $000	Computing development 2020 $000	Computing development 2019 $000	Total 2020 $000	Total 2019 $000
Gross carrying amount	4,361	4,361	52,698	52,674	57,059	57,035
Accumulated depreciation	(3,288)	(2,889)	(42,079)	(32,379)	(45,367)	(35,268)
Carrying amount at start of period	1,073	1,472	10,619	20,295	11,692	21,767
Intangible assets reconciliation	**–**	**–**	**–**	**–**	**–**	**–**
Additions	–	1	2	23	2	24
Transfers	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Amortisation expense	(374)	(400)	(6,251)	(9,699)	(6,625)	(10,099)
Carrying amount at end of period	**699**	**1,073**	**4,370**	**10,619**	**5,069**	**11,692**
Gross carrying amount	4,361	4,361	52,699	52,698	57,060	57,059
Accumulated depreciation	(3,662)	(3,288)	(48,329)	(42,079)	(51,991)	(45,367)

Initial recognition

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised. Costs incurred below these thresholds are immediately expensed directly to the Statement of comprehensive income. 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.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
b) an intention to complete the intangible asset, and use or sell it;
c) the ability to use or sell the intangible asset;
d) the intangible asset will generate probable future economic benefit;
e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

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.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

5.4.1. Amortisation and impairment

Table 45: Amortisation

Amortisation	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Computer development	6,251	9,699	6,251	9,699
Computer software	739	948	374	400
Total amortisation and impairment	**6,990**	**10,647**	**6,625**	**10,099**

As at 30 June 2020 there were no indications of impairment to intangible assets

The Housing Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

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:

Table 46: Intangible asset depreciation rate

Intangible asset	Depreciation rate
Computing software (a)	20%-50%
Computing development	20%

a) Software that is not integral to the operation of any related hardware.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in Note 5.2.1

5.5. Non-current assets classified as held for sale

Table 47: Non-current assets classified as held for sale

Non-current assets classified as held for sale	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Opening Balance	–	–	–	–
Rental properties	8,159	21,677	8,159	21,677
Movement for the period	–	–	–	–
Reclassified from/(to) Rental properties	10,153	(132)	10,153	(132)
Less impairment	(362)	(711)	(362)	(711)
Less rental properties sold	(6,382)	(12,675)	(6,382)	(12,675)
Total assets classified as held for sale	**11,568**	**8,159**	**11,568**	**8,159**

These properties are the Housing Authority's New Living and Redevelopment programs properties that form part of the rental property class that are marketed and available for immediate sale in accordance with AASB 5 'Non-current Asset Held for Sale and Discontinued Operations'. Assets held for sale are held at fair value less selling costs. Information on fair value measurements are provided in Note 8.3 Fair value measurements.

Non-current assets held for sale are those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months. Non-current assets held for sale are recognised at the lower of carrying amount of 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.

6. Other Assets and Liabilities

This section sets out those assets and liabilities that arose from the Agency's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

Table 48: Other assets and liabilities

Other assets and liabilities	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Loans and receivables	6.1	5,017,714	4,534,815	5,028,543	4,505,387
Deferred income tax asset	6.2	–	–	–	–
Other current assets	6.3	26,052	10,702	33,585	23,516
Other financial assets	6.4	200,104	179,979	10,953	12,005
Payables	6.5	28,101	35,800	27,722	35,442
Provisions	6.6	88,541	66,752	88,092	66,752
Other liabilities	6.7	77,634	44,256	67,652	31,858

6.1 Loans and receivables

Table 49: Current loans and receivables

Current loans and receivables	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
General	29,347	23,412	27,921	19,901
Rental and lease bonds	21,954	26,320	21,954	26,320
Rents from tenants and other rents	57,138	56,768	57,138	56,768
Commercial organisations	311	212	2,160	2,708
Dividend receivable	–	–	62,708	60,657
Finance leases receivables	39,004	–	39,004	–
Joint operations receivables	1,514	1,935	1,514	1,935
Loans to homebuyers	593,671	546,133	–	–
Performance deposit receivable	–	9,190	–	9,190
GST Receivable	4,718	5,638	4,612	5,638
Less allowance for impairment - receivables	(34,493)	(14,886)	(34,493)	(14,886)
Total loans and receivables current	**713,164**	**654,722**	**182,518**	**168,231**

An allowance for expected credit losses for loans and receivables is measured at the lifetime expected credit losses for each reporting date, adjusting for forward-looking factors specific to the debtors and economic environment.

Table 50: Reconciliation of changes in the allowances for impairment of receivables

Reconciliation of changes in the allowances for impairment of receivables	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Balance at the start of the period	14,886	10,440	14,886	10,440
Remeasurement under AASB 9	–	2,495	–	2,495
Restated balance at the start of the period	14,886	12,935	14,886	12,935
Expected credit loss expense	36,346	9,692	36,346	9,692
Reversal of opening allowance for impairment of receivables	(15)	–	(15)	–
Amounts written off during the period	(16,724)	(7,741)	(16,724)	(7,741)
Balance at the end of period	**34,493**	**14,886**	**34,493**	**14,886**

Table 51: Non-current loans and receivables

Non-current loans and receivables	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
General	–	7,680	–	7,680
Commercial organisations (b)	2,929	3,414	9,643	9,785
Finance leases receivables	21,800	–	21,800	–
Joint operations receivables	82	191	82	191
Keystart preferential shares (a)	–	–	4,814,500	4,319,500
Loans to homebuyers (c) (d)	4,345,546	3,901,821	–	–
Less provision for impairment - loans to homebuyers	(65,807)	(33,013)	–	–
Total loans and receivables non-current	**4,304,550**	**3,880,093**	**4,846,025**	**4,337,156**
Total loans and receivables	**5,017,714**	**4,534,815**	**5,028,543**	**4,505,387**

As at 30 June 2020, loans to homebuyers with a nominal value of $17.548m (2019: $14.157m) were impaired and written off against provision for impairment following disposal of mortgaged property. The $33m increase in the Expected Credit Loss provision during the year was predominately driven by an impairment charge of $19m, reflecting customers impacted by COVID-19 in combination with a general increased loss expectation throughout the portfolio as a result of a deterioration in the macro-economic environment.

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

Table 52: Movement in allowance for impairment of loans to homebuyers

Movement in allowance for impairment of loans to homebuyers	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Balance at the start of the period	33,013	22,959	–	–
Remeasurement under AASB 9	–	438	–	–
Restated balance at the start of the period	33,013	23,397	–	–
Expected credit loss expense	48,862	23,625	–	–
Amounts written off during the period	(17,548)	(14,157)	–	–
Bad debts recovered	1,480	148	–	–
Balance at the end of period	**65,807**	**33,013**	**–**	**–**
Outstanding balance on loans for which collateral will be repossessed	**–**	**–**	**–**	**–**
Balance	26,257	51,960	–	–
Allowance for impairment	(12,948)	(17,374)	–	–
Total	**13,309**	**34,586**	**–**	**–**

A Financial Hardship 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.

Table 53: Loans provided by Keystart

Loans provided by Keystart	2020 Number	2020 $000	2019 Number	2019 $000
Financial hardship loans	2,006	703,595	276	90,676
Provision for impairment	–	(25,878)	–	(3,504)

a) Keystart preferential shares
The Western Australian Treasury Corporation has provided the Housing Authority with a $5,000m loan facility to fund Keystart Loans Ltd. The Housing Authority has purchased redeemable preference shares in Keystart Loans Ltd to the same value as the drawn down loan facility as security over the funds. The terms and conditions of the shares reflect the terms and conditions of the loan facility. Keystart Loans Ltd. meets all principal, interest and other costs associated with the facility. To date $4,872m (June 2019: $4,320m) of this facility has been drawn down.

b) The Non-Current loans to Commercial Organisations represent Acknowledgement of Debt totalling $6.714m to Goldmaster Enterprises at an interest rate of 5.25 per cent per annum and a loan secured over land at a rate of 3.95 per cent.

c) Loans to Homebuyers

(i) Interest rate risk

Refer to Note 8.1 ‘Financial risk management' for an analysis of the Consolidated Entity’s exposure to interest rate risk in relation to loan and other receivables. Summarised analysis of the sensitivity of loan and other receivables to interest rate is illustrated in Note 8.1 ‘Financial risk management'.

(ii) Fair value and credit risk

Loans and receivables

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

Table 54: Loans and receivables

Loans and receivables	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
The fair values and carrying values of receivables are as follows:	–	–	–	–
Loans and receivables - fair value	4,931,795	4,440,941	–	–

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 8.1 'Financial risk management' for more information on the risk management policy of the Consolidated Entity).

d) Collateral held

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

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

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

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

Repossessed loans

Mortgagee sales are considered as the last resort in relation to continually defaulting borrowers. The execution of the mortgagee sales must comply with the *National Consumer Protection Credit Act 2009* and the National Credit Code, where appropriate.

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

Table 55: Repossessed loans

Repossessed loans	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Fair value of collateral obtained in terms of the exercising of rights under the mortgages	27,725	45,230	–	–
Interest foregone on repossessed loans	1,844	2,801	–	–

6.2. Deferred income tax asset

Table 56: Deferred income tax asset

Deferred income tax asset For Goldmaster Pty Ltd	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Numerical reconciliation of income tax expense to the prima facie tax payable:	–	–	–	–
Accounting profit/(loss) before income tax	**(1,174)**	**(3,095)**	**–**	**–**
Prima facie tax payable on profit/(loss) at 30%	(352)	(929)	–	–
Add/(less) tax effect of:	–	–	–	–
Current year taxable differences not recognised	–	(4)	–	–
Deferred tax benefits not recognised	352	933	–	–
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 $34.936m (2019: $33.763m). 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.

6.3 Other current assets

Table 57: Other current assets

Other current assets	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Accrued revenue	–	–	–	–
Interest on cash at bank	146	1,247	146	1,247
Accrued housing sales	3,457	915	3,457	915
Accrued service level agreement recoup (a)	13,393	–	13,393	–
Interest Keystart investments (b)	–	–	7,542	12,828
Total	**16,996**	**2,162**	**24,538**	**14,990**
Prepayments	–	–	–	–
General (c)	7,820	7,740	7,811	7,726
Development proposals	686	–	686	–
Joint operations	550	800	550	800
Total	**9,056**	**8,540**	**9,047**	**8,526**
Total other current assets	**26,052**	**10,702**	**33,585**	**23,516**

a) The accrued service level agreement recoup represents accrued revenue for the recovery of costs incurred by the Housing Authority on behalf of the Department of Communities and the Disability Services Commission during 2020.
b) Accrued receivable interest from Keystart wholly owned subsidiary as at the reporting date.
c) General prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term beyond that period.

6.4 Other financial assets

Table 58: Other financial assets

Other financial assets	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Current	**–**	**–**	**–**	**–**
Deposits at call (a)	200,080	179,955	–	–
Total current other financial assets	**200,080**	**179,955**	**–**	**–**
Non-current investments	**–**	**–**	**–**	**–**
Ellenbrook Management Pty Ltd Shares (b)	24	24	24	24
Goldmaster Enterprises Pty Ltd Shares (b)	–	–	5,640	6,692
Seacrest Corporation Pty Ltd	–	–	5,289	5,289
Total non-current other financial assets	**24**	**24**	**10,953**	**12,005**
Total other financial assets	**200,104**	**179,979**	**10,953**	**12,005**

a) The fair values of the short-term deposits are determined using generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. Information about the Consolidated Entity's exposure to market risk, credit risk and liquidity risk is provided in Note 8.1 'Financial risk management'.

b) Interest is held in the following companies:

Table 59: Interest being held by companies

Name	Principal activities	Types of shares	Percentage of each share class held 2020 %	Percentage of each share class held 2019 %	Dividends received $000	Value of shares $000
Ellenbrook Management Pty Ltd	Property development	Ord	47.47%	47.47%	–	24
Goldmaster Enterprises Pty Ltd	Property development	Ord	87.18%	87.18%	–	5,640
Seacrest Corporation Pty Ltd	Property development	Ord	100.00%	100.00%	–	5,289

6.5. Payables

Table 60: Payables

Payables	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Current	–	–	–	–
Contractors retention monies	2,422	8,032	2,422	8,032
Joint operations creditors	3,836	3,736	3,836	3,736

Payables	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Rental tenants bonds	8	6,009	8	6,009
Trade creditors	24,916	17,999	24,537	17,641
Total current payables	**31,182**	**35,776**	**30,803**	**35,418**
Non-current	–	–	–	–
Joint operations creditors	24	24	24	24
Total non-current payables	24	24	24	24
Total payables	**31,206**	**35,800**	**30,827**	**35,442**

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

Table 61: Indian Ocean Territories unspent funds

Indian Ocean Territories unspent funds	2020 $	2019 $
Amounts carried forward from previous financial year	81,798	30,878
Payments made by the Commonwealth for IOT services	57,771	53,970
Cost of services	(95,347)	(3,050)
Amounts carried forward to following financial year	44,222	81,798

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

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

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

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.

6.6. Provisions

Table 62: Provisions

Provisions	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Current	–	–	–	–
Other provisions	30,691	8,551	30,242	8,551
Joint operations provisions	1,754	2,841	1,754	2,841
Total current provisions	**32,445**	**11,392**	**31,996**	**11,392**
Non-current	–	–	–	–
Other provisions	53,253	52,253	53,253	52,253
Development levies	2,843	3,107	2,843	3,107
Total non-current provisions	**56,096**	**55,360**	**56,096**	**55,360**
Total provisions	**88,541**	**66,752**	**88,092**	**66,752**
Movements in other provisions	–	–	–	–
Other provisions	–	–	–	–
Carrying amount at start of period	60,804	6,168	60,804	6,168
Additional provisions recognised	29,929	60,635	29,480	60,635
Payments	(6,789)	(5,999)	(6,789)	(5,999)
Carrying amount at end of period	**83,944**	**60,804**	**83,495**	**60,804**

Table 63: Other Provisions

Other Provisions	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Development levies	–	–	–	–
Carrying amount at start of period	3,107	3,556	3,107	3,556
Additional provisions recognised	1,357	1,234	1,357	1,234
Payments	(1,622)	(1,683)	(1,622)	(1,683)
Carrying amount at end of period	**2,842**	**3,107**	**2,842**	**3,107**
Joint operations provisions	–	–	–	–
Carrying amount at start of period	2,841	487	2,841	487
Additional provisions recognised	216	5,120	216	5,120
Payments	(1,303)	(2,766)	(1,303)	(2,766)
Carrying amount at end of period	**1,754**	**2,841**	**1,754**	**2,841**

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

(i) Other provisions

Development levies

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.

6.7. Other liabilities

Table 64: Other liabilities

Other liabilities	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Accrued expenses	–	–	–	–
Administrative and general expenses	51,231	20,498	41,249	8,100
Joint operations liabilities	292	223	292	223
Unearned income	23,006	23,535	23,006	23,535
Total current other liabilities	**74,529**	**44,256**	**64,547**	**31,858**

7. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Group.

Notes:

7.1 Borrowings

Table 65: Borrowings

Borrowings	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Current	–	–	–	–
WATC	141,374	88,300	141,374	88,300
Commonwealth advances	17,327	17,006	17,327	17,006
Total current borrowings	**158,701**	**105,306**	**158,701**	**105,306**
Non-current	–	–	–	–
WATC	5,114,071	4,683,843	5,114,071	4,683,843
Commercial loan (a)	62,280	62,294	62,280	62,294
Commonwealth advances	308,845	326,172	308,845	326,172
Total non-current borrowings	**5,485,196**	**5,072,309**	**5,485,196**	**5,072,309**
Total borrowings	**5,643,897**	**5,177,615**	**5,643,897**	**5,177,615**

a) Commercial loan is a $62.280m liability payable to Westpac. The liability is for construction costs for the Osprey Key Workers Village.

The fair values for Western Australian Treasury Corporation 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 0.92 per cent which is the Commonwealth bond rate. (June 2019 1.38 per cent).

Table 66: Borrowings

Borrowings	Total carrying amount 2020 $000	Total carrying amount 2019 $000	Aggregate net fair value 2020 $000	Aggregate net fair value 2019 $000
Consolidated	–	–	–	–
WATC	5,255,445	4,772,143	5,279,191	4,785,816
Commercial loan	62,280	62,294	70,536	76,010
Commonwealth advances	326,172	343,178	435,814	445,851
Total	**5,643,897**	**5,177,615**	**5,785,541**	**5,307,677**
Parent	–	–	–	–
WATC	5,255,445	4,772,143	5,279,191	4,785,816
Commercial loan	62,280	62,294	70,536	76,010
Commonwealth advances	326,172	343,178	435,814	445,851
Total	**5,643,897**	**5,177,615**	**5,785,541**	**5,307,677**

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

Commonwealth Advances are fixed rate borrowings and repayable on an annual basis with final instalments being due between July 2014 and June 2042.

Commercial loan is with Westpac and is an interest only variable rate borrowing repayable in full by July 2029.

Borrowings refer to interest bearing liabilities raised from public borrowings raised though Western Australian Treasury Corporation (WATC), Commonwealth advances, Westpac Bank, finance leases and other interest bearing arrangements. Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequent measurement is at amortised cost. The classification of interest bearing liabilities is determined at initial recognition.

7.2 Lease liabilities

Table 67: Lease liabilities

Lease liabilities	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Current	41,632	–	40,272	–
Non-current	30,652	–	22,793	–
Total lease liabilities	**72,284**	**–**	**63,065**	**–**

The Housing Authority measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Housing Authority uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Housing Authority as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options (where these are reasonably certain to be exercised);
- payments for penalties for terminating a lease, where the lease term reflects the Housing Authority exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Housing Authority if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Authority in profit or loss in the period in which the condition that triggers those payment occurs.

This section should be read in conjunction with Note 5.3 ‘Right-of-use assets’.

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

7.3 Finance costs

Table 68: Finance costs

Finance costs	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Interest expense	114,270	153,581	114,270	153,581
Finance charges	3	4	–	–
Lease interest expense	1,320	–	1,320	–
Total finance costs	**115,593**	**153,585**	**115,590**	**153,581**

Finance costs include costs incurred in connection with the borrowing of funds and includes interest on short term and long term borrowings. Finance costs are expensed when incurred and represents the total finance costs in the Statement of comprehensive income.

7.4. Cash and cash equivalents

7.4.1. Reconciliation of cash

Table 69: Reconciliation of cash

Reconciliation of cash	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Cash at bank - operational	155,698	190,635	90,651	161,474
Cash advances	6	6	6	6
Total	**155,704**	**190,641**	**90,657**	**161,480**
Restricted cash:	–	–	–	–
Rental tenants bonds (a)	8	7,223	8	7,223
Joint operations cash (b)	13,926	11,101	13,926	11,101
Remote indigenous housing (c)	5,960	3,364	5,960	3,364
Royalties for Regions fund (d)	4,088	3,171	4,088	3,171
Total	**23,982**	**24,859**	**23,982**	**24,859**
Deposits at call (e)	200,080	179,955	–	–
Total cash and cash equivalents	**379,766**	**395,455**	**114,639**	**186,339**

a) Rental Tenants Bonds represents bond monies received by the Housing Authority from rental clients. These funds are held in trust in accordance with the *Residential Tenancies Act 1987*.
b) Joint Operations Cash is restricted for the use of joint operations and is controlled by the respective management groups.
c) 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.
d) Unspent funds for Royalties for Regions are committed to projects and programs in Western Australian regional areas.
e) 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.

7.4.2. Reconciliation of net cost of services to net cash flows provided used in operating activities

Table 70: Reconciliation of net cost of services

Reconciliation of net cost of services	Notes	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Net profit/(loss) for the period	**–**	**(282,368)**	**11,155**	**(281,826)**	**6,045**
Non-cash items	**–**	**–**	**–**	**–**	**–**
Depreciation and amortisation expense	5.2.1	117,824	131,972	116,909	130,530
Expected credit loss expense	4.2	85,208	30,587	36,346	9,692
Loss on disposal of non-current assets	4.3	9,276	11,123	9,271	11,099
Impairment - Investments	4.2	–	–	1,052	11,027
Impairment - non-current assets	4.2	7,687	15,547	7,377	15,547
Cash items	**–**	**–**	**–**	**–**	**–**
Grants and subsidies from government	–	(15,983)	(82,548)	(15,983)	(82,548)
(Increase)/decrease in assets:	–	–	–	–	–
Receivables	–	31,089	(9,732)	31,092	(7,538)
Inventories	–	2,391	22,651	2,391	20,631
Other assets	–	(31,035)	(40,723)	(32,154)	(42,478)
Increase/(decrease) in liabilities:	–	–	–	–	–
Provisions	–	22,426	63,052	22,426	54,188
Payables	–	(68,770)	(18,068)	(57,923)	5,362
Net GST payments	–	1,023	(1,161)	1,027	(1,134)
Net cash flows provided by/(used in) operating activities	**–**	**(121,232)**	**133,855**	**(159,995)**	**130,423**

7.5 Commitments

7.5.1 Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Table 71: Capital expenditure commitments

Capital expenditure commitments	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Within 1 year	124,523	98,817	124,523	98,817
Later than 1 year and not later than 5 years	5,853	20,969	5,853	20,969
Total	**130,376**	**119,786**	**130,376**	**119,786**
The capital commitments include amounts for the following:	–	–	–	–
Dwelling construction and upgrades	41,219	39,825	41,219	39,825
Land development and redevelopment	5,134	8,113	5,134	8,113
Crisis accommodation program	4,069	517	4,069	517
Joint operations land development	7,453	7,547	7,453	7,547
Development Management Agreements	11,074	–	11,074	–
New living	619	638	619	638
Affordable Housing	60,808	63,146	60,808	63,146
Balance at the end of period	**130,376**	**119,786**	**130,376**	**119,786**

7.5.2 Loan advance commitment

Table 72: Loan advance commitment

Loan advance commitment	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Approved loans not yet fully disbursed	212,857	159,391	–	–
Total	**212,857**	**159,391**	**–**	**–**
Loan advance commitment includes the following:	–	–	–	–
Loans to Home Buyers	212,857	159,391	–	–
Total	**212,857**	**159,391**	**–**	**–**

Capital expenditure commitments increased by $10.590m from the previous year.

Committed carryover for construction of houses increased from the previous year as two major building contracts were being awarded for construction of two Step Up Step Down Facilities for the Mental Health Commission in Kalgoorlie and Geraldton, with the majority of expenditure to occur in 2020-21.

Capital commitments for Land Development and Redevelopment has decreased due to a number of project commitments (for example Kiara, Bentley demolition, Cassia) being completed before the end of financial year.

Crisis Accommodation committed carryover increased from the previous year due to the commencement of construction of two additional Family and Domestic Violence Refuges in the Metro and Peel regions. These are expected to complete in 2020-21, with funding provided through Royalties for Regions and appropriations as part of a Labour Government Election Commitment.

Capital commitments for Development Management Agreement projects (DMA) has increased due to new projects such as Brabham, Project Green (Forrestdale, Casuarina and Treeby) commencing civil works during 2019-20.

Committed carryover for the Affordable Housing Program has decreased due to the majority of the prior year's capital commitments being completed, and a reduction in the number of new projects commencing in late 2019-20.

Loans to Homebuyers commitments have increased by $53.470m. Despite COVID-19 related disruptions to the economy in late 2019-20, the extension of the temporary increase in income limits to 30 June 2020 (and subsequently extended further to 30 June 2021) have allowed more Western Australians to be eligible for a loan. As a result of this increased eligibility there were more loans approved and yet to be fully funded in 2019-20 as compared to 2018-19.

8. Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of the Group.

Notes:

8.1 Financial risk management

Financial instruments held by the Group 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 Group's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

The Consolidated Entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of financial position. The Consolidated Entity's credit risk is spread over a significant number of parties and is concentrated only to the extent of the Western Australian 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.

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

Credit risk is managed on a group basis through having prudential lending policies to mitigate borrower risk. This includes having maximum Debt Servicing Ratios and strict income verification procedures. In addition to these credit policies, Keystart maintains adequate provisions for bad and doubtful debts and capital adequacy ratios to manage the effects of any losses. Counterparty credit risk arises from cash and cash equivalents, loans and receivable, derivative financial instruments and deposits with banks and financial institutions including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "P-1" (Moody's) are accepted. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Counterparties must have Moody’s long term rating of at least “Aa3” for authorised investments.

Housing Authority

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

Liquidity Risk

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

Keystart

Liquidity risk management safeguards the ability of the Consolidated Entity to meet all payment obligations when they become due. Liquidity risk arises when the Consolidated Entity's key assets and liabilities have different maturity profiles. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Risk Committee aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the entity’s liquidity reserve based on 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.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group’s income or the value of its holdings of financial instruments.

The Group has minimal exposure to foreign exchange risk. The Group's exposure to market risk for changes in interest rates relate primarily to long-term debt obligations.

Keystart

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

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

(i) Interest rate risk

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

During the financial year ending 30 June 2020 and the prior financial year, there were no hedges used by the Trust. Borrowings were denominated in Australian Dollars.

(ii) Summarised sensitivity analysis

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

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

Table 73: Summary of risks and risk management

Summary of risks and risk management	Weighted average interest rate 2020 %	Balance 2020 $000	Weighted average interest rate 2019 %	Balance 2019 $000
Variable rate loans	4.50%	4,873,411	4.95%	4,414,945
Short term deposits	1.11%	200,081	2.14%	179,955
Cash and liquid assets	0.58%	64,390	1.46%	28,432

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

Table 74: Historical VaR (99%, 20 day) by risk type

Historical VaR (99%, 20 day) by risk type	Average $000	Minimum $000	Maximum $000	Year End $000
2020	–	–	–	–
Total VaR Exposure	1,394	672	2,680	1,138
2019	–	–	–	–
Total VaR Exposure	594	211	1,094	1,094

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

Table 75: Carrying amounts of financial assets and liabilities

Carrying amounts of financial assets and liabilities	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Financial Assets	–	–	–	–
Cash and cash equivalents	155,698	190,635	90,651	161,474
Restricted cash and cash equivalents	23,982	24,859	23,982	24,859
Other financial assets through profit and loss	–	–	–	–
Non-current investments	24	24	5,664	6,716
Other financial assets at amortised cost	–	–	–	–
Deposits at call	200,080	179,955	–	–
Financial assets at amortised cost - comprising (a)	–	–	–	–
Keystart preference shares	–	–	4,814,500	4,319,500
General debtors	29,124	23,412	27,698	27,515
Performance deposit receivable	–	9,190	–	9,190
Joint operations receivable	1,596	2,126	1,596	2,126
Rent from tenants and other	24,252	46,082	24,252	46,082
Rental and lease bonds	20,570	22,188	20,570	22,188
Loans to homebuyers	4,873,410	4,414,941	–	–
Loans to commercial organisations	3,240	3,626	11,803	12,493
Dividends receivable	–	–	62,708	60,657
Finance lease receivable	60,804	–	60,804	–

Carrying amounts of financial assets and liabilities	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Other current assets at amortised cost	–	–	–	–
Accrued revenue	16,996	2,162	24,538	14,990
Total financial assets	**5,409,776**	**4,919,200**	**5,168,766**	**4,707,790**
Financial Liabilities at amortised cost - comprising	–	–	–	–
Borrowings	–	–	–	–
WATC	5,255,445	4,772,143	5,255,445	4,772,143
Commercial loan	62,280	62,294	62,280	62,294
Commonwealth advances	326,172	343,178	326,172	343,178
Payables	–	–	–	–
General	31,198	28,577	30,819	28,219
Rental deposits and tenant bonds	8	7,223	8	7,223
Finance lease liabilities	72,284	–	63,065	–
Other current liabilities	51,523	20,721	41,541	8,323
Total financial liabilities	**5,798,910**	**5,234,136**	**5,779,330**	**5,221,380**

a) The amount of Financial assets at amortised cost - Loans and receivables excludes GST recoverable from the Australian Taxation Office.

(c) Credit risk exposure

Keystart

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

Table 76: Keystart credit risks

Keystart credit risks	Consolidated 2020 $000	Consolidated 2019 $000
Detail of allowance for impairment	–	–
Collective impairment	–	–
Collective impairment - Stage 1	13,201	5,613
Collective impairment - Stage 2	23,172	5,659
Individual impairment - Stage 3	29,434	21,741
Total	**65,807**	**33,013**

Housing Authority

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

Table 77: Credit risk exposure 2020

Credit risk exposure 2020	Total $000	Current $000	Days past due <90 days $000	91-180 days $000	181-360 days $000	>361 days $000	Pending write-off $000
General debtors	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Expected credit loss rate	–	0.51%	0.58%	0.62%	0.76%	2.34%	–
Estimated total gross carrying amount at default	27,185	11,139	99	6,852	5,748	3,347	–
Expected credit losses	**222**	**57**	**1**	**42**	**44**	**78**	**–**
Rent from tenants and other	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Expected credit loss rate	–	5.24%	23.82%	35.47%	48.18%	94.78%	–
Estimated total gross carrying amount at default	57,136	22,420	947	413	590	32,766	–
Expected credit losses	**32,887**	**1,175**	**226**	**146**	**284**	**31,056**	**–**
Rental and lease bonds	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Expected credit loss rate	–	5.70%	3.40%	4.82%	7.23%	16.70%	–
Estimated total gross carrying amount at default	21,953	19,734	278	234	502	1,205	–
Expected credit losses	**1,382**	**1,125**	**9**	**11**	**36**	**201**	**–**
Total Expected Credit Loss Allowance	**34,491**	**2,357**	**236**	**199**	**364**	**31,335**	**–**

Table 78: Credit risk exposure 2019

Credit risk exposure 2019	Total $000	Current $000	Days past due <90 days $000	91-180 days $000	181-360 days $000	>361 days $000	Pending write-off $000
General debtors	–	–	–	–	–	–	–
Expected credit loss rate	–	0.05%	0.09%	0.12%	0.15%	2.24%	100.00%
Estimated total gross carrying amount at default	27,315	18,283	3,678	1,289	2,858	1,185	22
Expected credit losses	**66**	**8**	**3**	**2**	**4**	**27**	**22**
Rent from tenants and other	–	–	–	–	–	–	–
Expected credit loss rate	–	1.92%	26.85%	41.64%	57.88%	92.84%	100.00%
Estimated total gross carrying amount at default	56,769	36,278	6,034	5,223	2,285	4,076	2,873
Expected credit losses	**12,471**	**697**	**1,620**	**2,174**	**1,322**	**3,785**	**2,873**
Rental and lease bonds	–	–	–	–	–	–	–
Expected credit loss rate	–	4.16%	2.51%	4.03%	6.54%	17.00%	100.00%
Estimated total gross carrying amount at default	26,318	21,962	540	434	700	1,593	1,089
Expected credit losses	**2,349**	**913**	**14**	**17**	**46**	**270**	**1,089**
Total Expected Credit Loss Allowance	**14,886**	**1,618**	**1,637**	**2,193**	**1,372**	**4,082**	**3,984**

Loans and receivables

From 2019, an expected credit loss expense is recognised as the movement in the allowance for impairment. The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date.

The Housing Authority has established a provision matrix that is based on its historical credit loss experience. The loss allowance for receivables reflects the lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the Housing Authority's debtors, and relevant industry data form part of the impairment assessment. Refer to Note 6.1 'Reconciliation of changes in the allowance for impairment of receivables'. For 2019-20 the Housing Authority has applied a COVID-19 impact across its debtor categories to recognise the impact that it has had on the macro-economic environment.

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

The carrying amount is equivalent to fair value. Debts are due for settlement within 30 days with the exception of the following receivable categories:

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

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

Receivables rental bonds - are carried at nominal amounts due less any provision for impairment; and

Rental bond assistance receivables - represent advances made to qualifying persons for the purpose of renting properties external to the Housing Authority. Each advance is repayable in minimum fortnightly payments of $15 for loans granted prior to 1 July 2009 and $25 per fortnight for loans granted from 1 July 2009 with remaining balance being collectable on vacation of property unless an arrangement is entered into to repay over time.

Loans

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

Recognition and derecognition

Loans and advances continue to be measured at amortised cost and transaction costs are expensed in the Statement of comprehensive income. Transaction costs, including loan origination expenses, are included in the measurement of all loans and advances. The loan origination fees are being amortised in equal instalments over the average life of the loans. Regular purchases and sales of financial assets are recognised on trade date, which is the date on which the Consolidated Entity commits to purchase or sell the assets.

Financial assets are derecognised (removed from the Statement of financial position) when the right to receive cash flows from the financial assets have expired; or have been transferred to a third party under a 'pass-through' arrangements and either the Consolidated Entity has transferred substantially all the risks and rewards of ownership or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Subsequent measurement

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

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

Fair value

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

Impairment of loans

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

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Three stage approach

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

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

From 2019, an ECL is recognised as a movement in the allowance for impairment account. When a loan or advance is uncollectable, it is written off against the allowance account for loans and advances. Subsequent recoveries of amounts previously written off are credited against ECL expense in the Statement of comprehensive income.

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

(d) Liquidity risk and interest rate exposure

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

Table 79: Interest rate exposure and maturity analysis of financial assets and financial liabilities – Consolidated 2020

Consolidated 2020	Weighted average effective interest rate %	Carrying amount $000	Interest rate exposure Fixed interest rate $000	Interest rate exposure Variable interest rate $000	Interest rate exposure Non-interest bearing $000	Nominal amount $000	Contractual Maturity dates Within 1 year $000	Contractual Maturity dates 1-5 years $000	Contractual Maturity dates Greater than 5 years $000
Financial assets	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	0.87%	155,698	–	155,698	–	155,698	155,698	–	–
Restricted cash and cash equivalents	1.05%	23,982	–	23,982	–	23,982	23,982	–	–
Other financial assets	–	–	–	–	–	–	–	–	–
• deposits at call	1.11%	200,080	–	200,080	-	200,080	200,080	–	–
• other assets	***	24	–	–	24	24	–	–	24
Receivables	–	–	–	–	–	–	–	–	–
• general	–	29,124	–	–	29,124	29,124	29,124	–	–
• performance deposit receivable	***	–	–	–	–	–	–	–	–
• joint operations receivable	***	1,596	–	–	1,596	1,596	1,514	82	–

• rent from tenants and other	***	24,252	–	–	24,252	24,252	24,252	–	–
• rental and lease bonds **	***	20,570	–	–	20,570	20,570	20,570	–	–
• loans to homebuyers	4.50%	4,873,410	–	4,873,410	–	4,931,795	60	2,352	4,929,383
• loans to commercial organisations	***	3,240	–	–	3,240	3,240	311	2,929	–
• dividends receivable	***	–	–	–	–	–	–	–	–
• finance lease receivable	1.82%	60,804	60,804	–	–	62,119	39,699	20,634	1,786
Other current assets	1.05%	16,996	–	146	16,850	16,996	16,996	–	–
Total financial assets	–	**5,409,776**	**60,804**	**5,253,316**	**95,656**	**5,469,476**	**512,286**	**25,997**	**4,931,193**
Financial liabilities	–	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–	–
• WATC	2.61%	5,255,445	510,258	4,745,187	–	5,341,150	1,266,816	3,603,237	471,097
• Commercial loan	2.45%	62,280		62,280	–	76,017	1,527	6,107	68,383
• Commonwealth advances	4.60%	326,172	326,172	–	–	469,410	31,969	121,885	315,556
Payables	–	–	–	–	–	–	–	–	–
• general	***	31,198	–	–	31,198	31,198	31,198	–	–
• rental deposits and tenant bonds **	***	8	–	–	8	8	8	–	–
Finance lease liabilities	1.86%	72,284	72,284	–	–	73,694	42,542	26,113	5,039
Other current liabilities	***	51,523	–	–	51,523	51,523	51,523	–	–

Total financial liabilities	**–**	**5,798,910**	**908,714**	**4,807,467**	**82,729**	**6,043,000**	**1,425,583**	**3,757,342**	**860,075**

** 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.

Table 80: Interest rate exposure and maturity analysis of financial assets and financial liabilities – Consolidated 2019

Consolidated 2019	Weighted average effective interest rate %	Carrying amount $000	Interest rate exposure Fixed interest rate $000	Interest rate exposure Variable interest rate $000	Interest rate exposure Non-interest bearing $000	Nominal amount $000	Contractual Maturity dates Within 1 year $000	Contractual Maturity dates 1-5 years $000	Contractual Maturity dates Greater than 5 years $000
Financial assets	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	1.83%	190,635	–	190,635	–	190,635	190,635	–	–
Restricted cash and cash equivalents	1.83%	24,859	–	24,859	–	24,859	24,859	–	–
Other financial assets	–	–	–	–	–	–	–	–	–
• deposits at call	2.17%	179,955	–	179,955	–	179,955	179,955	–	–
• other assets	***	24	–	–	24	24	-	–	24
Receivables	–	–	–	–	–	–	–	–	–
• general	***	23,412	–	–	23,412	23,412	23,412	–	–
• performance deposit receivable	***	9,190	–	–	9,190	9,190	9,190	–	–
• joint operations receivable	***	2,126	–	–	2,126	2,126	2,126	–	–
• rent from tenants and other	***	46,082	–	–	46,082	46,082	46,082	–	–
• rental and lease bonds **	**	22,188	–	–	22,188	22,188	22,188	–	–

• loans to commercial organisations		3,626	–	–	3,626	3,626	3,626	–	–
• loans to homebuyers	4.95%	4,414,941	–	4,414,941	–	4,440,941	81	2,924	4,437,936
• dividends receivable	***	–	–	–	–	–	–	–	–
Other current assets	1.83%	2,162	1,247	–	915	2,162	2,162	–	–
Total financial assets	–	**4,919,200**	**1,247**	**4,810,390**	**107,563**	**4,945,200**	**504,316**	**2,924**	**4,437,960**
Financial liabilities	–	–	–	–	–	–	–	–	–
• **Borrowings**	–	–	–	–	–	–	–	–	–
• WATC	1.94%	4,772,143	506,399	4,265,744	–	4,924,856	1,430,289	3,305,464	189,103
• Commercial loan	3.55%	62,294	–	62,294	–	84,413	2,214	8,855	73,344
• Commonwealth advances	4.80%	343,178	343,178	–	–	532,030	32,411	124,498	375,121
• Payables	–	–	–	–	–	–	–	–	–
• general	***	22,939	–	–	22,939	22,939	22,939	–	–
• rental deposits and tenant bonds **	***	7,223	–	–	7,223	7,223	7,223	–	–
Other current liabilities	***	20,721	–	–	20,721	20,721	20,721	–	–
Total financial liabilities	–	**5,228,498**	**849,577**	**4,328,038**	**50,883**	**5,592,182**	**1,515,797**	**3,438,817**	**637,568**

** 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.

Table 81: Interest rate exposure and maturity analysis of financial assets and financial liabilities – Parent 2020

Parent 2020	Weighted average effective interest rate %	Carrying amount $000	Interest rate exposure Fixed interest rate $000	Interest rate exposure Variable interest rate $000	Interest rate exposure Non-interest bearing $000	Nominal amount $000	Contractual Maturity dates Within 1 year $000	Contractual Maturity dates 1-5 years $000	Contractual Maturity dates Greater than 5 years $000
Financial assets	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	1.05%	90,651	–	90,651	–	90,651	90,651	–	–
Restricted cash and cash equivalents	1.05%	23,982	–	23,982	–	23,982	23,982	–	–
Other financial assets	–	–	–	–	–	–	–	–	–
• other assets	***	5,664	–	–	5,664	5,664	–	–	5,664
Receivables	–	–	–	–	–	–	–	–	–
• general	***	27,698	–	–	27,698	27,698	27,698	–	–
• performance deposit receivable	***	–	–	–	–	–		–	–
• joint operations receivable	***	1,596	–	–	1,596	1,596	1,514	82	–
• rent from tenants and other	***	24,252	–	–	24,252	24,252	24,252	–	–
• rental and lease bonds**	***	20,570	–	–	20,570	20,570	20,570	–	–
• loans to commercial organisations	5.06%	11,803	8,767	–	3,036	11,803	2,160	9,643	–

• Keystart preference shares	1.77%	4,814,500	–	–	4,814,500	2,356,313	1,383,985	972,328	–
• dividends receivable	***	62,708	–	–	62,708	62,708	62,708	–	–
• finance lease receivable	1.82%	60,804	60,804	–	–	62,119	39,699	20,634	1,786
Other current assets	2.58%	24,538	–	7,688	16,850	24,538	24,538	–	–
Total financial assets	–	**5,168,766**	**69,571**	**122,321**	**4,976,874**	**2,711,894**	**1,701,757**	**1,002,687**	**7,450**
Financial liabilities	–	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–	–
• WATC	2.61%	5,255,445	510,258	4,745,187	–	5,341,150	1,266,816	3,603,237	471,097
• Commercial loan	2.45%	62,280	-	62,280	–	76,017	1,527	6,107	68,383
• Commonwealth advances	4.60%	326,172	326,172	–	–	469,410	31,969	121,885	315,556
Payables	–	–	–	–	–	–	–	–	–
• general	***	30,819	–	–	30,819	30,819	30,819	–	–
• rental deposits and tenant bonds **	***	8	–	–	8	8	8	–	–
Finance lease liabilities	1.86%	63,065	63,065	–	–	64,479	41,015	21,664	1,800
Other current liabilities	***	41,541	–	–	41,541	41,541	41,541	–	–
Total financial liabilities	–	**5,779,330**	**899,495**	**4,807,467**	**72,368**	**6,023,424**	**1,413,695**	**3,752,893**	**856,836**

** 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.

Table 82: Interest rate exposure and maturity analysis of financial assets and financial liabilities – Parent 2019

Parent 2019	Weighted average effective interest rate %	Carrying amount $000	Interest rate exposure Fixed interest rate $000	Interest rate exposure Variable interest rate $000	Interest rate exposure Non-interest bearing $000	Nominal amount $000	Contractual Maturity dates Within 1 year $000	Contractual Maturity dates 1-5 years $000	Contractual Maturity dates Greater than 5 years $000
Financial assets	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	2.12%	161,474	–	161,474	–	161,474	161,474	–	–
Restricted cash and cash equivalents	2.12%	24,859	–	24,859	–	24,859	24,859	–	–
Other financial assets	–	–	–	–	–	–	–	–	–
• other assets	***	6,716	–	–	6,716	6,716	–	–	6,716
Receivables	–	–	–	–	–	–	–	–	–
• general	***	27,515	–	–	27,515	27,515	27,515	–	–
• joint operations receivable	***	2,126	–	–	2,126	2,126	2,126	–	–
• rent from tenants and other	***	46,082	–	–	46,082	46,082	46,082	–	–
• rental and lease bonds**	***	22,188	–	–	22,188	22,188	22,188	–	–
• loans to commercial organisations	2.25%	12,493	8,867	–	3,626	12,493	6,122	6,371	–
• Keystart preference shares	2.29%	4,319,500	85,000	4,234,500	–	4,513,534	1,437,845	2,975,005	100,684
• dividends receivable	***	60,657	–	–	60,657	60,657	60,657	–	–

Other current assets	2.27%	14,990	1,247	12,828	915	14,990	14,990	–	–
Total financial assets	–	**4,698,600**	**95,114**	**4,433,661**	**169,825**	**4,892,634**	**1,803,858**	**2,981,376**	**107,400**
Financial liabilities	–	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–	–
• WATC	1.94%	4,772,143	506,399	4,265,744	–	4,924,856	1,430,289	3,305,464	189,103
• Commercial loan	3.55%	62,294	–	62,294	–	84,413	2,214	8,855	73,344
• Commonwealth advances	4.80%	343,178	343,178	–	–	532,030	32,411	124,498	375,121
Payables	–	–	–	–	–	–	–	–	–
• general	***	22,581	–	–	22,581	22,581	22,581	–	–
• rental deposits and tenant bonds **	***	7,223	–	–	7,223	7,223	7,223	–	–
Other current liabilities	***	8,323	–	–	8,323	8,323	8,323	–	–
Total financial liabilities	–	**5,215,742**	**849,577**	**4,328,038**	**38,127**	**5,579,426**	**1,503,041**	**3,438,817**	**637,568**

** 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.

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(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Consolidated Entity's financial assets and liabilities at the end of the reporting period on the profit for the period and equity for a 1 per cent change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period. The Consolidated Entity's exposure to market interest rates relates primarily to the Consolidated Entity's long-term debt obligations.

Table 83: Interest rate sensitivity analysis - Consolidated

Consolidated	Carrying amount $000	Interest rate risk Profit -1% $000	Interest rate risk Equity -1% $000	Interest rate risk Profit 1% $000	Interest rate risk Equity 1% $000
Financial Assets 2020	–	–	–	–	–
Cash and cash equivalents	155,698	(1,557)	(1,557)	1,557	1,557
Restricted cash and cash equivalents	23,982	(240)	(240)	240	240
Deposits at call	200,080	(2,001)	(2,001)	2,001	2,001
Loans to homebuyers	4,873,410	(48,734)	(48,734)	48,734	48,734
Financial Liabilities 2020	–	–	–	–	–
Borrowings	–	–	–	–	–
WATC floating	4,745,187	47,452	47,452	(47,452)	(47,452)
WATC fixed *	510,258	–	–	–	–
Commercial loan	62,280	623	623	(623)	(623)
Commonwealth advances *	326,172	–	–	–	–
Total Increase/(Decrease)	–	**(4,457)**	**(4,457)**	**4,457**	**4,457**

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

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

Parent 2020	Carrying amount $000	Interest rate risk Profit -1% $000	Interest rate risk Equity -1% $000	Interest rate risk Profit 1% $000	Interest rate risk Equity 1% $000
Financial Assets	–	–	–	–	–
Cash and cash equivalents	90,651	(907)	(907)	907	907
Restricted cash and cash equivalents	23,982	(240)	(240)	240	240
Keystart preference shares	4,814,500	(48,145)	(48,145)	48,145	48,145
Loans to commercial organisations	11,803	(118)	(118)	118	118
Financial Liabilities	–	–	–	–	–
Borrowings	–	–	–	–	–
WATC floating	4,745,187	47,452	47,452	(47,452)	(47,452)
WATC fixed *	510,258	–	–	–	–
Commercial loan	62,280	623	623	(623)	(623)
Commonwealth advances *	326,172	–	–	–	–
Total Increase/(Decrease)		**(1,335)**	**(1,335)**	**1,335**	**1,335**

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

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

8.2. Contingent liabilities

Contaminated sites

Under the *Contaminated Sites Act 2003* (the Act), the Housing Authority is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites based on the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated – investigation required, the Housing Authority may have a liability in respect of investigation or remediation expenses. There is one site that has been identified as 'Contaminated - remediation required' and one site classified as 'Contaminated - investigation required'.

The Housing Authority has identified six other suspected contaminated sites of which four sites had been listed ‘Possibly contaminated – investigation required’ 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.

The Housing Authority has identified one property where there are potential risks associated with combustible aluminium composite cladding. In 2014, Foundation Housing Pty Ltd paid for the construction of the building and currently manage the facility. Foundation Housing Pty Ltd has assumed control and ownership of the rectification works, which is expected to be completed by December 2019. The Housing Authority is not expected to incur any costs associated with any remediation required.

Litigation in progress

The value of legal actions and claims against the Housing Authority involving asbestos related illnesses is estimated at $550,000. Liability is being denied in each matter and the proceedings defended.

8.3. Fair value measurements

Table 84: Assets measured at fair value

Assets measured at fair value	Level 1 $000	Level 2 $000	Level 3 $000	Fair value at end of period $000
2020	–	–	–	–
Non-current assets classified as held for sale (Note 5.5)	–	11,568	–	11,568
Land (Note 5.2)	–	5,946,324	–	5,946,324
Buildings and improvements (Note 5.2)	–	5,520,404	–	5,520,404
Total	**–**	**11,478,296**	**–**	**11,478,296**
2019	–	–	–	–
Non-current assets classified as held for sale (Note 5.5)	–	8,159	–	8,159
Land (Note 5.2)	–	6,412,495	–	6,412,495
Buildings and improvements (Note 5.2)	–	5,445,486	–	5,445,486
Total	**–**	**11,866,140**	**–**	**11,866,140**

There were no transfers between Levels 1, 2 and 3 during the current and previous periods.

2020 Buildings and improvements excludes Joint venture buildings ($2.647 million), Leasehold improvements ($5.271 million), Plant and equipment ($0.973 million) and Buildings under construction ($17.370 million).

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).

9. Other Disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

Notes:

9.1 Events occurring after the end of the reporting period

During the financial year the Authority was made aware of a fraud event relating to the current year and previous financial years. The fraud event is currently under investigation by the Western Australian Corruption and Crimes Commission and the Western Australian Police Force. The resultant expenditure of the suspected fraudulent activity is recognised in the Statement of comprehensive income Note 4.2 ‘Supplies and Services’ and the Statement of financial position Note 9.11 ‘Retained earnings’.

On 25 November 2019, the State Government announced plans to transition the commercial land development activities of the Housing Authority to the newly formed DevelopmentWA. This will involve the transfer of State owned land assets from the Housing Authority to DevelopmentWA and this is expected to occur during the 2020-21 financial year.

9.2 Initial application of Australian Accounting Standards

(a) AASB 15 ‘Revenue from Contract with Customers’ and AASB 1058 ‘Income of Not-for-Profit Entities’

AASB 15 ‘Revenue from Contracts with Customers’ replaces AASB 118 ‘Revenue’ and AASB 111 ‘Construction Contracts’ for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- identifying contracts with customers
- identifying separate performance obligations
- determining the transaction price of the contract
- allocating the transaction price to each of the performance obligations
- recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 'Income of Not-for-Profit Entities'. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Housing Authority.

The Housing Authority adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Housing Authority recognises the cumulative effect of initially applying the Standard as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Housing Authority elects not to apply the standards retrospectively to non-completed contracts from the date of initial application. Refer to Note 3.1, 3.2 and 3.3 for the revenue and income accounting policies adopted from 1 July 2019.

The effect of adopting AASB 15 and AASB 1058 are as follows:

Table 85: Effect of adopting AASB 15 and AASB 1058

Effect of adopting AASB 15 and AASB 1058	30 June 2020 $000	Adjustments $000	30 June 2020 under AASB 118 and 1004 $000
Consolidated	–	–	–
Sales	163,914	9,436	173,350
Rental revenue	357,359	–	357,359
Grants, contributions and subsidies	126,513	–	126,513
Other revenue	35,967	–	35,967
Net result	**683,753**	**9,436**	**693,189**
Parent	–	–	–
Sales	162,836	9,436	172,272
Rental revenue	357,359	–	357,359
Grants, contributions and subsidies	126,513	–	126,513
Other revenue	93,209	–	93,209
Net result	**739,917**	**9,436**	**749,353**

(b) AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Housing Authority applies AASB 16 Leases from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of financial position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than $5,000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16, the Housing Authority takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

a) right of use assets and lease liabilities in the Statement of financial position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019;
b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of comprehensive income; and
c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of cash flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Housing Authority measures concessionary leases that are of low value terms and conditions at cost at inception. There is no financial impact as the Housing Authority is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and has not identified any impairments to its right-of-use assets.

On transition, the Housing Authority has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

a) a single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;

b) the Housing Authority has relied on its assessment of whether existing leases were onerous in applying AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' immediately before the date of initial application as an alternative to performing an impairment review. The Housing Authority has adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 June 2019;
c) where the lease term at initial application ended within 12 months, the Housing Authority has accounted for these as short-term leases;
d) initial direct costs have been excluded from the measurement of the right-of-use asset;
e) hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Housing Authority has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

Table 86: Measurement of lease liabilities

Measurement of lease liabilities	Consolidated $000	Parent $000
Operating Lease Commitments disclosed as at 30 June 2019	110,209	97,898
Reassessment of 2018-19 lease commitment	(303)	(237)
Non-lease components of a contract	(2,365)	–
Government office Accommodation out-of-scope of AASB 16	(34,536)	(34,536)
Restated operating lease commitments as at 30 June 2019	**73,005**	**63,125**
Discounted using incremental borrowing rate at date of initial application	(2,835)	(1,893)
Add: Finance lease liabilities recognised as at 30 June 2019	1,456	–
(Less): Low value leases not recognised as liability	(24)	–
Lease liability recognised at 1 July 2019	**71,602**	**61,232**
Current lease liabilities	42,645	41,324
Non-current lease liabilities	28,957	19,908

9.3 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’ or by an exemption from TI 1101. Where applicable, the Housing Authority plans to apply the following Australian Accounting Standards from their application date.

AASB 1059 Service Concession Arrangements: Grantors

This Australian Accounting Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor’s perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.

The Housing Authority does not manage any public private partnership that is within the scope of the Australian Accounting Standard.

There is no financial impact.

Operative for reporting periods beginning on/after 1 January 2020.

AASB 2018–6 Amendments to Australian Accounting Standards – Definition of a Business

The Australian Accounting Standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

There is no financial impact.

Operative for reporting periods beginning on/after 1 January 2020.

AASB 2018–7 Amendments to Australian Accounting Standards – Definition of Material

The Australian Accounting Standard principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

There is no financial impact.

Operative for reporting periods beginning on/after 1 January 2020.

AASB 2019–1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

This Australian Accounting Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB.

There is no financial impact.

Operative for reporting periods beginning on/after 1 January 2020.

AASB 2019–2 Amendments to Australian Accounting Standards – Implementation of AASB 1059

This Australian Accounting Standard makes amendments to AASB 16 and AASB 1059 to: (a) amend the modified retrospective method set out in paragraph C4 of AASB 1059; (b) modify AASB 16 to provide a practical expedient to grantors of service concession arrangements so that AASB 16 would not need to be applied to assets that would be recognised as service concession assets under AASB 1059; and (c) include editorial amendments to the application guidance and implementation guidance accompanying AASB 1059.

The Housing Authority does not maintain any public private partnership that is within the scope of the Australian Accounting Standard .

There is no financial impact.

Operative for reporting periods beginning on/after 1 January 2020.

AASB 2020–1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This Australian Accounting Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the Statement of financial position as current or non-current.

There is no financial impact.

Operative for reporting periods beginning on/after 1 January 2022.

9.4 Key management personnel

The Housing 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:

Table 87: Compensation of senior officers

Compensation band	2020	2019
$100,001 - $110,000	1	–
$120,001 - $130,000	1	–
$220,001 - $230,000	–	1
Employee Benefits	**$**	**$**
Short-term employee benefits	187,000	184,000
Post-employment benefits	19,000	18,000
Other long-term benefits	22,000	21,000
Total compensation of key management personnel (2)	**228,000**	**223,000**

(1) Compensation band allocations and total key management personnel’s compensation disclosed reflect the key management personnel’s total compensation. Where the key management person performs services across the Department of Communities, Disability Services Commission and/or Housing Authority, the person's compensation is included in the Department of Communities Annual Report.

(2) The total compensation includes the superannuation expense incurred by the Authority in respect of senior officers. There are no senior officers presently employed who are currently members of the Pension Scheme.

Total compensation of key management personnel includes compensation of senior officers and members of the accountable authority.

9.5 Related party transactions

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 several 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 Housing 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.

Material transactions with Western Australian State Government entities:

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 several 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. These transactions are generally based on the standard terms and conditions that apply to all agencies.

The Housing Authority has no related party transactions with key management personnel for disclosure. Total annual transactions with related parties include:

Table 88: Revenue and/or Receipts from Government related entities

Revenue and/or Receipts from Government related entities	Transaction value for year ended 2020 $000	Transaction value for year ended 2019 $000
Department of Treasury	–	–
Appropriations and disbursements	21,315	75,440
Royalty for regions funding	63,878	6,108
Department of Primary Industries and Regional Development	–	–
Grants revenue	2,581	1,860
Western Australian Treasury Corporation	–	–
Proceeds from Borrowings	506,000	374,500
Department of Communities	–	–
Overhead allocations recoup	5,425	5,492
Disability Services Commission	–	–
Grant for construction of a Disability Services home	–	2,749
Overhead allocations recoup	7,968	–
Mental Health Commission	–	–
Grant revenue	1,750	6,439
Funding for Step Up Step Down program	6,419	–
Water Corporation	–	–
Grant revenue	–	390

Table 89: Expenditure and/or Payments from Government related entities

Expenditure and/or Payments from Government related entities	Transaction value for year ended 2020 $000	Transaction value for year ended 2019 $000
Water Corporation	–	–
Water rates and water consumption	50,973	52,215
Department of Regional Development	–	–
Repayment of Royalty for Regions funding	–	3,143
Western Australian Treasury Corporation	–	–
Repayment of borrowings	17,204	267,877
Interest on borrowings	72,319	109,288
Guarantee fees	29,422	25,571
Government Employees' Superannuation Board	–	–
Superannuation contributions	22,557	20,505
Department of Finance	–	–
Office accommodation, State Fleet rental and payroll tax	20,221	20,450
Department of Communities	–	–
Overhead allocations recoup	–	8,647

Material transactions with other related parties

Outside of normal citizen type transactions with the Housing Authority, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

9.6 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.

Table 90: Municipal and essential services account

Municipal and essential services account	2020 $000	2019 $000
Balance at start of the period	–	6,701
Receipts - transfer of internal funds	–	446
Payments	–	(7,147)
Balance at end of period	–	–

All funds of the Municipal and Essential Services Special Purpose Account were expended in 2018-19 and the Special Purpose Account was closed in 2019-20.

9.7 Administered transactions – Remote Indigenous Housing

Table 91: Administered transactions – Remote Indigenous Housing

Administered transactions – Remote Indigenous Housing	2020 $000	2019 $000
Balance at start of the period	3,364	1,833
Receipts	–	–
Transfer of internal funds	13,000	13,000
Other receipts	12,089	11,676
Payments	(22,493)	(23,145)
Balance at end of period	**5,960**	**3,364**

The Remote Indigenous Housing fund is used to record rental revenue and repairs and maintenance for houses in remote communities managed by Aboriginal Housing Services. These transactions are recorded separately as they are not income of the Housing Authority. The use of the rent collected is restricted to repairs and maintenance in the Aboriginal Community in which it was collected. Additional funding is provided by the Housing Authority as rental revenue is not sufficient to cover all repairs and maintenance costs.

9.8 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

Table 92: Remuneration of auditors

Remuneration of auditors	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Auditing the accounts, controls, financial statements and key performance indicators	558	472	394	340
Total	**558**	**472**	**394**	**340**

9.9 Act of Grace payments

During the reporting period there were no Act of Grace payments made under the authority of the Minister.

9.10 Equity

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 Housing Authority. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

Table 93: Contributed equity

Contributed Equity	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Balance at start of period	2,478,524	2,458,937	2,453,390	2,461,703
Contributions by owners	–	–	–	–
Capital contributions	5,332	–	5,332	–
Other contributions by owner	–	–	–	–
Royalties for Regions Fund - Regional Infrastructure and Headworks Account	304	1,860	304	1,860
Department of Training and Workforce Development	-	21,235	-	21,235
Mental Health Commission	6,190	-	6,190	-
Total contributions by owners	**11,826**	**23,095**	**11,826**	**23,095**
Transfer of net assets to other agencies	–	–	–	–
Royalties for Regions Fund - Regional Infrastructure and Headworks Account	–	(3,143)	–	(3,143)
Department of Communities	(396)	(365)	(396)	(365)
Keystart	–	–	(19,136)	(27,900)
Total distributions to owners	**(396)**	**(3,508)**	**(19,532)**	**(31,408)**
Balance at end of period	**2,489,954**	**2,478,524**	**2,445,684**	**2,453,390**

Table 94: Equity reserves

Reserves	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
(i) Asset revaluation reserve	–	–	–	–
Balance brought forward from prior period	6,651,944	7,435,648	6,651,944	7,435,648
Transferred to retained earnings	(71,761)	(481,300)	(71,761)	(481,300)
Land inventory prior year eliminations	–	21,021	–	21,021
Revaluations during the period	(279,298)	(321,403)	(279,298)	(321,403)
Impairment loss on rental properties	–	(2,022)	–	(2,022)
Closing balance	**6,300,885**	**6,651,944**	**6,300,885**	**6,651,944**
Revaluations recognised during the year were in respect of:	–	–	–	–
Rental properties - current	(238,217)	(317,109)	(238,217)	(317,109)
Community housing properties - current	(27,712)	12,586	(27,712)	12,586
Shared equity properties - current	(12,969)	(9,850)	(12,969)	(9,850)
Other properties - current	(400)	(7,030)	(400)	(7,030)
Total	**(279,298)**	**(321,403)**	**(279,298)**	**(321,403)**
Transferred to retained earnings	–	–	–	–
Revaluation amount of rental properties - sold	(58,573)	(60,863)	(58,573)	(60,863)
Revaluation amount of rental properties - demolished	(7,877)	(13,044)	(7,877)	(13,044)

Reserves	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Revaluation amount of community housing properties - sold	82	(1,793)	82	(1,793)
Revaluation amount of other properties - sold	(1,001)	(5,062)	(1,001)	(5,062)
Revaluation amount of shared equity properties - sold	(4,392)	–	(4,392)	–
Transfer from asset revaluation reserve upon disposal in respect of prior year periods	–	(400,538)	–	(400,538)
Total	**(71,761)**	**(481,300)**	**(71,761)**	**(481,300)**
(ii) Interest Assistance Lowstart reserve	**–**	**–**	**–**	**–**
Balance brought forward from prior year	718	721	–	–
Transfer to retained profits	(2)	(3)	–	–
Closing balance	**716**	**718**	**–**	**–**
Total reserves	**6,301,601**	**6,652,662**	**6,300,885**	**6,651,944**

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy Note 5.1.

Retained earnings

Table 95: Retained earnings

Retained earnings	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Balance at start of period	**3,424,496**	**2,939,043**	**3,225,620**	**2,747,969**
Initial application of Australian Accounting Standards	–	(2,932)	–	(2,494)

Restated balance at start of period*	**3,424,496**	**2,936,111**	**3,225,620**	**2,745,475**
Transfer from asset revaluation reserve upon disposal	71,747	80,762	71,761	80,762
Transfer from asset revaluation reserve during the period	–	396,068	–	393,338
Transfer from Interest Assistance Lowstart reserve	2	3	–	–
Net profit/(loss) for the year	(282,217)	11,552	(281,826)	6,045
Total retained earnings	**3,214,028**	**3,424,496**	**3,015,555**	**3,225,620**

*Refer to Note 9.2 for changes in accounting policies.

9.11 Equity attributable to non-controlling interest

Table 96: Equity attributable to non-controlling interest - Goldmaster

Equity attributable to non-controlling interest - Goldmaster	Consolidated 2020 $000	Consolidated 2019 $000	Parent 2020 $000	Parent 2019 $000
Opening equity for non-controlling interest	891	1,288	–	–
Non-controlling loss ending 30 June	(151)	(397)	–	–
Movement in equity attributable to Contributed Equity	–	–	–	–
Other changes to non-controlling interest	–	–	–	–
Total non-controlling interest	**740**	**891**	**–**	**–**

(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:

Table 97: Keystart transactions/balances

Keystart transactions/balances	Notes	2020 $000	2019 $000
Preferential shares	6.1	4,814,500	4,319,500
Interest revenue	3.4	81,065	112,393
Dividend	3.5	62,708	60,657
Other current assets	6.3	7,542	12,828
Distribution of equity	9.1	19,136	27,300

Seacrest Corporation Pty Ltd, is a fully owned subsidiary of the Housing Authority. The following balances are eliminated on the consolidation of Seacrest Pty Ltd:

Table 98: Seacrest transactions/balances

Seacrest transactions/balances	Note	2020 $000	2019 $000
Other financial assets	6.4	5,289	5,289

Goldmaster, a controlled subsidiary entity is financed by the Housing Authority. The Housing Authority has provided three loans to Goldmaster for the development of property in Cockburn.

The following transactions/balances are eliminated on the consolidation of Goldmaster:

Table 99: Goldmaster transactions/balances

Goldmaster transactions/balances	Note	2020 $000	2019 $000
Interest revenue	3.4	467	505
Impairment assets - (Goldmaster)	4.2	1,052	11,027
Other financial assets	6.4	5,640	6,692
Loans and receivables	6.1	8,563	8,867

9.12 Supplementary financial information

(a) Write offs

Bad Debts written off by the Accountable Authority in the year ended 30 June 2020 totalled $16.724m (2019: $7.741m).

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

Cashier shortage incurred for the year ended 30 June 2020 was nil. (2019: nil).

Apart from the fraud event disclosed in Note 9.1, there was no reportable thefts in the year ended 30 June 2020 (2019: nil).

Amounts recovered during the year ended 30 June 2020 was nil (2019: nil).

(c) Gifts of public property

In the year ended 30 June 2020 the Housing Authority made no gifts of public property.

9.13. Explanatory statement

Comparison of estimates and actual operating results for 2020 and Comparison of Actual operating results for 2020 with those of the preceding year

Section 40 of the *Financial Management Act 2006* requires The Housing Authority to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results. Significant variations are considered to be those greater/less than $1 million and 10% greater/less than the budgeted amount and prior year actual.

Table 100: Statement of comprehensive income variances – Parent

Statement of comprehensive income variances - Parent	Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Revenue and Income	–	–	–	–	–	–
Sales	1	303,627	162,836	173,879	(140,791)	(11,043)
Rental revenue		375,857	357,359	387,922	(18,498)	(30,563)
Grants, contributions and subsidies	a	131,987	126,513	381,376	(5,474)	(254,863)
Interest revenue	2, b	154,320	84,292	120,939	(70,028)	(36,647)
Other revenue	3	104,356	93,209	100,291	(11,147)	(7,082)
Total income	–	**1,070,147**	**824,209**	**1,164,407**	**(245,938)**	**(340,198)**
Expenses	–	–	–	–	–	–
Cost of sales	4, c	196,090	121,598	106,788	(74,492)	14,810
Rental expenses	5, d	266,282	317,794	353,956	51,512	(36,162)
Community support expense	6	198,633	128,121	121,212	(70,512)	6,909
Employee benefit expense	7	144,660	180,928	175,170	36,268	5,758
Supplies and services	e	58,638	56,700	48,818	(1,938)	7,882

Statement of comprehensive income variances - Parent	Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Depreciation and amortisation expense	8	149,036	119,240	130,530	(29,796)	(11,290)
Finance costs	9, b	181,884	115,590	153,581	(66,294)	(37,991)
Accommodation expenses	10, f	5,603	15,854	13,499	10,251	2,355
Loss on disposal of non-current assets	11, g	24,721	9,267	11,099	(15,454)	(1,832)
Other expenses	12	74,316	121,237	125,499	46,921	(4,262)
Total expenses	–	1,299,863	1,186,329	1,240,152	(113,534)	(53,823)
Loss before grants and subsidies from State Government	**–**	**(229,716)**	**(362,120)**	**(75,745)**	**(132,404)**	**(286,375)**
Income from State Government	**–**	**–**	**–**	**–**	**–**	**–**
Service appropriation	13, h	13,983	15,983	75,440	2,000	(59,457)
Royalties for Regions Fund	h	62,617	63,878	6,108	1,261	57,770
Services received free of charge	–	–	433	242	433	191
Total income from State Government	**–**	**76,600**	**80,294**	**81,790**	**3,694**	**(1,496)**

Statement of comprehensive income variances - Parent	Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Profit/(loss) for the period	**–**	**(153,116)**	**(281,826)**	**6,045**	**(128,710)**	**(287,871)**
Other comprehensive income	–	–	–	–	–	–
Changes in asset revaluation surplus	–	–	(279,298)	(321,403)	(279,298)	42,105
Total other comprehensive income	**–**	**–**	**(279,298)**	**(321,403)**	**(279,298)**	**42,105**
Profit/(loss) attributable to:	–	–	–	–	–	–
Consolidated equity	–	–	–	–	–	–
Non-controlling interest	–	–	–	–	–	–
Total	–	–	–	–	–	–
Total comprehensive income attributable to:	**–**	**–**	**–**	**–**	**–**	**–**
Consolidated equity	–	–	–	–	–	–
Non-controlling interest	–	–	–	–	–	–
Total	–	–	–	–	–	–
Total comprehensive income for the period	**–**	**(153,116)**	**(561,124)**	**(315,358)**	**(408,008)**	**(245,766)**

Major Estimate and Actual (2020) variance explanations

1. Sales is under budget (46.37%) as a result of softening market conditions and the impact of COVID-19 causing a reduction in sales activity for land, Affordable Housing properties and a reduction in property values.
2. Interest revenue is under budget (45.38%) due to the successive reductions to the cash rate made by the Reserve Bank of Australia (RBA) over the course of 2019-20 which have had the effect of lowering Keystart's cost of borrowings. This has been offset by a corresponding decrease in Finance Cost for Keystart Interest expenses.
3. The reduction in Other revenue compared to budget (10.68%) relates to two precinct developments not commencing under the planned development management agreement due to softening market conditions resulting in participation fees not received as originally budgeted.
4. The reduction in Cost of sales compared to budget (38.0%) is due to a reduction in the number of sales due to the unfavourable market conditions and the impact of COVID-19.
5. Rental expenses is over budget (19.34%) due to an increase in maintenance expenditure, driven by higher tenant demand for day-to-day maintenance and an increase in costs related to vacated properties to ensure properties are in a rentable standard to mitigate any risk to tenant's health and safety.
6. Community support expense is lower than budget (35.50%) mostly due to delays in essential services capital works. Delays have been caused by complex contract negotiations, changes to the approvals process resulting in longer time frames with further requirement to be provided and current restrictions with COVID-19.
7. The overspend in Employee benefits expense (25.07%) is primarily due to a change in the accounting treatment for salaries recoveries for both Aboriginal Housing and the Government Regional Officer Housing program, as well as additional salaries budget being provided for remote communities to assist in the delivery of services.
8. Depreciation and amortisation expense is lower than budgeted (19.99%) mainly due to the reduction in Housing Authority assets values in consecutive years as a result of the annual revaluation process, not taken into consideration upon the preparation of budget estimates.
9. Finance costs is under budget (36.45%) due to the successive reductions to the cash rate made by the RBA over the course of 2019-20 have had the effect of lowering Keystart's cost of borrowings. This has been offset by corresponding decrease in interest received from Keystart.

10. The increase in Accommodation expenses (182.95%) is due to the change in accounting treatment for Government Office Accommodation (GOA) to be in line with new accounting standards AASB16 Leases. Treasury revised the accounting treatment during the year and reported that GOA leases were out of scope of AASB16 with the budget being reinstated.
11. The variance in Loss from disposal of non-current assets (62.51%) is due to softening market conditions and the impact of COVID-19 causing a reduction in the overall sale of non-current assets.
12. Other expenses are over budget in 2019-20 (63.14%) as a result of accounting standard AASB9 Financial instruments. AASB9 recommends applying an increase in default rate for vacated tenant debts greater than 365 days, resulting in an increase in expected credit losses.
13. Service appropriation variance (14.30%) is due to funding for Housing and homelessness investment package for maintenance and refurbishment expenditure, brought forward from 2021-22.

Major Actual (2020) and Comparative (2019) Variance explanations

a. Grants, contributions and subsidies varies from 2019 (66.83%) due to a decrease in grants and subsidies income as a result of the receipt of $251 million of Commonwealth funding in 2019 for Remote housing. The National Partnership Agreement on Remote Indigenous Housing expired in 2018, with the Commonwealth Government providing no further ongoing funding beyond 2018-19.
b. Interest revenue decreased (30.30%) due to successive reductions to the cash rate made by the Reserve Bank of Australia over the course of 2020 which have the effect of lowering Keystart's cost of borrowings. This has been offset by corresponding decrease in Finance costs for Keystart interest expenses.
c. The increase in Cost of sales (13.87%) is mainly due to a prior year correction of $24 million adjusted in 2018-19 arising from Social and Affordable housing properties. This is offset by a reduction in sales activities for both Land and Housing due to the depressed market conditions, combined with sales dropping off towards the end of 2020 due to COVID-19.
d. The reduction in Rental expenses (10.22%) is due to Government Regional Officer Housing (GROH) lease expense (where the Housing Authority enters into private rental leases to provide GROH housing) is no longer recognised under AASB 16 Leases. With the introduction of AASB 16 Leases In 2019-20, GROH lease payments are now largely recognised in the Balance Sheet as a Lease Liability, with the Liability being reduced over the term of the Lease.
e. The increase in Supplies and services (16.15%) is due to costs incurred with the relocation of the Department of Communities to the new Fremantle office.

f. Accommodation expenses increased (17.45%) due to higher rental costs associated moving the Housing Authority's head office to the new Fremantle office.
g. Loss on the disposal of non-current assets has decreased (16.5%) due to softening market conditions and the impact of COVID-19 causing a reduction in the overall sale of non-current assets.
h. Service appropriation decreased (78.81%) in 2020 due to a $56 million funding for remote and essential services administered as a service appropriation. From 2020, funding has been dispersed as Royalties for Regions funding.

Table 101: Statement of financial position - Parent

Statement of financial position – Parent Assets	Variance Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Current assets	–	–	–	–	–	–
Cash and cash equivalents	1, a	137,661	90,657	161,480	(47,004)	(70,823)
Restricted cash and cash equivalents	2	27,330	23,982	24,859	(3,348)	(877)
Inventories	3	477,778	269,263	285,287	(208,515)	(16,024)
Loans and receivables	4	1,192,113	182,518	168,231	(1,009,595)	14,287
Other current assets	5, b	40,476	33,585	23,516	(6,891)	10,069
Non-current assets classified as held for sale	6, c	21,676	11,568	8,159	(10,108)	3,409
Total current assets	**–**	**1,897,034**	**611,573**	**671,532**	**(1,285,461)**	**(59,959)**
Non-current assets	–	–	–	–	–	–
Inventories	–	635,858	683,667	658,999	47,809	24,668
Loans and receivables	7, d	4,030,094	4,846,025	4,337,156	815,931	508,869
Other financial assets	8	17,743	10,953	12,005	(6,790)	(1,052)
Rental properties	–	10,535,338	10,204,050	10,544,724	(331,288)	(340,674)
Community Housing properties	–	725,627	703,672	725,559	(21,955)	(21,887)

Statement of financial position – Parent Assets	Variance Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Shared Equity properties	–	485,962	471,257	500,450	(14,705)	(29,193)
Other properties	–	95,922	95,667	92,048	(255)	3,619
Plant and equipment	–	888	973	1,474	85	(501)
Buildings under construction	e	17,912	17,370	86,982	(542)	(69,612)
Right-of-use assets	9, f	8,557	2,276	-	(6,281)	2,276
Intangible assets	10, g	10,310	5,069	11,692	(5,241)	(6,623)
Total non-current assets	**–**	**16,564,211**	**17,040,979**	**16,971,089**	**476,768**	**69,890**
Total assets	**–**	**18,461,245**	**17,652,552**	**17,642,621**	**(808,693)**	**9,931**
Liabilities	–	–	–	–	–	–
Current liabilities	–	–	–	–	–	–
Payables	11, h	18,863	30,803	35,418	11,940	(4,615)
Borrowings	12, i	305,108	158,701	105,306	(146,407)	53,395
Provisions	13, j	5,876	31,996	11,392	26,120	20,604
Lease liabilities	14, k	165,602	40,272	-	(125,330)	40,272
Other current liabilities	15, l	30,919	64,547	31,858	33,628	32,689

Statement of financial position – Parent Assets	Variance Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Total current liabilities	–	**526,368**	**326,319**	**183,974**	**(200,049)**	**142,345**
Non-current liabilities	–	–	–	–	–	–
Payables	–	–	24	24	24	-
Borrowings	–	5,376,853	5,485,196	5,072,309	108,343	412,887
Provisions	16	4,334	56,096	55,360	51,762	736
Lease liabilities	17, m	97,259	22,793	-	(74,466)	22,793
Total non-current liabilities	–	5,478,446	**5,564,109**	**5,127,693**	85,663	**436,416**
Total liabilities	–	**6,004,814**	**5,890,428**	**5,311,667**	**(114,386)**	**578,761**
Net assets	–	**12,456,431**	**11,762,124**	**12,330,954**	**(694,307)**	**(568,830)**
Equity	–	–	–	–	–	–
Contributed equity	–	2,419,035	2,445,684	2,453,390	26,649	(7,706)
Reserves	18	7,435,646	6,300,885	6,651,944	(1,134,761)	(351,059)
Retained earnings	–	2,601,750	3,015,555	3,225,620	413,805	(210,065)
Total equity attributable to the consolidated entity	–	**12,456,431**	**11,762,124**	**12,330,954**	**(694,307)**	**(568,830)**
Non-controlling interest	–	–	–	–	–	–

Statement of financial position – Parent Assets	Variance Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Total equity	–	12,456,431	11,762,124	12,330,954	(694,307)	(568,830)

Major Estimate and Actual (2020) variance explanations

1. Cash and cash equivalents are lower than budget (34.14%) largely due to softer than expected market conditions and COVID-19 impacting commercial revenue.
2. Restricted cash and cash equivalents are lower than budget (12.25%) largely due to the re-profiling of expenditure for Royalties for Region projects, such as East Kimberley Transitional Housing Program and Family and Domestic Violence Refuge in Peel.
3. Inventories are lower than budget (43.64%) as a result of the economic impact of COVID-19 and soft market conditions.
4. Loans and receivables are higher than budget (84.69%) largely due to changes in the maturity profile of Keystart's non-guaranteed borrowings.
5. Other current assets are lower than budget (17.02%) largely due to the timing of expected receipts from commercial activity, and Keystart interest.
6. Non-current assets classified as held for sale are lower than budget (46.63%) due to the majority of Housing Authority's assets that are to be sold fall under inventories rather than 'assets held for sale'.
7. Loans and receivables are higher than budget (20.25%) largely due to changes in the maturity profile of Keystart's non-guaranteed borrowings, and the extension of the temporary increase to income limits.
8. Other financial assets are lower than budget (38.27%) due to the Authority's investment in Goldmaster. In 2018-19 the investment was impaired (and again in 2020), however this reduction has not been adjusted for in the Estimates.
9. Right-of-use assets are lower than budget (73.40%) due to AASB 16 taking effect from 1 July 2019, relates to the change in accounting treatment for Government Office Accommodation (GOA) to be in line with new accounting standards AASB16. Treasury revised the accounting treatment during the year and reported that GOA leases were out of scope of AASB16 and the budget to be reinstated.

10. Intangible assets are lower than budget due to the amortisation of Housing Authority's intangible assets being understated in the estimates (50.83%).
11. Payables are higher than budget (63.30%) largely due to the re-flow of funding for Disability Services Commission funding received for fee for service activities. Due to review and assessment of required works this has now been deferred to later years.
12. Borrowings are higher than budget (47.99%) largely due to changes in the maturity profile of Keystart's non-guaranteed borrowings.
13. Current provisions are higher than budget (444.52%) due to the movement in provisions for developer management agreements. Provision movements relate to a number of items such as the timing of payments, and the progression of spending by developers.
14. Current lease liabilities are lower than budget (75.68%) due to the change in accounting treatment for Government Office Accommodation (GOA) to be in line with new accounting standards AASB16. Treasury revised the accounting treatment during the year and reported that GOA leases were out of scope of AASB16 and the budget to be reinstated.
15. Other current liabilities are higher than budget (108.76%) due to invoices accrued (relating to 2020 expenditure) at year end.
16. Non-current provisions are higher than budget (1,194.3%) due to the movement in provisions for developer management agreements. Provision movements relate to a number of items such as the timing of payments, and the progression of spending by developers.
17. Non-current lease liabilities are lower than budget from estimate (76.56%) due to the change in accounting treatment for Government Office Accommodation (GOA) to be in line with new accounting standards AASB16. Treasury revised the accounting treatment during the year and reported that GOA leases were out of scope of AASB16 and the budget to be reinstated.
18. Reserves is lower than budget (15.26%) due to revaluation reserve increases within budget whereas property values decreased across the market and the impact of COVID-19.

Major Actual (2020) and Comparative (2019) Variance explanations

a. Cash and cash equivalents reduction (43.86%) is largely due to softer than expected market conditions and COVID-19 impacting commercial revenue.
b. Other current assets increase (42.82%) largely relates to the timing of expected receipts from commercial activity, and Keystart Interest.
c. Non-current assets classified as held for sale increased (41.78%) due to the majority of Housing Authority's assets that are to be sold fall under inventories rather than 'assets held for sale'.
d. Loans and receivables increase (11.73%) largely relates to changes in the maturity profile of Keystart's non-guaranteed borrowings, and the extension of the temporary increase to income limits.

e. Buildings under construction decrease (80.03%) relates to capitalisation and/or expensing of completed projects.
f. The increase is Right-of-use asset is due to the change in the accounting treatment of leases, where leases previously expensed are now capitalised under AASB 16 Leases.
g. Intangible assets decrease (56.65%) is largely due to the lower expenditure on intangible assets in 2020.
h. Payables decrease (13.03%) is largely due to Disability Service Commission funding received in 2019 for fee for service activities. Due to review and assessment of required works this has now been deferred to later years.
i. Borrowings increase (50.70%) largely relates to changes in the maturity profile of Keystart's non-guaranteed borrowings.
j. Provisions increase (180.86%) relates to the movement in provisions for developer management agreements. Provision movements relate to a number of items such as the timing of payments, and the progression of spending by developers.
k. Lease liabilities increase relates to changes in accounting treatment for leases that are within the scope of AASB 16 Leases.
l. Other current liabilities increase (102.61%) is due to an increase of invoices accrued (relating to 2020 expenditure) at year end.

Table 102: Statement of cash flows variances - Parent

Statement of cash flows variances - Parent	Variance Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Cash flows from operating activities - Receipts	–	–	–	–	–	–
Grants, contributions and subsidies	a	131,987	126,513	374,268	(5,474)	(247,755)
Rental receipts	b	375,856	352,684	395,697	(23,172)	(43,013)
Interest received	1, c	154,320	90,706	117,071	(63,614)	(26,365)
Inventory receipts on sales	2, d	322,670	164,794	186,381	(157,876)	(21,587)
Other receipts	3,e	106,795	131,326	105,406	24,531	25,920
GST receipts on sales	4	–	11,493	11,735	11,493	(242)
GST receipts from taxation authority	5	–	29,576	29,171	29,576	405
Cash flows from operating activities - Payments	–	–	–	–	–	–
Employee benefits	6, f	(144,660)	(196,413)	(175,173)	(51,753)	(21,240)
Accommodation	7	(5,603)	(12,569)	(13,741)	(6,966)	1,172

Statement of cash flows variances - Parent	Variance Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Supplies and services	8	(58,638)	(35,091)	(33,738)	23,547	(1,353)
Finance costs	1, c	(181,884)	(121,126)	(150,448)	60,758	29,322
Purchase and development of inventory	9	(271,142)	(92,644)	(91,639)	178,498	(1,005)
GST payments on purchases	10, g	–	(26,951)	(30,148)	(26,951)	3,197
GST payments to taxation authority	11, h	–	(11,690)	(18,244)	(11,690)	6,554
Rental property payments	12, i	(278,775)	(312,066)	(368,042)	(33,291)	55,976
Other payments	j	(258,278)	(258,537)	(208,133)	(259)	(50,404)
Net cash provided by / (used in) operating activities	**–**	**(107,352)**	**(159,995)**	**130,423**	**(52,643)**	**(290,418)**
Cash flows from investing activities - Receipts	–	–	–	–	–	–
Proceeds from the sale of non-current physical assets	13	147,493	88,194	97,855	(59,299)	(9,661)

Statement of cash flows variances - Parent	Variance Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
Cash flows from investing activities - Payments	–	–	–	–	–	–
Purchase of non-current physical assets	14, k	(98,410)	(46,497)	(85,600)	51,913	39,103
Other investing payments	l	(504,125)	(495,000)	**(379,789)**	9,125	(115,211)
Net cash used in investing activities	–	**(455,042)**	**(453,303)**	**(367,534)**	**1,739**	**(85,769)**
Cash flows from financing activities - Receipts	–	–	–	–	–	–
Proceeds from borrowings WA Treasury Corporation	m	1,830,495	1,776,000	599,447	(54,495)	1,176,553
Finance leases	15, n	51,837	63,587	-	11,750	63,587
Cash flows from financing activities - Payments	–	–	–	–	–	–
Repayment of borrowings from:	–	–	–	–	–	–

Statement of cash flows variances - Parent	Variance Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
WA Treasury Corporation	o	(1,342,371)	(1,287,204)	(492,824)	55,167	(794,380)
Commonwealth Government		(16,642)	(17,006)	(16,672)	(364)	(334)
Principal elements of lease payments	15, n	(55,972)	(65,934)	-	(9,962)	(65,934)
Net cash provided by financing activities		**467,347**	**469,443**	**89,951**	**2,096**	**379,492**
Cash flows from State Government	–	–	–	–	–	–
Net capital contribution	16, p	(10,766)	(7,706)	(28,265)	3,060	20,559
Royalties for Regions fund	–	62,617	63,878	4,824	1,261	59,054
Proceeds from State Government	17, q	13,983	15,983	82,548	2,000	(66,565)
Net cash provided by State Government	–	**65,834**	**72,155**	**59,107**	**6,321**	**13,048**
Net increase/(decrease) in	–	(29,213)	(71,700)	(88,053)	(42,487)	16,353

Statement of cash flows variances - Parent	Variance Notes	Estimate 2020 $000	Actual 2020 $000	Actual 2019 $000	Variance between actual and estimate $000	Variance between actual results for 2020 and 2019 $000
cash and cash equivalents						
Cash and cash equivalents at the beginning of the period	–	194,203	186,339	274,392	(7,864)	(88,053)
Cash and cash equivalents at end of the period	–	164,990	114,639	186,339	(50,351)	(71,700)

Significant variations are considered to be those greater/less than $1 million and 10% greater/less than the actual amount for the preceding year.

Major Estimate and Actual (2020) variance explanations

1. Interest received is under budget (41.22%) due to the successive reductions to the cash rate made by the RBA over the course of 2019-20 which had the effect of lowering Keystart's cost of borrowings. This has been offset by corresponding decrease in Finance costs for Keystart interest expenses.
2. Inventory receipts on sales is under budget (48.93%) as a result of softening market conditions and the impact of COVID-19 causing a reduction in sales activity for land and Affordable Housing properties and a reduction in property values.
3. The increase in Other receipts compared to budget (22.97%) is primarily due to the collection on the timing of debtor's recoverability and GST receipts recouped from Social Housing from prior years that were not budgeted for at the time of the 2019-20 Budget.

4. At the time of the 2019-20 budget, the Housing Authority did not budget for GST receipts on sales. As a step to harmonise accounting practices across the Department, the Housing Authority changed its accounting practice and now budgets for GST receipts in the forward estimates
5. At the time of the 2019-20 budget, the Housing Authority did not budget for GST receipts from taxable authority. As a step to harmonise accounting practices across the Department, the Housing Authority changed its accounting practice and now budgets for GST receipts from taxation authority in the forward estimates.
6. The overspend in Employee benefits expense (35.78%) is primarily due to a change in the accounting treatment for salaries recoveries for both Aboriginal housing and the Government Regional Officer Housing program, as well as additional salaries budget being approved for remote communities to assist in the delivery of services.
7. The increase in Accommodation expense (124.33%) is due to the change in accounting treatment for Government Office Accommodation (GOA) to be in line with new accounting standards AASB16 Leases. Treasury revised the accounting treatment during the year and directed that GOA leases were out of scope of AASB16 with the budget being reinstated.
8. Supplies and services decrease (40.16%) largely relates to the coding of actual and budget for professional services expenses. These costs were initially budgeted against the ‘Supplies and Services’ expense category but the classification of this expense was recorded against ‘Other Payments’.
9. The reduction in Purchase and development of inventory (65.83%) is due to slower development works for joint venture projects in the Brabham, Byford and Casuarina DMA. Development works have been delayed for Affordable Housing program due to softening market conditions and the impact of COVID-19
10. At the time of the 2019-20 budget, the Housing Authority did not budget for GST payments on purchases. As a step to harmonise accounting practices across the Department, the Housing entity changed its accounting practice and now budgets for GST payments on purchases in the forward estimates
11. At the time of the 2019-20 budget, the Housing Authority did not budget for GST payments to taxation authority. As a step to harmonise accounting practices across the Department, the Housing Authority changed its accounting practice and now budgets for GST payments in the forward estimates
12. Rental property payments is over budget (11.94%) as a result of increased maintenance expenditure driven by higher tenant demand for day to day maintenance and an increase in costs for maintenance on vacated properties.
13. Proceeds from the sale of non-current physical assets has decreased (40.20%) due to softening market conditions and the impact of COVID-19.

14. The decrease in the Purchase of non-current physical assets (52.75%) is due to the timing of project expenditure being delayed, primarily due to the impact of COVID-19.
15. The increase in Finance leases (22.67 %) and the increase in the Principal Elements of lease payments (17.80%) is due to a higher number of leased GROH properties from private tenants that were not initially budgeted for.
16. The variation in net capital contributions relates to the reprofile of funding for the Spinal Cord Injury Project to align with the revised expenditure profile.
17. The variation in proceeds from State Government is due to a reprofiling of funding in response to COVID-19, with $2 million for the Housing and Homelessness Investment package funding from 2021-22 brought forward to facilitate maintenance works to boost the economy and protected jobs.

Major Actual (2020) and Comparative (2019) Variance explanations

a. Grants, contributions and subsidies varies from 2019 (66.20%) due to a decrease in grants as a result of the receipt of $251 million of Commonwealth funding in 2018-19 for Remote housing. The National Partnership Agreement on Remote Indigenous Housing expired in 2018-19, with the Commonwealth Government providing no further ongoing funding beyond 2018-19.

b. The reduction in Rental receipts (10.87%) is due to the implementation of the new accounting standards AASB16 Leases, where GROH revenue on leased properties are now recognised in the Balance sheet as Lease revenue receivable, rather than the Income statement.

c. Interest received has decreased (22.52%) due to successive reductions to the cash rate made by the Reserve Bank of Australia over the course of 2020 which have the effect of lowering Keystart's cost of borrowings. This has been offset by corresponding decrease in Finance costs (20.39%) for Keystart interest expenses.

d. Inventory receipts on sales has decreased (11.58%) as a result of softening market conditions and the impact of COVID-19 causing a reduction in sales activity for land and Affordable Housing properties and a reduction in property values.

e. Other receipts have increased (24.59%) compared to 2018-19 due to increased GST receipts recouped from Social Housing from prior years.

f. The variance in Employee benefits (12.13%) is due to additional salaries budget being provided for remote communities to assist in the delivery of services and some additional staff appointments to address priority initiatives across the Housing Authority.

g. The decrease in GST payments on purchases (10.60%) largely relates to reduced development activity levels across the Housing Authority as a result of softening Housing market conditions.

h. The decrease in GST payments to the taxation authority (35.92%) largely relates to reduced development activity levels across the Housing Authority as a result of softening Housing market conditions.

i. The reduction in Rental property payments (15.21%) is due to the implementation of AASB 16 Leases. In 2018-19 Government Regional Officer Housing (GROH) lease expenses (where the Housing Authority enters into private rental leases to provide GROH housing) were recognised in the Income statement as a lease rental expense. With the introduction of AASB 16 Leases In 2019-20, GROH lease payments are now largely recognised in the Balance sheet as a Lease liability, with the liability being reduced over the term of the Lease.

j. The variance in Other payments reflects primarily the reprofiling of expenditure from 2019-20 to 2020-21 for remote communities due to COVID-19 restrictions in accessing and servicing certain remote areas along with lower associated expenditure for commercial activities from decreased sales as a result of COVID-19.

k. 2020-21 for remote communities due to COVID-19 restrictions in accessing and servicing certain remote areas along with lower associated expenditure for commercial activities from decreased sales as a result of COVID-19.
l. The decrease in the purchase of non-current physical assets (45.68%) is due to the timing of project expenditure being delayed, primarily due to the impact of COVID-19.
m. The increased expenditure on Other investing payments (30.34%) was largely associated with increased borrowings from Keystart in 2019-20 due largely to the extension of temporary income limits.
n. Proceeds from borrowings has increased (196.27%) which largely reflects changes in Keystart's borrowing requirements.
o. Finance lease receipts and principal elements of lease payments increased for due to the initial adoption of accounting standard of AASB 16 Leases. In 2018-19 Government Regional Officer Housing (GROH) lease expenses (where the Housing Authority enters into private rental leases to provide GROH housing) were recognised in the Income statement as a lease rental expense. With the introduction of AASB 16 Leases In 2019-20, GROH lease payments are now largely recognised in the Balance sheet as a Lease liability, with the liability being reduced over the term of the lease.
p. An increase of payments to Western Australian Treasury Corporation (161.91%) largely reflects changes in Keystart's borrowings repayment requirements.
q. The Net capital contribution in 2019-20 is lower (72.74%) when compared to prior year as the capital adequacy support payment to Keystart was higher in 2018-19.
r. The increase in Royalties for Regions funding in 2019-20 (1,224.17%) is primarily due to funding for remote and essential services which was funded via Service Appropriation in 2018-19, being funded in 2019-20 through the Royalties for Regions fund.

Key performance indicators

Certification of key performance indicators

For the reporting period ended 30 June 2020

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 2020.

Michelle Andrews
Accountable Authority

15 October 2020

Outcome based management reporting framework

Outcome 1: Affordable housing options are available to eligible Western Australians

The Housing Authority seeks to enhance the quality of life and wellbeing of all people throughout Western Australia by satisfying the basic need for shelter. In the wider context, affordable, available and appropriate housing assists in contributing to positive social outcomes in health, education and employment.

The Housing Authority contributes to this Government Goal by providing housing through its rental housing, home finance, home ownership, and land development activities for eligible Western Australians who may not otherwise be able to obtain housing. Through the provision of Government Regional Officers' Housing, the Housing Authority also provides government employees with suitable and appropriate housing in regional and remote areas to support the delivery of public services such as education and policing.

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

It is a key strategy of the Housing Authority to ease the pressure on the waiting list for public housing by expanding the range and diversity of housing products and services for people on low to moderate incomes. Varying alternatives provide new entry points for clients, as well as new and evolving options that support their transition along the housing continuum as their circumstances improve.

Key effectiveness indicators

Total housing assistances provided relative to public rental waiting list

This indicator measures the Housing Authority's capacity to respond to expressed unmet housing demand. It is calculated as the ratio of the total number of units of housing assistance provided each year, to the number on the waiting list at 30 June of the previous year. The higher the ratio, the greater the assistances provided in relation to expressed unmet demand.

Housing assistances comprise: people housed from the waiting list into public housing or community housing options; bond assistance loans; new home loans; and land sales (lower quartile). The Housing Authority's public rental housing waiting list is used to represent total expressed unmet housing demand, as the other forms of housing assistance do not have a waiting list.

Table 103: Total housing assistances provided relative to public rental waiting list

Reporting year	Target total housing assistances	Actual total housing assistances	Target total rental waiting list as at 30 June (prior financial year)	Actual total rental waiting list as at 30 June (prior financial year)	Target ratio	Actual ratio
2019-20	**17,184**	**15,813**	**14,000**	**13,795**	**1.23**	**1.15**
2018-19	–	17,180	–	13,912	–	1.23
2017-18	–	20,120	–	16,516	–	1.22
2016-17	–	21,585	–	18,530	–	1.16
2015-16	–	19,098	–	20,127	–	0.95

Notes:

(1) For 2019-20 the total units of housing assistance comprises (2018-19 result indicated within brackets): number of people (applications) allocated from the waiting list into community housing options: 283 (363); number of new home loans approved: 2816 (2,286); number of Housing Authority (including Joint Venture partner) land sales below $170,000 (a): 242 (260); number of public rental occupations: 2,721 (2,786); number of bond assistance loans approved: 9,751 (11,485).

a. The benchmark cut-off for the lower end of the market (2019-20: $170,000; 2018-19: $172,000) is the final December quarter lower quartile for Western Australia (State) residential land sales. From 2018-19, this figure has been 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 (2015-16: $192,000; 2016-17: $182,500, 2017-18: $179,000). Excluded from the lower quartile lot sales are multiple sales to the same person; lots over 1,000 square metres; sales to companies or other government departments; and internal transfers.

(2) The total number of applications recorded on the public rental waiting list varies over time as applicants' eligibility changes. Applications may be withdrawn from the waiting list if applicants fail to meet ongoing eligibility requirements or re-instated if they are

later considered eligible. The number of applications to calculate this indicator is based on the waiting list as at 30 June in the previous financial year.

Comment on performance

In 2019-20, the ratio of total housing assistances provided relative to public rental waiting list was seven per cent lower than both the target and the previous year. This was mainly due to a 15 per cent decrease of bond assistance loans approved in 2019-20 compared to the previous year and a 11 per cent reduction when compared to the 2019-20 target.

The reduction in approved bond assistance loans reflected a reduced level of demand from public housing applicants due to the increased affordability of private rental housing and other affordable housing options which were available for the majority of 2019-20.

The impact of the COVID-19 pandemic in the June quarter of 2019-20 saw further reductions in bond assistance loans approved and also a reduction of 21 per cent in land sales across land development projects when compared to the 2019-20 target.

Waiting times for accommodation – applicants housed

This indicator measures the Housing Authority's capacity to provide public rental housing to eligible applicants who are on the waiting list. Waiting times for accommodation measures the time between an applicant being listed on the waiting list and when they are housed. The greater the capacity to meet demand, the shorter the waiting time. The waiting time indicator includes properties that are head leased to community housing providers.

Table 104: Waiting times for accommodation – applicants housed

Reporting year	Target average	Target median	Actual average	Actual median
2019-20	**120**	**60**	**94**	**48**
2018-19	–	–	95	45
2017-18	–	–	113	60
2016-17	–	–	139	93
2015-16	–	–	153	121

Table 105: Waiting times for accommodation – proportion of applicants by waiting period

Reporting year	< 1 month (%)	1-12 months (%)	1-3 years (%)	3-5 years (%)	5+ years (%)
2019-20	**7.06**	**45.24**	**28.67**	**9.89**	**9.15**
2018-19	8.26	45.37	26.31	10.01	10.05
2017-18	7.97	39.19	26.60	12.76	13.47
2016-17	5.48	30.29	30.72	14.80	18.72
2015-16	4.56	27.04	28.92	18.13	21.34

Comment on performance

In 2019-20, the average waiting time for accommodation was 22 per cent lower than the target and one per cent lower than the previous year, and the median waiting time was 20 per cent lower than the target. Throughout most of 2019-20, the availability of private rental housing and more affordable housing options had a positive impact on performance.

The increased availability of private rental accommodation and the Housing Authority's many initiatives over recent years and, continual focus and greater attention on alternative pathways such as the Social Housing Investment Package (SHIP) and the Assisted Rental Pathways Pilot, has stimulated the diversity of housing supply and has created more affordable housing opportunities to assist people to transition through the housing continuum. This has led to a general improvement in the average and median public housing waiting times in recent years.

Key efficiency indicators

Service 1: Rental housing

This service contributes to the Housing Authority's outcome by providing eligible Western Australians with:

- public rental housing
- community housing managed properties: rental properties managed by not-for-profit housing companies, community organisations, housing associations, and local governments through the Housing Authority's joint venture and community housing and crisis accommodation programs
- rental housing for key workers in regional Western Australia
- properties for remote Aboriginal communities.

Average operating cost per public rental property

The average operating cost per rental property measures the cost efficiency of rental housing and is calculated by dividing the total cost of the service (total expenses) by the total number of rental properties. The total operating cost of the Rental Housing Service comprises:

- administration costs (employee benefits, supplies and services, and accommodation)
- rental expenses
- finance costs
- depreciation and amortisation
- other expenses
- community support (includes the repair and maintenance of infrastructure, as well as power, water and wastewater in Aboriginal communities and town reserves, which cannot be directly attributed to a property).

Expenses relating to community housing managed properties are borne by both the Housing Authority and the community housing organisations.

Table 106: Average operating cost per public rental property

Reporting year	Target cost	Actual cost
2019-20	**$14,550**	**$17,175**
2018-19	–	$15,513
2017-18	–	$15,631
2016-17	–	$15,176
2015-16	–	$15,342

Comment on performance

In 2019-20, the average operating cost per public rental property was higher than the 2019-20 target and the previous year, mainly due to increased maintenance expenditure arising from higher tenant demand for day-to-day maintenance and increases in credit loss expenses on revenue stream financial assets, largely reflecting customers impacted by the COVID-19 pandemic.

Average operating cost per government regional officers' housing (GROH) rental property

This indicator measures the cost efficiency of providing government regional officers' housing. It is calculated by dividing the total cost of the service (total expenses) by the total number of properties at the end of the year.

The total operating costs of the Government Regional Officers' Housing Service comprise:

- administration costs (employee benefits, supplies and services, and accommodation)
- depreciation and amortisation
- finance costs
- rental expenses
- other expenses.

This service is operated on a cost neutral basis with costs being fully recovered from client agencies.

Table 107: Average operating cost per government regional officers' housing (GROH) rental property

Reporting year	Target cost	Actual cost
2019-20	**$14,929**	**$14,784**
2018-19	–	$24,735
2017-18	–	$25,170
2016-17	–	$25,363
2015-16	–	$27,912

Comment on performance

The average operating cost per Government Regional Officers' Housing (GROH) rental property in 2019-20 was lower than the previous year mainly due to a change in the accounting standards in 2019-20 for AASB 16: Leases. In 2018-19, all rental expenses associated with GROH properties were recognised as rental expenses. From 2019-20, the new accounting standard recognises GROH leased properties as capitalised assets and liabilities, rather than rental expenses.

Service 2: Home loans

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

Average operating cost per current loan account

The average 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.

Table 108: Average operating cost per current loan account

Reporting year	Target cost	Actual cost
2019-20	**$2,501**	**$4,214**
2018-19	–	$3,083
2017-18	–	$2,540
2016-17	–	$2,397
2015-16	–	$2,395

Comment on performance

In 2019-20, the average operating cost per current loan account was greater than the 2019-20 target and the previous year, mainly due to increases in credit loss expenses on financial assets, reflecting customers impacted by the COVID-19 pandemic, in combination with a general increased loss expectation throughout the portfolio as a result of a deterioration in the macro-economic environment.

Service 3: Land and housing supply

This Service contributes to the Housing Authority's outcome by developing land for housing and providing housing for sale to the market.

Average operating cost per lot developed

This indicator measures the cost efficiency of the Housing Authority's land development activities. It is calculated by dividing the total cost of the land component of the service by the number of lots or dwelling unit equivalents developed. The Housing Authority's land development activities include joint venture partnerships, urban development, urban renewal and urban redevelopment.

The total operating cost of the land supply component of the Land and Housing Supply Service does not include 'cost of sales' and comprises:

- administration costs (employee benefits, supplies and services, and accommodation)
- depreciation and amortisation
- finance costs
- rental expenses
- other expenses.

Table 109: Average operating cost per lot developed

Reporting year	Target cost	Actual cost
2019-20	**$22,746**	**$36,188**
2018-19	–	$46,645
2017-18	–	$33,680
2016-17	–	$41,950
2015-16	–	$25,107

Comment on performance

The 2019-20 average operating cost was higher than the target but lower than the previous year. Although the number of lots developed increased when compared to the previous year, it was lower than target largely due to the downturn in the property market, with underlying operating costs remaining static.

Average 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 Housing 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 Housing 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.

Table 110: Average operating cost per property sold

Reporting year	Target cost	Actual cost
2019-20	**$26,647**	**$44,380**
2018-19	–	$35,916
2017-18	–	$32,325
2016-17	–	$32,289
2015-16	–	$31,737

Comment on performance

The variances between the 2019-20 average cost, the previous year and the 2019-20 target is largely attributable to an expected increase in the number of properties to be sold that did not emerge, mainly due to the downturn in the property market, with underlying operating costs remaining static.

Other financial disclosures

Pricing policies

Rent setting for public housing tenants

Rent calculation methods are determined by the Housing Authority and approved by the Minister for Housing under section 30(1) of the Housing Act 1980. Public housing rent setting policy is designed to ensure tenants are charged a rent that is affordable, fair and reflects their capacity to pay. Accordingly, tenants who remain eligible for a public housing subsidy are required to pay either 25 per cent of assessable household income in rent or the Landgate (State Land Information Authority) determined market rent for the property, whichever is lower.

One-off payments or increases to statutory payments in response to the COVID-19 pandemic (e.g. JobKeeper and JobSeeker) were not included in social housing eligibility or rent assessments as they are not considered ongoing income payments and are for a specific purpose.

In response to the COVID-19 pandemic, the State Government introduced the Residential Tenancies (COVID-19 Response) Act 2020, which ensures that rent payable under a tenancy agreement cannot be increased during the emergency period (initially from 30 March to 29 September 2020). Consistent with this response, a six-month freeze was applied on income-based rent paid in public housing and other government housing programs.

On 28 March 2016, the definition of assessable income changed resulting in removal of concessions and inclusion of income types that were previously treated as non-assessable. The new definition of assessable income came into effect to ensure all tenants make a fair and equitable contribution towards their housing costs.

The change resulted in rent increases for most existing tenants at the time. Tenants who occupied on or after 28 March 2016 commenced immediately on the new rent model, whereas tenants who occupied before 28 March 2016 had any resultant weekly rent increase implemented gradually, up to $12 initially, then up to $6 at each annual rent review until they reached paying 25 per cent. As at 1 July 2020, 86% of public housing tenants who occupied before 28 March 2016 have reached paying 25 per cent of their assessable household income under the new definition.

In March 2020, the State Government announced a cap on rent for tenants with disability who receive informal care from a co-resident carer living in the tenant’s social housing property. Implementation of the policy has been delayed due to the COVID-19 pandemic and other operational issues, with the date of activation likely to be towards the end of 2020.

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 regionally-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.

An increase in rent of up to $30 per week for GROH tenants was due to come into effect on 1 July 2019. The State Government deferred the 2019-20 rent increase while a review of the tenant rent setting framework policy is finalised. Additionally, the *Residential Tenancies (COVID-19 Response) Act 2020*, provides a moratorium on rent increases during the emergency period (initially from 30 March to 29 September 2020).

Act of grace payments

As at 30 June 2020, there were no act of grace payments recorded.

Capital works projects

In accordance with Treasurer's Instruction 903(13) (ii), the Housing Authority identifies the capital works projects that remain ongoing at the end of the financial year (Table 111) and the projects completed during the year (Table 112). 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 111: Summary of major capital works projects in progress in 2019–20

Program	Expected year of completion	Balance to be spent $000	Original estimated total cost $000	Revised estimated total cost of project $000	Variance in estimated total cost $000	Explanation
Broome Move to Town	2020-21	1,359	12,072	12,587	515	–
Disability Services Social Housing Program	2022-23	6,687	25,244	26,124	880	–
East Kimberley Transitional Housing Project – North West Aboriginal Fund (NWAHF)	2020-21	15,628	32,306	32,306	–	–
Family and Domestic Violence Refuges (FDV)	2020-21	3,011	5,000	5,379	379	–
Metronet Social and Affordable Housing and Jobs Package	2022-23	34,698	40,975	44,347	3,372	–
Reconfiguration of the Spinal Cord Injury Service	2020-21	5,927	7,166	6,825	-341	–

Program	Expected year of completion	Balance to be spent $000	Original estimated total cost $000	Revised estimated total cost of project $000	Variance in estimated total cost $000	Explanation
West Pilbara Plan – Roebourne Refurbishment	2020-21	286	2,848	3,086	238	–
Hedland Transitional Housing Project (NWAHF)	2021-22	2,000	2,000	2,000	–	–
Mental Health Care Units	2020-21	2,385	2,950	2,950	–	–
Step Up/Step Down Mental Health Facilities – Bunbury	2020-21	100	4,560	3,910	-650	–
Step Up/Step Down Mental Health Facilities – Kalgoorlie	2020-21	5,127	5,600	6,639	1,039	–

Table 112: Summary of capital works projects completed in 2019–20

Program	Forecast cost of project	Actual cost of project $000	Variance $000	Explanation
Broome Short Stay Accommodation	20,115	18,695	-1,420	
Disability Justice Project	1,200	1,042	-158	.

Employment and industrial relations

The Chief Executive Officer uses the resources of the Department of Communities to perform functions of the Housing Authority. The Department of Communities' Annual Report for 2019–20 provides information on employment and industrial relations.

Section 40 estimates

In accordance with Treasurer's Instruction 953, the section 40 estimates will be available on the Department of Communities' website.

Other statutory information

Ministerial directives

No ministerial directives were received during 2019–20.

Governance disclosures

Subsidiaries

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

The Board of Directors of the Keystart group of companies comprises one director from the Authority and five directors from the private sector. The Authority holds 100 per cent of the total shareholding in:

- Keystart Bonds Ltd
- Keystart Loans Ltd
- Keystart Support Pty Ltd
- Keystart Support (Subsidiary) Pty Ltd.
- Keystart Loans Ltd owns 100 per cent of Keystart Scheme Management Pty Ltd.

The Authority is the majority shareholder in Goldmaster Enterprises Pty Ltd with 88 per cent ownership. The board comprises two directors from the Authority and one from the private sector.

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

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

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

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

Contracts with senior officers

In 2019–20, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Housing Authority other than normal contracts of employment of service.

Director’s indemnity insurance

In 2019–20, the Housing Authority paid insurance premiums in respect of the liability of officers of the Housing Authority in their capacity as directors and officers. The insurance policy covers: costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome, and other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

Insurance

In accordance with Treasurer’s Instruction 812, the Housing Authority maintains an appropriate level of insurance cover for insurable risks. Effective from 1 July 2004, the Housing Authority has adopted a general policy of not insuring its residential property assets as it is considered uneconomical. As part of the Housing Authority’s ongoing risk management processes, a comprehensive analysis of the risk exposure to its residential property assets was completed during 2012. The Housing Authority’s residential property assets continue to remain uninsured as it is considered uneconomical to do so. A review is currently being undertaken on the economic viability of insuring the Housing Authority’s residential assets with a replacement value of less than $10 million.

The Housing Authority does, however, insure:

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

The Housing Authority’s other insurance programs are a combination of insurance policies provided by commercial insurance providers and the State Government’s RiskCover fund. As per Treasurer’s Instruction 825, insurance is complemented by a comprehensive approach to risk management and prudent management policies and practice.

Advertising

In accordance with section 175ZE of the *Electoral Act 1907*, the Housing Authority incurred expenditure in advertising and media advertising. Total expenditure for 2019–20 was $1,132,522.10 (Table 113).

Table 113: Advertising expenditure for 2019–20

Category	2019–20 ($)
Advertising agencies	**-**
Mymedia Intelligence Pty Ltd	6,006
Rare Pty Ltd atf The Services Unit Trust t/a Rare Branding o	127,366
Market research organisations	**-**
Polling organisations	**-**
Direct mail organisations	**-**
Media advertising organisations	**-**
Carat Australia Media Services Pty Ltd	780,597
Initiative Media Australia Pty Ltd	162,196
Facebook	15,756
Google	22,322
Initiative Media Austr	14,839
Linkedin	810
Mailchimp	1,491
Marsh Agencies	875
Twitter	265
Total	**1,132, 523**

Personal expenditure on Government credit cards

In accordance with Treasurer's Instruction 321, officers are prohibited from using Government-issued credit cards for personal purposes. Treasurer's Instructions 903(13)(iv) requires the Housing Authority to disclose information relating to personal use. Table 114 details the personal expenditure using Government-issued credit cards in 2018–19.

Table 114: Personal expenditure using Government-issued credit cards in 2019–20

Personal expenditure	2019–20
Number of instances the Western Australian Government purchasing card has been used for a personal purpose	35
Aggregate amount of personal use expenditure for the reporting period	$1,159.99
Aggregate amount of personal use expenditure settled by the due date	$971.77
Aggregate amount of personal use expenditure settled after the period required by the due date	$125.92
Aggregate amount of personal use expenditure outstanding at the end of the reporting period	$62.30
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	$Nil

Disability access and inclusion plan

The Housing 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 its disability access and inclusion plan, which is reported in the Department of Communities' Annual Report for 2019–20.

Substantive equality

The Housing Authority's commitment to substantive equality is reported in the Department of Communities' Annual Report for 2019–20.

Recordkeeping plan

The Housing Authority's recordkeeping plan is reported in the Department of Communities' Annual Report for 2019–20.

Government policy requirements

Compliance with public sector standards and ethical codes

The Chief Executive Officer uses the resources of the Department of Communities to perform the functions of the Housing Authority. The Department of Communities' Annual Report for 2019–20 provides information on compliance with public sector standards and ethical codes.

Occupational safety, health and injury management

The Housing Authority is committed to providing, maintaining and promoting safe and healthy work practices in all aspects of its business.

The Department of Communities' Annual Report for 2019–20 provides information on the workers' compensation and injury management performance.

Appendix

Housing head maintenance contracts

In accordance with the recommendations of the Public Accounts Committee (report numbers 8 and 13), each year the Housing Authority publishes information in relation to the head maintenance contract model, providing an overview of the head contractors' performance to demonstrate how the Housing Authority is realising better maintenance outcomes in the areas of timeliness, reduced costs, and quality of workmanship. Relevant information for 2019–20 can be found below.

Maintaining properties

Maintenance services are performed on more than 51,000[1] residential properties across the State, including GROH dwellings and 112 remote and town-based Aboriginal communities.

In 2019–20, Communities issued an average of more than 19,000 job orders per month and spent $212.9 million[2] on day-to-day maintenance, vacated maintenance, refurbishments and improvements, planned and cyclical maintenance, estate maintenance and insurance work.

Asbestos management

The Housing Authority is committed to protecting the health and safety of tenants, staff, maintenance contractors and visitors from the risks associated with asbestos-containing materials within its assets. All known asbestos in public housing and in properties owned and controlled by the Housing Authority are 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.

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[1] Property housing types comprise public housing, community housing, Government Regional Officers Housing, Aboriginal housing and non-government organisation housing.
[2] Due to later tabling of Housing Authority 2019-20 annual report this figure was adjusted after the tabling of the Department of Communities 2019-20 annual report and the figure on page 71 of that report is incorrect.

Head maintenance contracts

Maintenance services are delivered via the Housing Authority's four head maintenance contractors:

- Lake Maintenance (Western Australia) Pty Ltd – East and West Kimberley, Goldfields and Wheatbelt regions
- Pindan Contracting Pty Ltd – Midwest, Gascoyne and Pilbara regions
- Programmed Facility Management Pty Ltd – South Metropolitan, South West and Great Southern regions
- Spotless Facility Services Pty Ltd – North Metropolitan and South East Metropolitan regions.

Head contractors are managed under a performance management framework that operates on an incentive and abatement process, including following up non-compliance issues. Key performance indicators are used to assist in identifying performance issues and informing business improvement opportunities.

Maintenance audit methodology and statistics

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

- a description of its audit methodology
- the number of works orders valued under $500 that are audited each year
- confirmation of the total number (and percentage) of non-compliant works orders
- a breakdown of this number (and percentage) for each area of non-compliance
- a summary of the strategies it is undertaking to address non-compliance issues
- a clear explanation of each of the key performance indicators, including confirmation as to which of the five overarching performance categories (safety, timeliness, tenant satisfaction, quality and participation) each key performance indicator applies
- publication of the target (benchmark) figure for each key performance indicator along with the actual level of performance achieved
- a table for each of the four current head contractors indicating the level of performance against all key performance indicators.

Head maintenance contract audit methodology

The head maintenance contract audit methodology consists of:

- inspections and works order audits by the head contractor (head contractor quality assurance system)
- inspections by the Housing Authority prior to payment (Housing Authority payment authorisations)
- physical review and desktop audits on paid works to the head contractor (Housing Authority quality assurance audits).

The methodology is outlined below:

Preventative controls

Works orders completed:

- confirm works order have been satisfactorily completed for billing
- provide compliance and assurance results to the Housing Authority as supporting information for works orders billed.

Head Maintenance Contractors (HMC) quality system

Compliance and assurance activities 1809001:2008 standards:

- onsite inspections
- desktop analysis
- tenant satisfaction surveys
- 100 per cent vacant properties inspected.

Invoice verification:

- check accuracy of works orders billed
- check physical completion of works orders billed.

Housing Authority (Client Services)

Payment authorisation checks of invoices for consistency against:

- schedule of rates
- budget codes
- documentation.

Physical inspections for following works orders:

- void (vacant) properties
- tenant liability charges
- budget code of insurance, planned or cyclical
- safety device or appliance
- asbestos removal and remediation

- over $500 for a metro region (excluding travel)
- over $1,000 for a country region (excluding travel).

Detective controls

Post payment quality assurance:

- check works orders delivered to technical specifications and quality
- provide remediation actions and feedback business improvement activities to HMCs
- recoup incorrectly billed works orders amounts.

Housing Authority, Head Contractor Maintenance Performance (HMCP)

5 per cent of paid works orders and sample selection criteria

Sample selection criteria

Testing regime including:

- onsite inspections
- desktop audits (process)
- work orders reviews (technical).

Testing checklist, results and actions from sample selection criteria:

- rectify
- recoup
- business improvement activities
- contract management.

Audited works orders statistics 2019–20

Table 115: Paid works orders audited 1 July 2019 – 30 June 2020

Measure	Works orders	Percentage (1)
Number of paid works orders	202,735	–
Number of audited works orders over $500	8,616	4%
Number of audited works orders under $500	3,473	2%
Number of non-compliant audited works orders over $500	2,578	30%
Number of non-compliant audited works orders under $500	733	21%

Note:

(1) The calculation of this percentage is the number of non-compliant audited works orders over $500, divided by the number of audited works orders over $500 to gain the percentage.

Head maintenance contract key performance indicators

Key performance indicator definitions

The Housing Authority measures the performance of the head contractors against 15 key performance indicators as explained in table 116.

Table 116: Explanation of the head maintenance contract key performance indicators assessed throughout 2019–20 including overarching performance categories and target

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
KPI 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	100% of Health, safety and environmental management plan provided

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
			• take five safety check (or equivalent) completed for all schedule of rates work.	
KPI 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)
KPI 3	Timeliness	Emergency	Attend and restore or repair life threatening safety issue within 8 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
KPI 4	Timeliness	Urgent	Attend and restore or repair essential service(s) within 24 hours of issue of the works order to the contractor	95% of paid urgent works orders completed within 24 hours of issue of the works orders to the contractor

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
KPI 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
KPI 6	Timeliness	Void	Attend and complete void maintenance activity within 14 days of issue of the works order to the contractor	Average of 14 days for the completion of paid void maintenance works orders for the relevant performance review quarter
KPI 7	Timeliness	Routine	Attend and repair within 28 days of issue of the works order to the contractor	95% of paid routine works orders completed within 28 days of issue of the works orders to the contractor
KPI 8	Timeliness	Timeliness of invoices (payment claims)	Submission of compliant payment claims (compliant with all requirements of the contract) within 14 days following completion of all maintenance works and	90% of payment claims submitted within 14 days of completion of all maintenance works and services the subject of a works order

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
			services the subject of a works order	
KPI 8A	Timeliness	Quoted (instruction)	Provide required number of quotes and recommended respondent within agreed timeframe	95%
KPI 8B	Timeliness	Quoted (works)	Attend and complete quoted work activity within agreed timeframe	95%
KPI 9[3]	–	–	–	–
KPI 10	Quality	Non-defective works	Non-defective works orders as a percentage of total maintenance works and services works orders completed in the relevant performance review quarter	90%
KPI 11	Quality	Improvement notices	Number of improvement notices achieving the outcome sought to the satisfaction of the Principal in the agreed time for completion against the number issued for the	95%

[3] KPI 9 removed as a standalone KPI in contract year 4 and incorporated into new key performance indicator 12A.

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
			relevant performance review quarter	
KPI 12	Quality	Compliance notices	Number of compliance notices achieving the outcome sought to the satisfaction of the Principal in the agreed time for completion against the number issued for the relevant performance review quarter	100%
KPI 12A	Quality	Maintenance works and services target inspections	Number of inspections completed as a percentage of the number of inspections undertaken to be completed in the contractor's operational plan	100%
KPI 13	Participation	Industry participation plan	Plan complied with	100% compliance
KPI 14	Participation	Indigenous employment and enterprise plan	Plan complied with	100% compliance
KPI 14A	Participation	Indigenous employment	Number of indigenous personnel engaged in performing work in connection with the contract during the relevant performance review	The benchmark is dependent on the region, ranging from 5% to 20%

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
			quarter as a percentage of all personnel engaged in performing work in connection with the contract during the relevant performance review quarter	
KPI 14B	Participation	Indigenous enterprise	Number of indigenous businesses engaged as subcontractors in performing work in connection with the contract during the relevant performance review quarter as a percentage of all businesses engaged in performing work in connection with the contract during the relevant performance review quarter	The benchmark is dependent on the region, ranging from 5% to 20%
KPI 15	Participation	Apprenticeship plan	Plan complied with	100% compliance

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
KPI 15A	Participation	Apprenticeships	Number of apprentices engaged by the contractor or its subcontractors who are performing work in connection with the contract during the relevant performance review quarter achieve the ratio of at least 1 apprentice for each $1m in payments made by the Principal to the contractor under the contract in the relevant performance review quarter (rounded up to nearest $1million)	100% compliance

Head contractor performance 2019–20

The Housing Authority measures, monitors and reports head contractor performance under the head maintenance contract against individual contract areas on a quarterly basis. This reporting process provides the most accurate measurement of performance because it is measuring fixed quarterly performance against each contract area in line with the contract's performance management framework. This reporting is outlined by quarter in tables 117 to 124.

Head contractor performance 2019–20

Table 117: Head maintenance contract key performance indicator performance: Part 1, year 6 quarter 1 (1 July 2019 to 30 September 2019)

Head maintenance contract KPI results	Benchmark	East Kimberley contract area	Goldfields contract area	West Kimberley contract area	Wheatbelt contract area	Great Southern contract area	South Metro contract area
KPI 1 Health, safety and environmental management plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100%	93.5%	91.7%	92.3%	92.0%	98.2%	99.4%
KPI 4 Urgent (24 hours)	95%	80.7%	84.2%	75.4%	86.5%	82.3%	90.3%
KPI 5 Priority (48 hours)	95%	82.2%	78.1%	73.9%	82.2%	85.5%	92.7%
KPI 6 Void (average days)	14	11.3	12.2	12.2	5.5	9.1	17.1
KPI 7 Routine (28 days)	95%	90.8%	85.9%	91.1%	90.9%	84.1%	81.4%
KPI 8 Timeliness of invoices	90%	92.2%	94.1%	88.6%	93.4%	84.2%	89.7%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 8b Quoted (works)	95%	87.5%	100.0%	100.0%	85.7%	75.0%	75.0%
KPI 10 Non-defective works	90%	97.5%	97.6%	97.1%	98.4%	99.0%	98.7%
KPI 11 Improvement notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Head maintenance contract KPI results	Benchmark	East Kimberley contract area	Goldfields contract area	West Kimberley contract area	Wheatbelt contract area	Great Southern contract area	South Metro contract area
KPI 12a Maintenance works and services target inspections	100%	99.7%	100.0%	99.1%	99.6%	100.0%	100.0%
KPI 13 Industry participation plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14 Indigenous employment and enterprise plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a† Indigenous employment	5-20%	21.2%	13.0%	35.5%	4.8%	6.1%	7.9%
KPI 14b† Indigenous enterprise	5-20%	11.8%	11.1%	20.7%	5.3%	8.3%	25.0%
KPI 15 Apprenticeship plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

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

Table 118: Head maintenance contract key performance indicator performance: Part 2, year 6 quarter 1 (1 July 2019 to 30 September 2019)

Head maintenance contract KPI results	Benchmark	South West contract area	Midwest Gascoyne contract area	Pilbara contract area	North Metro contract area	South East Metro contract area
KPI 1 Health, safety and environmental management plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100%	96.7%	92.4%	97.5%	98.3%	99.0%
KPI 4 Urgent (24 hours)	95%	76.0%	74.0%	70.2%	93.4%	90.6%
KPI 5 Priority (48 hours)	95%	74.2%	78.8%	73.2%	95.2%	95.4%
KPI 6 Void (average days)	14	11.2	14.8	16.9	8	8.3
KPI 7 Routine (28 days)	95%	79.4%	79.6%	87.7%	93.3%	93.0%
KPI 8 Timeliness of invoices	90%	85.8%	93.6%	96.3%	93.5%	94.8%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 8b Quoted (works)	95%	100.0%	81.8%	100.0%	42.9%	50.0%
KPI 10 Non-defective works	90%	96.8%	97.3%	98.4%	98.6%	98.6%
KPI 11 Improvement notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12a Maintenance works and services target inspections	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 13 Industry participation plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%

Head maintenance contract KPI results	Benchmark	South West contract area	Midwest Gascoyne contract area	Pilbara contract area	North Metro contract area	South East Metro contract area
KPI 14 Indigenous employment and enterprise plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a† Indigenous employment	5-20%	7.3%	10.6%	18.4%	7.3%	6.0%
KPI 14b† Indigenous enterprise	5-20%	6.3%	10.0%	23.2%	10.3%	10.0%
KPI 15 Apprenticeship plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

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

Table 119: Head maintenance contract key performance indicator performance: Part 1, year 6 quarter 2 (1 October 2019 to 31 December 2019)

Head maintenance contract KPI results	Benchmark	East Kimberley contract area	Goldfields contract area	West Kimberley contract area	Wheatbelt contract area	Great Southern contract area	South Metro contract area
KPI 1 Health, safety and environmental management plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100%	96.5%	94.0%	87.3%	84.3%	94.4%	99.4%
KPI 4 Urgent (24 hours)	95%	75.9%	84.3%	66.0%	79.6%	82.3%	93.1%
KPI 5 Priority (48 hours)	95%	84.1%	77.6%	71.4%	80.9%	85.2%	93.1%
KPI 6 Void (average days)	14	11.7	6.4	12.9	6.8	11.1	13.8
KPI 7 Routine (28 days)	95%	94.0%	93.6%	92.4%	94.3%	75.6%	84.0%
KPI 8 Timeliness of invoices	90%	84.3%	95.3%	86.5%	88.1%	81.8%	91.2%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 8b Quoted (works)	95%	100.0%	100.0%	80.0%	75.0%	100.0%	85.0%
KPI 10 Non-defective works	90%	97.8%	97.8%	97.5%	98.5%	99.1%	98.7%
KPI 11 Improvement notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12a Maintenance works and services target inspections	100%	95.9%	100.0%	100.0%	100.0%	100.0%	100.0%

Head maintenance contract KPI results	Benchmark	East Kimberley contract area	Goldfields contract area	West Kimberley contract area	Wheatbelt contract area	Great Southern contract area	South Metro contract area
KPI 13 Industry participation plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14 Indigenous employment and enterprise plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a† Indigenous employment	5-20%	21.9%	13.0%	35.5%	4.8%	5.8%	7.7%
KPI 14b† Indigenous enterprise	5-20%	12.5%	11.1%	20.7%	5.3%	8.0%	23.3%
KPI 15 Apprenticeship plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

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

Table 120: Head maintenance contract key performance indicator performance: Part 2, year 6 quarter 2 (1 October 2019 to 31 December 2019)

Head maintenance contract KPI results	Benchmark	South West contract area	Midwest Gascoyne contract area	Pilbara contract area	North Metro contract area	South East Metro contract area
KPI 1 Health, safety and environmental management plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100%	97.3%	94.3%	91.3%	98.1%	97.5%
KPI 4 Urgent (24 hours)	95%	79.5%	77.2%	72.5%	97.8%	97.1%
KPI 5 Priority (48 hours)	95%	80.5%	83.0%	78.2%	95.7%	96.3%
KPI 6 Void (average days)	14	13.6	11.7	13.8	8.7	10.4
KPI 7 Routine (28 days)	95%	79.7%	84.3%	89.1%	95.2%	89.7%
KPI 8 Timeliness of invoices	90%	81.4%	94.9%	95.6%	92.6%	92.3%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 8b Quoted (works)	95%	90.0%	100.0%	100.0%	91.7%	90.0%
KPI 10 Non-defective works	90%	98.2%	97.9%	98.1%	98.9%	98.3%
KPI 11 Improvement notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12a Maintenance works and services target inspections	100%	100.0%	100.0%	100.0%	100.0%	100.0%

Head maintenance contract KPI results	Benchmark	South West contract area	Midwest Gascoyne contract area	Pilbara contract area	North Metro contract area	South East Metro contract area
KPI 13 Industry participation plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14 Indigenous employment and enterprise plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a† Indigenous employment	5-20%	7.0%	10.2%	18.8%	3.7%	3.1%
KPI 14b† Indigenous enterprise	5-20%	6.1%	9.1%	21.7%	10.3%	7.7%
KPI 15 Apprenticeship plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

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

Table 121: Head maintenance contract key performance indicator performance: Part 1, year 6 quarter 3 (1 January 2020 to 31 March 2020)

Head maintenance contract KPI results	Benchmark	East Kimberley contract area	Goldfields contract area	West Kimberley contract area	Wheatbelt contract area	Great Southern contract area	South Metro contract area
KPI 1 Health, safety and environmental management plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100%	90.7%	89.3%	92.1%	88.6%	95.2%	99.1%
KPI 4 Urgent (24 hours)	95%	75.0%	83.3%	68.7%	81.5%	82.3%	92.7%
KPI 5 Priority (48 hours)	95%	84.9%	77.3%	71.7%	85.7%	88.5%	94.0%
KPI 6 Void (average days)	14	13.5	7.3	11.8	7.2	7.7	12.9
KPI 7 Routine (28 days)	95%	91.0%	92.2%	87.9%	95.0%	83.3%	88.9%
KPI 8 Timeliness of invoices	90%	74.8%	94.8%	82.3%	87.4%	85.0%	92.2%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 8b Quoted (works)	95%	62.5%	87.5%	81.8%	100.0%	100.0%	66.7%
KPI 10 Non-defective works	90%	97.6%	98.2%	96.6%	99.0%	99.9%	98.9%
KPI 11 Improvement notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12a Maintenance works and services target inspections	100%	98.1%	99.6%	99.6%	99.9%	100.0%	100.0%

Head maintenance contract KPI results	Benchmark	East Kimberley contract area	Goldfields contract area	West Kimberley contract area	Wheatbelt contract area	Great Southern contract area	South Metro contract area
KPI 13 Industry participation plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14 Indigenous employment and enterprise plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a† Indigenous employment	5-20%	23.1%	6.7%	32.1%	3.5%	6.6%	7.9%
KPI 14b† Indigenous enterprise	5-20%	22.2%	10.7%	23.5%	2.4%	8.0%	22.6%
KPI 15 Apprenticeship plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

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

Table 122: Head maintenance contract key performance indicator performance: Part 2, year 6 quarter 3 (1 January 2020 to 31 March 2020)

Head maintenance contract KPI results	Benchmark	South West contract area	Midwest Gascoyne contract area	Pilbara contract area	North Metro contract area	South East Metro contract area
KPI 1 Health, safety and environmental management plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100%	97.6%	93.6%	86.0%	97.7%	98.3%
KPI 4 Urgent (24 hours)	95%	83.6%	73.3%	65.5%	98.1%	96.5%
KPI 5 Priority (48 hours)	95%	84.0%	80.8%	75.8%	96.1%	95.9%
KPI 6 Void (average days)	14	10.4	12.5	14.6	8.4	11.9
KPI 7 Routine (28 days)	95%	82.9%	84.7%	86.6%	93.7%	92.2%
KPI 8 Timeliness of invoices	90%	85.7%	94.1%	95.2%	89.9%	86.3%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 8b Quoted (works)	95%	100.0%	85.7%	100.0%	100.0%	66.7%
KPI 10 Non-defective works	90%	98.1%	98.2%	97.8%	98.9%	98.5%
KPI 11 Improvement notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12a Maintenance works and services target inspections	100%	100.0%	100.0%	100.0%	97.9%	100.0%
KPI 13 Industry participation plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%

Head maintenance contract KPI results	Benchmark	South West contract area	Midwest Gascoyne contract area	Pilbara contract area	North Metro contract area	South East Metro contract area
KPI 14 Indigenous employment and enterprise plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a† Indigenous employment	5-20%	7.9%	11.2%	18.4%	6.7%	5.3%
KPI 14b† Indigenous enterprise	5-20%	6.3%	10.1%	22.4%	10.5%	7.7%
KPI 15 Apprenticeship plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

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

Table 123: Head maintenance contract key performance indicator performance: Part 1, year 6 quarter 4 (1 April 2020 to 30 June 2020)

Head maintenance contract KPI results	Benchmark	East Kimberley contract area	Goldfields contract area	West Kimberley contract area	Wheatbelt contract area	Great Southern contract area	South Metro contract area
KPI 1# Health, safety and environmental management plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 2 Statutory notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100%	97.0%	95.8%	88.4%	93.7%	99.0%	98.8%
KPI 4 Urgent (24 hours)	95%	78.6%	86.3%	73.6%	85.2%	85.6%	93.3%
KPI 5 Priority (48 hours)	95%	88.3%	79.7%	77.3%	88.8%	86.3%	94.7%
KPI 6 Void (average days)	14	15.8	4.4	17.4	6.3	8.7	7.7
KPI 7 Routine (28 days)	95%	93.3%	94.2%	89.2%	94.3%	84.5%	92.9%
KPI 8 Timeliness of invoices	90%	96.1%	96.9%	92.9%	95.0%	90.8%	92.2%
KPI 8a Quoted (instruction)	95%	85.7%	100.0%	100.0%	100.0%	83.3%	100.0%
KPI 8b Quoted (works)	95%	66.7%	87.5%	87.5%	60.0%	54.5%	93.8%
KPI 10 Non-defective works	90%	96.9%	98.1%	95.9%	98.4%	99.8%	99.1%
KPI 11 Improvement notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12a Maintenance works and services target inspections	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Head maintenance contract KPI results	Benchmark	East Kimberley contract area	Goldfields contract area	West Kimberley contract area	Wheatbelt contract area	Great Southern contract area	South Metro contract area
KPI 13 Industry participation plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14 Indigenous employment and enterprise plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a† Indigenous employment	5-20%	18.3%	7.7%	25.0%	5.7%	5.8%	7.8%
KPI 14b† Indigenous enterprise	5-20%	55.6%	10.3%	23.5%	4.9%	7.7%	21.9%
KPI 15 Apprenticeship plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

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

Table 124: Head maintenance contract key performance indicator performance: Part 2, Year 6 quarter 4 (1 April 2020 to 30 June 2020)

Head maintenance contract KPI results	Benchmark	South West contract area	Midwest Gascoyne contract area	Pilbara contract area	North Metro contract area	South East Metro contract area
KPI 1 Health, safety and environmental management plan	100%	100.0%	100.0%	100.0%	100.0%	0.0%
KPI 2 Statutory notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100%	96.9%	94.2%	95.7%	98.5%	98.5%
KPI 4 Urgent (24 hours)	95%	82.2%	73.1%	61.6%	97.3%	96.9%
KPI 5 Priority (48 hours)	95%	79.0%	79.1%	73.4%	95.0%	93.9%
KPI 6 Void (average days)	14	10.5	10.6	11.1	8.0	10.7
KPI 7 Routine (28 days)	95%	83.6%	86.2%	79.7%	95.4%	91.9%
KPI 8 Timeliness of invoices	90%	89.0%	93.9%	95.9%	95.6%	95.8%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 8b Quoted (works)	95%	100.0%	100.0%	79.2%	81.3%	100.0%
KPI 10 Non-defective works	90%	97.6%	98.2%	98.6%	99.1%	98.3%
KPI 11 Improvement notices	95%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12 Compliance notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 12a Maintenance works and services target inspections	100%	100.0%	91.8%	100.0%	100.0%	100.0%
KPI 13 Industry participation plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%

Head maintenance contract KPI results	Benchmark	South West contract area	Midwest Gascoyne contract area	Pilbara contract area	North Metro contract area	South East Metro contract area
KPI 14 Indigenous employment and enterprise plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a† Indigenous employment	5-20%	6.2%	9.9%	16.6%	5.7%	6.7%
KPI 14b† Indigenous enterprise	5-20%	6.1%	8.3%	21.1%	10.0%	9.5%
KPI 15 Apprenticeship plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 15a Apprenticeships	100%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

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

Head contractor quality assurance system

Under the maintenance contracts, the head contractors must have a quality system that includes a minimum number of inspections on all completed works comprising on-site inspections, desktop analysis and tenant satisfaction surveys. In addition to this, 100 per cent of vacant properties (voids) are physically inspected.

Compliance and assurance activities to ISO 9001:2008 standards are a key component of the head maintenance contract. ISO 9001:2008 is focused on meeting customer expectations and delivering customer satisfaction.

Quality assurance audits

The Housing Authority's agreed audit methodology for sampling and selecting physical and desktop compliance inspections on paid works orders per head contractor includes:

- identification of high risk/high volume works orders, for example electrical safety devices, emergency premium claims and travel claims
- trend analysis (month to month) across all licensed and general trades based on previous audit findings
- seasonal issues, for example room heaters, flues, gutters and roof leaks.

The Housing Authority's maintenance technical advisors (which includes licensed electricians, plumbers/gas fitters and experienced general tradespeople) conduct physical inspections on works orders to identify compliance, check measurements, quantity and review of workmanship and quality. Qualified advisors conduct reviews to identify works order claims that do not comply with contractual business rules, general and technical specifications. Desktop audits are conducted to identify issues relating to the accuracy and appropriateness of quantity or measurements and document compliance. Any issues identified are raised directly with the head contractor to rectify or can result in a physical inspection to verify.

Each of these audit methods may result in the Housing Authority issuing a direction to the head contractor to re-perform or correct any matters identified.

Payment authorisations

The Housing Authority reviews works orders prior to payment for the following:

- correct schedule of rates applied for location, quantities and measurements are claimed (including travel)
- correct budget codes have been applied
- required documentation is supplied in line with schedule of rates requirements.

In addition, a physical inspection of the works must be completed where the works order contains any of the following criteria:

- void (vacant properties)
- tenant liability charges (where tenants have been charged for repairs)
- any budget code for insurance, planned or cyclical (quoted works)
- any safety device or appliance installed
- asbestos removal and remediation
- works orders over $500 for a metropolitan region or over $1,000 for a country region (excluding travel).

Works found to be non-compliant are referred to the head contractor for rectification prior to payment being made.

Addressing head contractor non-compliance

Non-compliance issues identified are followed up by the Housing Authority. Actions undertaken include:

- pursued recoups and refunds in relation to incorrect measurements claimed
- directed head contractors to supply missing items when details were not provided as required
- where work was not to technical specifications, directions were given to re-perform or correct non-compliant works
- the Housing Authority identified recoups to the value of $1,397,200.92 during 2019–20.

The Housing Authority has also undertaken several approaches to validate the self-reported performance results of the head contractors, which provide opportunities for continuous improvement. This includes but is not excluded to:

- engaging qualified tradesmen, compliance and business improvement officers to undertake on-site quality audit inspections and desktop audits
- operational and quality assurance meetings with the head contractors to address any issues relating to non-compliance matters
- supporting tools and materials, such as the development of business rules, which are circulated as and when required
- toolbox workshop collaborative sessions between the Housing Authority and head contractors
- embedding the Housing Authority's Quality Assurance Framework
- monthly audit reports capturing monthly trends and issues.

Table 125: Non-compliant audited works orders 1 July 2019 to 30 June 2020 number (and percentage) for each area of non-compliance (1)

Non-compliance reason (2)	Works orders	Category	Percentage
Labour added by head contractor exceeds authority limit	2	1	0.0%
Labour added by head contractor without details	25	2	0.4%
Labour value incorrectly claimed	37	3	0.6%
Material added by head contractor exceeds authority limit	0	1	0.0%
Material added by head contractor without details provided	10	2	0.2%
Material value incorrectly claimed	118	3	1.8%
Schedule of rates incorrectly claimed	1692	3	26.4%
Schedule of rates added not related to original task	198	1	3.1%
Duplication of schedule of rates	176	3	2.7%
Detail not provided as required by schedule of rates	411	2	6.4%
Included in other schedule of rates claimed	1617	3	25.2%
Incorrect measurement or quantity claimed	699	3	10.9%
Workmanship non-compliant	237	4	3.7%
Task not done or incomplete	37	4	0.6%
Task not done and not required	84	4	1.3%
Head contractor claimed schedule of rate above self-variation threshold	14	1	0.2%
System issue	0	2	0.0%
Variable travel	381	3	5.9%
Emergency premium	115	3	1.8%

Table 126: Non-compliant audited works orders 1 July 2019 to 30 June 2020 number (and percentage) for each area of non-compliance (1) – By category

Non-compliance reason (2) – By category	Works orders	Category	Percentage
Category 1 – Unauthorised works carried out	1	214	3%
Category 2 – Administrative/documentation gaps	2	446	7%
Category 3 – Incorrect financial charges applied	3	4835	75%
Category 4 – Quality/workmanship issues	4	358	6%

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) Appendix: Head maintenance contract, Table 125, provides descriptions of non-compliance items as listed in this table.

Non-compliant items definitions

The following list provides definitions for each of the non-compliant items within the head maintenance contract.

Labour claimed without authority
Head contractor has added a labour claim to a works order without authorisation from the Housing Authority.

Labour issued without details
The Housing Authority has added a labour schedule of rates without sufficient detail.

Material value incorrectly claimed
Receipt produced by head contractor does not match the value being claimed on the works order.

Schedule of rates incorrectly claimed
Schedule of rates item has either been issued incorrectly by the Housing Authority or incorrectly claimed by head contractor.

Incorrect measurement claimed
As a result of an audit of works, measurements have been found to be incorrect.

Schedule of rates added not related to original task
Head contractor has added an additional schedule of rates task to the works order, which does not relate to the original task requested by the Housing Authority.

Duplication of schedule of rates
Schedule of rates item has been duplicated either by issuing officer (the Housing Authority) or by head contractor duplicating schedule of rates item when returning works order.

Multiple of schedule of rates cannot be claimed
The Housing Authority's business rules do not allow for more than one of the schedule of rates items to be claimed on each works order.

Incorrect or illogical location
Location listed on works order at the time of issuance, or when returned by head contractor, does not reflect the correct location of works undertaken. This only affects the Housing Authority's historical records.

Detail not provided as required by schedule of rates
The Housing Authority's specifications require certain documents to be returned upon completion of works. Documents may include receipts, inspection reports and compliance certificates.

Included in other schedule of rates claimed
New schedule of rates task has been added to the works order. New works incorporate the original task, which has not been removed prior to returning the works order to the Housing Authority.

Incorrect schedule of rates issued
Incorrect schedule of rates issued by the Housing Authority. The head contractor has not corrected the works order prior to returning to the Housing Authority. Incorrect issuance may be as a result of information supplied by tenant.

Incorrect measurement issued
The Housing Authority has issued works order with incorrect measurement or quantity, and head contractor has not amended prior to returning works order. Incorrect measurement or quantity may be as a result of information supplied by the tenant.

Faulty workmanship
Works are of poor quality e.g. painting light switches.

Task on works order not done
The head contractor has omitted to do the task on the works order.

Task on works order not complete
The head contractor has not completed the task on the works order.

Work not to technical specifications
The required work was not completed to technical specifications.

Warranty management
Appliances or products that are covered under warranty have been removed and new products installed or have had service works completed when warranty should have covered the works.

Product or manufacturer defect
There was a product or manufacturer defect causing the item or works order task to be non-compliant.

System issue
A system issue caused the works order to be non-compliant.

Variable travel
The head contractor has claimed travel in conflict with the agreed travel rules.

Emergency premium
The head contractor has claimed an emergency premium payment in conflict with the agreed business rules.