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

Housing Authority

Annual Report 2022-23

Accessibility statement

The Department of Communities 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

Acknowledgment of Country

The Department of Communities proudly acknowledges Traditional Custodians throughout Western Australia and recognises their continuing connection to the land and waters, families and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders past and present.

Statement of compliance

Minister for Planning; Lands; Housing; Homelessness

For the year ended 30 June 2023

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the annual report of the Housing Authority for the financial year ended 30 June 2023.

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

Mike Rowe
Chief Executive Officer
Accountable Authority
16 October 2023

Contents

Overview

Overview

Operational structure

The Department of Communities (the Department) was established on 1 July 2017 under the *Public Sector Management Act 1994*. At the creation of the Department, the Disability Services Commission (the Commission) and the Housing Authority (the Authority) joined the new Department.

The Authority is a statutory authority established under the *Housing Act 1980* to provide and improve housing and accommodation in Western Australia.

The Department has prepared an annual report for 2022–23. The Authority and the Commission have specific reporting requirements in accordance with the *Financial Management Act 2006* and have therefore prepared separate annual reports to meet those requirements.

Contact information

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

Voice Relay number:	1300 555 727
TTY number:	133 677
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Agency performance

Agency performance

Report on operations

The activities of the Authority have been reported in the Department of Communities' Annual Report for 2022–23.

Summary of key performance indicators

The Authority's performance in the achievement of its outcomes and delivery of its services is demonstrated in the key performance effectiveness and efficiency indicators, which are outlined in tables 1 to 4. Further details on the indicators are contained in the key performance indicators section of this report.

The targets are published in the 2022–23 Western Australian State Budget Paper No 2 (Volume 2, Division 35, Part 8).

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

Effectiveness key performance indicator	2021–22 actual	2022–23 target	2022–23 actual	Explanation of significant variance
1.1 Responsiveness – Total housing assistances provided relative to the public rental waiting list	0.50	0.45	0.33	There was a reduction in both the number of bond assistance loans approved and the number of new Keystart home loans approved, when compared to the previous year and target, reflective of current market conditions and consumer confidence being hit by high inflation and rising interest rates. However, the number of public rental occupations has increased by 35 per cent when compared to 2021-22, showcasing the ongoing commitment to increasing housing delivery.
1.2 Waiting times for accommodation – applicants housed: Average (in weeks)	116	115	133	Wait list demand has persisted due to external market factors, however the rate of increase has eased over time, maintaining almost the same total number of applications when compared to the same period last year. External factors such as labour and material shortages have continued to impact the turnover of vacant stock, which impacts waiting times. While stock availability has continued to increase, significant demand for Public Housing properties remains.
1.2 Waiting times for accommodation – applicants housed: Median (in weeks)	81	75	105	Wait list demand has persisted due to external market factors, however the rate of increase has eased over time, maintaining almost the same total number of applications when compared to the same period last year. External factors such as labour and material shortages have continued to impact the turnover of vacant stock, which impacts waiting times. While stock availability has continued to increase, significant demand for Public Housing properties remains.

Table 2: Service 7. Rental housing

Efficiency key performance indicator	2021–22 actual	2022–23 target	2022–23 actual	Explanation of significant variance
7.1 Average operating cost per public rental property	$15,947	$19,015	$19,088	The 2022–23 average cost was consistent with the target average cost.
7.2 Average operating cost per Government Regional Officers' Housing (GROH) rental property	$13,583	$13,621	$16,455	The variance between the actual and the budget target is primarily due to an increase in rental expenses for GROH properties, driven by an increase in rent paid for private leases that is recovered from client agencies, and an increase in supplies and services, primarily due to allocated overhead costs now being included in expenses. Effective from 1 July 2022, a shared costing model for overhead cost allocations across the entities of the Department of Communities, Housing Authority and Disability Services Commission was introduced. Overheads are proportionately allocated based on the Direct and Indirect costs for the whole of Communities (all three entities) and was introduced to facilitate an equitable sharing of overhead charges across the three entities.

Table 3: Service 8. Home loans

Efficiency key performance indicator	2021–22 actual	2022–23 target	2022–23 actual	Explanation of significant variance
8.1 Average operating cost per current loan account	$802	$3,390	$2,740	The result is primarily due to a reduction in bad debts and credit loss in the actual compared to the budget target, primarily due to a lower loan book portfolio as a significant number of Keystart customers transitioned to traditional lenders during 2022-23.

Table 4: Service 9. Land and housing supply

Efficiency key performance indicator	2021–22 actual	2022–23 target	2022–23 actual	Explanation of significant variance
9.2 Average operating cost per property sold	$125,502	$73,960	$518,517	The variance is primarily due to a significant reduction in property (inventory) sales, with the Department focussing on repurposing inventory to social housing in line with Government's priority action to increase social housing stock and undertaking maintenance and refurbishments on existing stock, keeping them in the system. Effective from 1 July 2022, a shared costing model for overhead cost allocations across the entities of the Department of Communities, Housing Authority and Disability Services Commission was introduced. Overheads are proportionately allocated based on the Direct and Indirect costs for the whole of Communities (all three agencies) and was introduced to facilitate an equitable sharing of overhead charges across the three entities.

Disclosures and legal compliance

Disclosures and legal compliance

Certification of financial statements

For the reporting period ended 30 June 2023

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 2023 and the financial position as at 30 June 2023.

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.

Wayne Millen
Chief Finance Officer
13 October 2023

Mike Rowe
Chief Executive Officer
Accountable Authority
13 October 2023

Auditor General

INDEPENDENT AUDITOR'S REPORT

2023

Housing Authority

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Housing Authority (Authority) and its controlled entities (collectively the Consolidated Entity) which comprise:

- the Statement of Financial Position at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended

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 Consolidated Entity and the Housing Authority for the year ended 30 June 2023 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

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

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Emphasis of Matter – Restatement of comparative figures

I draw attention to Note 9.2 to the financial statements which states that the amounts reported in the previously issued 30 June 2022 financial statements have been restated and disclosed as comparatives in these financial statements. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer for the financial statements

The Chief Executive Officer is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it 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
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Auditor's responsibilities 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 misstatements, 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on the audit of controls

Basis for qualified opinion

I identified the following significant weakness in controls by the Housing Authority:

- In the design and implementation of controls over cash management. Funds intended for the provision of staff resources were paid by Housing Authority to the Department of Communities in excess of the incurred staff resources costs. In addition, these funds were consumed by the Department for its own operational purposes. As a result of the above, the Housing Authority has breached section 18(2) of the Financial Management Act and section 24 of the Government Employee's Housing Act 1964.
- In the design and implementation of controls over the Housing Authority Service Delivery Agreement expenses relating to supplies and services. These weaknesses could result in errors such as overpayments or payments for services not received. Consequently, controls to prevent invalid or inaccurate Service Delivery Agreement expenses payments were inadequate.

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 Chief Executive Officer are those policies and procedures established 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 the State's financial reporting framework (the overall control objectives).

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, in all material respects, the controls exercised by the Housing Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with the State's financial reporting framework during the year ended 30 June 2023.

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 Engagement 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 involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an 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 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 audit of 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 2023. 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 Authority's performance and fairly represent indicated performance for the year ended 30 June 2023.

The Chief Executive Officer's responsibilities 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 controls 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 Instructions 904 *Key Performance Indicators.*

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 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 management relating to the report on financial statements, 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements,* the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Chief Executive Officer is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

The auditor's report relates to the financial statements and key performance indicators of the Housing Authority for the year ended 30 June 2023 included in the annual report 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, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. 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.

Caroline Spencer
Auditor General for Western Australia
Perth, Western Australia
13 October 2023

Financial statements

Statement of comprehensive income

For the year ended 30 June 2023

Table 5: Statement of comprehensive income

Expenses and income	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Income	–	–	–	–	–
Sales	3.1	37,579	63,048	37,293	61,807
Rental revenue	3.2	286,532	267,685	286,532	267,685
Grants, contributions and subsidies	3.3	135,834	130,067	135,834	130,067
Interest revenue	3.4	248,858	200,652	7,531	3,038
Gain on disposal of non-current assets	4.4	–	–	–	–
Other income	3.5	22,838	17,059	19,195	12,251
Total income	–	**731,641**	**678,511**	**486,385**	**474,848**
Expenses	–	–	–	–	–
Cost of sales	3.1	23,972	40,870	21,237	39,226

Expenses and income	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Rental expenses	4.2	398,798	315,283	398,798	315,283
Community support expense	4.2	151,903	106,830	151,903	106,830
Employee benefit expense	4.1	–	–	–	–
Supplies and services	4.2	281,973	227,407	274,000	219,887
Depreciation and amortisation expense	5.2, 5.3, 5.4, 5.5	131,087	118,884	129,145	117,230
Finance costs	7.3	142,097	49,875	141,927	49,670
Grants and subsidies	4.3	49,766	47,304	49,766	47,304
Accommodation expenses	4.2	9,255	17,714	8,968	17,329
Other expenses	4.2	48,670	20,953	36,434	26,863
Loss on disposal of non-current assets	4.4	3,632	3,182	3,632	3,182
Total expenses	–	**1,241,153**	**948,302**	**1,215,810**	**942,804**
Loss before income from State Government	–	**(509,512)**	**(269,791)**	**(729,425)**	**(467,956)**
Income from State Government	–	–	–	–	–
Service appropriation	3.6	110,200	81,434	110,200	81,434

Expenses and income	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Income from other public sector entities	3.6	107,075	104,214	326,501	302,488
Royalties for Regions Fund	3.6	115,389	96,996	115,389	96,996
Resources received	3.6	261	229	261	229
Total income from State Government	–	**332,925**	**282,873**	**552,351**	**481,147**
Surplus/(deficit)for the period	7.4.2	**(176,587)**	**13,082**	**(177,074)**	**13,191**
Other comprehensive income	–	–	–	–	–
Changes in asset revaluation surplus	9.10	1,320,226	1,116,410	1,320,226	1,116,410
Total other comprehensive income	–	**1,320,226**	**1,116,410**	**1,320,226**	**1,116,410**
Profit/(loss) attributable to	**–**	**–**	**–**	**–**	**–**
Consolidated equity	–	(176,336)	13,192	–	–
Non-controlling interest	9.11	(251)	(110)	–	–
Total	**–**	**(176,587)**	**13,082**	**–**	**–**
Total comprehensive income attributable to	**–**	**–**	**–**	**–**	**–**
Consolidated equity	–	1,143,890	1,129,602	–	–

Expenses and income	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Non-controlling interest	9.11	(251)	(110)	–	–
Total	–	**1,143,639**	**1,129,492**	**–**	**–**
Total Comprehensive income for the period	–	**1,143,639**	**1,129,492**	**1,143,152**	**1,129,601**

(a) For details of the restatement, refer to Note 9.2.

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

Statement of financial position

As at 30 June 2023

Table 6: Statement of financial position

Assets and liabilities	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Consolidated 2021(a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000	Housing Authority 2021 (a) $000
Assets – Current assets	–	–	–	–	–	–	–
Cash and cash equivalents	7.4	577,956	298,905	342,995	151,173	124,724	249,752
Restricted cash and cash equivalents	7.4	19,945	19,614	49,614	19,945	19,614	49,614
Inventories	5.1	120,879	114,339	236,104	120,879	114,339	234,541
Loans and receivables	6.1	941,816	1,137,017	893,906	260,217	288,744	278,908
Other current assets	6.3	11,862	13,086	8,299	30,596	22,629	16,062

Assets and liabilities	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Consolidated 2021(a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000	Housing Authority 2021 (a) $000
Non-current assets classified as held for sale	5.6	6,272	7,233	5,161	6,272	7,233	5,161
Other financial assets	6.4	250,451	250,102	250,028	–	–	–
Total current assets	–	**1,929,181**	**1,840,296**	**1,786,107**	**589,082**	**577,283**	**834,038**
Assets – Non-current assets	–	–	–	–	–	–	–
Restricted cash and cash equivalents	7.4	13,000	13,000	13,000	13,000	13,000	13,000
Inventories	5.1	60,109	115,659	395,975	51,995	104,859	381,115
Loans and receivables	6.1	1,993,652	3,057,871	4,472,416	3,052,412	4,034,495	5,133,922
Other financial assets	6.4	24	24	24	2,262	5,150	10,439
Property, plant and equipment	5.2	12,823,931	11,359,430	10,193,935	12,822,114	11,357,086	10,191,496
Right-of-use assets	5.3	6,841	6,607	6,885	2,742	1,971	1,480

Assets and liabilities	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Consolidated 2021(a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000	Housing Authority 2021 (a) $000
Intangible assets	5.4	2,980	1,217	650	–	114	278
Service concession assets	5.5	2,201,513	2,033,960	1,856,367	2,201,513	2,033,960	1,856,367
Total non-current assets	–	**17,102,050**	**16,587,768**	**16,939,252**	**18,146,038**	**17,550,635**	**17,588,097**
Total assets	–	**19,031,231**	**18,428,064**	**18,725,359**	**18,735,120**	**18,127,918**	**18,422,135**
Liabilities – Current liabilities	–	–	–	–	–	–	–
Payables	6.5	81,389	65,573	89,153	72,350	53,329	74,890
Borrowings	7.1	134,850	72,914	85,955	134,850	72,914	85,955
Lease liabilities	7.2	75,610	67,607	54,318	69,761	61,078	46,459
Provisions	6.6	1,176	23,627	54,844	492	22,587	54,184
Other current liabilities	6.7	23,254	16,734	16,784	23,254	16,734	16,784
Total current liabilities	–	**316,279**	**246,455**	**301,054**	**300,707**	**226,642**	**278,272**

Assets and liabilities	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Consolidated 2021(a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000	Housing Authority 2021 (a) $000
Liabilities – Non-current liabilities	–	–	–	–	–	–	–
Payables	6.5	244	251	282	244	251	282
Borrowings	7.1	3,432,101	4,513,785	5,679,245	3,432,101	4,513,785	5,679,245
Lease liabilities	7.2	43,883	37,264	28,110	43,883	37,264	28,110
Provisions	6.6	59,990	38,560	92,544	59,990	38,560	92,544
Other non-current liabilities	6.7	148,989	153,432	141,904	148,989	153,432	141,904
Total non-current liabilities	–	**3,685,207**	**4,743,292**	**5,942,085**	**3,685,207**	**4,743,292**	**5,942,085**
Total liabilities	–	**4,001,486**	**4,989,747**	**6,243,139**	**3,985,914**	**4,969,934**	**6,220,357**
Net assets	–	**15,029,745**	**13,438,317**	**12,482,220**	**14,749,206**	**13,157,984**	**12,201,778**
Equity	–	–	–	–	–	–	–
Contributed equity	9.10	2,807,825	2,359,755	2,533,150	2,727,555	2,279,485	2,452,880

Assets and liabilities	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Consolidated 2021(a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000	Housing Authority 2021 (a) $000
Reserves	9.10	8,523,111	7,242,835	6,144,146	8,523,111	7,242,835	6,143,433
Retained earnings	9.10	3,698,809	3,835,195	3,804,282	3,498,540	3,635,664	3,605,465
Total equity attributable to the consolidated entity	**–**	**15,029,745**	**13,437,785**	**12,481,578**	**14,749,206**	**13,157,984**	**12,201,778**
Non-controlling interest	9.11	–	532	642	–	–	–
Total equity	**–**	**15,029,745**	**13,438,317**	**12,482,220**	**14,749,206**	**13,157,984**	**12,201,778**

(a) For details of the restatement, refer to Note 9.2.

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 2023

Table 7: Statement of changes in equity

Changes in equity	Notes	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Balance of equity at start of year	**–**	**13,438,317**	**12,432,535**	**13,157,984**	**12,152,735**
Contributed equity	**9.10**	**–**	**–**	**–**	**–**
Balance at start of the year	**–**	**2,359,755**	**2,533,150**	**2,279,485**	**2,452,880**
Transactions with owners in their capacity as owners	**–**	**–**	**–**	**–**	**–**
Capital contribution	–	251,649	98,859	251,649	98,859
Other contributions by owners	–	261,471	2,003	261,471	2,003
Distributions to owners	–	(65,050)	(274,257)	(65,050)	(274,257)
Balance at end of the period	**–**	**2,807,825**	**2,359,755**	**2,727,555**	**2,279,485**

Changes in equity	Notes	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Reserves	**9.10**	**–**	**–**	**–**	**–**
Balance at start of the year	**–**	**7,242,835**	**6,095,103**	**7,242,835**	**6,094,390**
Correction of prior period errors (a)	–	–	49,043	–	49,043
Restated balance at start of the year	–	7,242,835	6,144,146	7,242,835	6,143,433
Asset revaluation decrement	–	1,320,226	1,116,410	1,320,226	1,116,410
Transfer to retained earnings	–	(39,950)	(17,721)	(39,950)	(17,008)
Balance at end of the period	**–**	**8,523,111**	**7,242,835**	**8,523,111**	**7,242,835**
Retained earnings	**9.10**	**–**	**–**	**–**	**–**
Balance at start of the year	–	3,835,195	3,804,282	3,635,664	3,605,465
Transfer from reserves	–	39,950	17,721	39,950	17,008
Profit/(loss) for the period	–	(176,336)	13,192	(177,074)	13,191

Changes in equity	Notes	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Balance at end of the period	**–**	**3,698,809**	**3,835,195**	**3,498,540**	**3,635,664**
Equity attributable to equity holder Housing Authority	**–**	**15,029,745**	**13,437,785**	**14,749,206**	**13,157,984**
Non-controlling interest	**9.11**	**–**	**–**	**–**	**–**
Balance at start of year	**–**	**532**	**532**	**–**	**–**
Non-controlling loss for the period	–	(251)	–	–	–
Other changes to non-controlling interest	–	(281)	–	–	–
Total non-controlling interest	**–**	**–**	**532**	**–**	**–**
Balance of equity at the end of the period	**–**	**15,029,745**	**13,438,317**	**14,749,206**	**13,157,984**

(a) For details of the restatement, refer to Note 9.2.

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 2023

Table 8: Statement of cash flows

Cash flows	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Cash flows from operating activities – Receipts	–	–	–	–	–
Rental receipts	–	275,029	265,576	275,029	265,576
Grants, contributions and subsidies	–	135,834	130,067	135,834	130,067
Interest received	–	18,813	1,739	6,984	1,083
Inventory receipts on sales	–	39,315	60,553	39,268	59,261
Other receipts	–	28,340	18,960	24,746	18,960
GST receipts on sales	–	10,185	15,708	10,185	15,708
GST receipts from taxation authority	–	13,670	18,548	13,615	18,548
Cash flows from operating activities – Payments	–	–	–	–	–
Rental property payments	–	(398,798)	(316,684)	(398,798)	(316,684)
Community support payments	–	(136,111)	(109,013)	(136,111)	(109,013)

Cash flows	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Employee benefits	–	–	–	–	–
Supplies and services	–	(308,521)	(260,661)	(278,496)	(215,838)
Finance costs	–	(131,886)	(69,892)	(131,716)	(47,968)
Accommodation	–	(8,994)	(17,142)	(8,707)	(17,142)
Grants and Subsidies	–	(49,766)	(47,574)	(49,766)	(47,574)
Purchase and development of inventory	–	(79,283)	(82,664)	(79,234)	(82,664)
GST payments on purchases	–	(25,283)	(22,434)	(25,283)	(22,434)
GST payments to taxation authority	–	–	(14,189)	–	(14,155)
Other payments	–	(1,021)	(53,214)	(665)	(53,214)
Net cash provided by / (used in) operating activities	**7.4.2**	**(618,477)**	**(482,316)**	**(603,115)**	**(417,483)**
Cash flows from investing activities – Receipts	**–**	**–**	**–**	**–**	**–**
Proceeds from the sale of non-current physical assets	–	47,984	47,868	47,984	47,868
Home loan repayments received	–	2,070,028	2,398,578	–	–

Cash flows	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Other investing receipts	–	–	–	1,164,500	1,100,814
Dividends received	–	–	–	141,898	155,837
Cash flows from investing activities – Payments	**–**	**–**	**–**	**–**	**–**
Purchase of non-current physical assets	–	(432,375)	(289,764)	(429,822)	(288,244)
New home loans advanced	–	(563,044)	(960,620)	–	–
Other investing payments	–	(607)	–	(200,601)	–
Net cash used in investing activities	–	**1,121,986**	**1,196,062**	**723,959**	**1,016,275**
Cash flows from financing activities – Receipts	**–**	**–**	**–**	**–**	**–**
Proceeds from borrowings WA Treasury Corporation	–	200,004	450,000	200,004	450,000
Finance lease receipts	–	87,805	77,175	87,805	76,910

Cash flows	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Cash flows from financing activities – Payments	**–**	**–**	**–**	**–**	**–**
Repayment of borrowings from WA Treasury Corporation	–	(1,212,166)	(1,613,317)	(1,212,166)	(1,613,317)
Repayment of Commonwealth borrowings	–	(17,797)	(17,589)	(17,797)	(17,589)
Principal elements of lease payments	–	(91,318)	(79,907)	(90,436)	(78,577)
Net cash provided by financing activities	–	**(1,033,472)**	**(1,183,638)**	**(1,032,590)**	**(1,182,573)**
Cash flows from State Government	**–**	**–**	**–**	**–**	**–**
Service appropriation	–	110,200	81,434	110,200	81,434
Capital Appropriation	–	251,649	98,859	251,649	98,859
Royalties for Regions recurrent fund	–	115,389	96,996	115,389	96,996
Royalties for Regions capital fund	–	3,498	2,003	3,498	2,003
Other contributions/ distributions of equity	–	221,883	(954)	221,883	(954)
Funds from other public sector entities	–	107,075	117,538	235,907	150,415

Cash flows	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Net cash provided by State Government	**–**	**809,694**	**395,876**	**938,526**	**428,753**
Net increase/ (decrease) in cash and cash equivalents	–	279,731	(74,016)	26,780	(155,028)
Cash and cash equivalents at the beginning of the period	–	581,621	655,637	157,338	312,366
Cash and cash equivalents at the end of the period	**7.4.1**	**861,352**	**581,621**	**184,118**	**157,338**

(a) For details of the restatement, refer to Note 9.2.

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

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).

These financial statements have been prepared on a going concern basis as the State of Western Australia which is the ultimate parent entity has no solvency concerns.

The State budget papers highlight that the Housing Authority is fully appropriated to provide its ongoing services from 2022-23 through to 2023-26, including positive cash at bank and cashflow balances.

To the best of the Housing Authority's knowledge there are no plans from Government to reduce the Housing Authority's ability to meet its obligations. The Housing Authority also has the capacity to seek Supplementary funding from the State of Western Australia as the parent entity if cash management issues were to arise.

Noting that the appropriation published in the Budget represents the sum of funding provided to the Department of Communities, including the Housing Authority and its subsidiaries. The Housing Authority has been working with the Department of Treasury to consolidate cash appropriations to simplify arrangements going forward; within this context, there are no overall solvency concerns.

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 13 October 2023.

Statement of compliance

These general purpose financial statements are prepared in accordance with:

(1) The *Financial Management Act 2006* (FMA);

(2) The Treasurer's Instructions (TIs);

(3) Australian Accounting Standards (AASs) including applicable interpretations;

(4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been modified.

The FMA and the TIs take precedence over AASs. Several AASs are modified by the TIs to vary application, disclosure format and wording. Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars ($’000).

Basis of consolidation

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

The reporting entity comprises the Housing Authority and controlled entities included below.

The investment in the subsidiaries 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.

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 subsidiaries

(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 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 Housing Authority has equity interest of 100 per cent in the company.

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 the sole shareholder in Goldmaster Enterprises Pty Ltd.

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

- 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: 100 per cent owned by the Housing Authority

Table 9: Controlled entities and contribution to retained earnings

Controlled entities and contribution to retained earnings	Percentage owned 2023 %	Percentage owned 2022 %	Contribution to consolidated entity result 2023 $000	Contribution to consolidated entity result 2022 $000	Investment shares at cost 2023 $000	Investment shares at cost 2022 $000
Name	–	–	–	–	–	–
Goldmaster Enterprises Pty Ltd	**–**	**–**	**–**	**–**	**–**	**–**
Profit/(loss)	100.00%	87.18%	63	(858)	37,951	37,350
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	100.00%	100.00%	Nil	Nil	–	–
Transfer from reserve	–	–	–	713	–	–
Keystart Support Trust	100.00%	100.00%	Nil	Nil	–	–
Homeswest Loan Scheme Trust	100.00%	100.00%	Nil	Nil	–	–

Controlled entities and contribution to retained earnings	Percentage owned 2023 %	Percentage owned 2022 %	Contribution to consolidated entity result 2023 $000	Contribution to consolidated entity result 2022 $000	Investment shares at cost 2023 $000	Investment shares at cost 2022 $000
Seacrest Corporation Pty Ltd	0.00%	100.00%	–	497	–	4,089

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 2022-23 financial year.

Accounting for Goods and Services tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

(a) amount of GST incurred by the Agency as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and

(b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

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 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 will be 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.

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.

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
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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.

The Housing Authority operates across the land, housing and property finance and human services sectors to provide affordable housing opportunities for people who would otherwise be unable to access housing through the private market.

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, Government Regional Officer Housing (GROH) and properties for remote Aboriginal Communities.

Service 2: Home loans

Enabling the financing of home ownership schemes for eligible applicants.

Service 3: Land and housing supply

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

2.2 Schedule of income and expenses by service

Table 10: Schedule of income and expenses by service

Consolidated 2023	Rental housing $000	Home loans $000	Land and housing supply $000	Total $000
Revenue and Income	**–**	**–**	**–**	**–**
Sales	–	–	37,579	37,579
Rental revenue	286,495	–	37	286,532
Grants, contributions and subsidies	135,834	–	–	135,834
Interest revenue	7,019	241,411	428	248,858
Gain on disposal of fixed assets	–	–	–	–
Other income	17,413	4,842	583	22,838
Total revenue and income	**446,761**	**246,253**	**38,627**	**–**
Expenses	**–**	**–**	**–**	**–**
Cost of sales	178	–	23,794	23,972
Rental expenses	397,901	94	803	398,798
Community support expense	151,903	–	–	151,903

Consolidated 2023	Rental housing $000	Home loans $000	Land and housing supply $000	Total $000
Employee benefits expense	–	–	–	–
Supplies and services	253,847	12,483	15,643	281,973
Depreciation and amortisation expense	121,729	7,900	1,458	131,087
Finance costs	–	120,087	2,241	142,097
Grants and subsidies	49,641	21	104	49,766
Accommodation expenses	8,767	320	168	9,255
Other expenses	23,593	17,296	7,781	48,670
Loss on disposal of non-current assets	7,903	(4,275)	4	3,632
Total expenses	**1,035,231**	**153,926**	**51,996**	**1,241,153**
Loss before income from State Government	(588,470)	92,327	(13,369)	(509,512)
Income from State Government	**–**	**–**	**–**	**–**
Service appropriation	110,200	–	–	110,200
Income from other public sector entities	106,883	32	160	107,075
Royalties for Regions Fund	115,389	–	–	115,389

Consolidated 2023	Rental housing $000	Home loans $000	Land and housing supply $000	Total $000
Resources received	230	5	26	261
Total income from State Government	**332,702**	**37**	**186**	**332,925**
Surplus/(deficit) for the period	**(255,768)**	**92,364**	**(13,183)**	**(176,587)**
Other comprehensive income	**–**	**–**	**–**	**–**
Changes in asset revaluation surplus	1,320,226	–	–	1,320,226
Total other comprehensive income	**1,320,226**	**–**	**–**	**1,320,226**
Surplus/(deficit) attributable to	**–**	**–**	**–**	**–**
Consolidated equity	(255,768)	92,364	(12,932)	(176,336)
Non-controlling interest	–	–	(251)	(251)
Total	**(255,768)**	**92,364**	**(13,183)**	**(176,587)**
Total comprehensive income attributable to	**–**	**–**	**–**	**–**
Consolidated equity	1,064,458	92,364	(12,932)	1,143,890

Consolidated 2023	Rental housing $000	Home loans $000	Land and housing supply $000	Total $000
Non-controlling interest	–	–	(251)	(251)
Total	**1,064,458**	**92,364**	**(13,183)**	**1,143,639**
Total Comprehensive income for the period	**1,064,458**	**92,364**	**(13,183)**	**1,143,639**

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

Table 11: Schedule of income and expenses by service

Consolidated 2022	Rental Housing (a) $000	Home Loans $000	Land and Housing Supply $000	Total $000
Revenue and Income	–	–	–	–
Sales	–	–	63,048	63,048
Rental revenue	267,652	–	33	267,685
Grants, contributions and subsidies	130,067	–	–	130,067
Interest revenue	2,497	198,021	134	200,652
Gain on disposal of fixed assets	–	–	–	–
Other income	9,208	6,859	992	17,059
Total revenue and income	**409,424**	**204,880**	**64,207**	**678,511**
Expenses	–	–	–	–
Cost of sales	1,011	–	39,859	40,870
Rental expenses	314,935	54	294	315,283
Community support expense	106,830	–	–	106,830
Employee benefits expense	–	–	–	–
Supplies and services	204,561	9,797	13,049	227,407

Consolidated 2022	Rental Housing (a) $000	Home Loans $000	Land and Housing Supply $000	Total $000
Depreciation and amortisation expense	110,581	7,328	975	118,884
Finance costs	16,804	30,629	2,442	49,875
Grants and subsidies	47,143	27	134	47,304
Accommodation expenses	16,084	592	1,038	17,714
Other expenses	19,437	(3,144)	4,660	20,953
Loss on disposal of non-current assets	6,823	(3,641)	–	3,182
Total expenses	**844,209**	**41,642**	**62,451**	**948,302**
(Loss)/profit before income from State Government	**(434,785)**	**163,238**	**1,756**	**(269,791)**
Income from State Government	**–**	**–**	**–**	**–**
Service appropriation	81,434	–	–	81,434
Income from other public sector entities	103,563	108	543	104,214
Royalties for Regions Fund	96,996	–	–	96,996
Resources received	202	5	22	229
Total income from State Government	**282,195**	**113**	**565**	**282,873**

Consolidated 2022	Rental Housing (a) $000	Home Loans $000	Land and Housing Supply $000	Total $000
Surplus/(deficit) for the period	**(152,590)**	**163,351**	**2,321**	**13,082**
Other comprehensive income	**–**	**–**	**–**	**–**
Changes in asset revaluation surplus	1,116,410	–	–	1,116,410
Total other comprehensive income	**1,116,410**	**–**	**–**	**1,116,410**
Surplus/(deficit) attributable to	**–**	**–**	**–**	**–**
Consolidated equity	–	–	13,192	13,192
Non-controlling interest	–	–	(110)	(110)
Total	**–**	**–**	**13,082**	**13,082**
Total comprehensive income attributable to	**–**	**–**	**–**	**–**
Consolidated equity	1,116,410	–	13,192	1,129,602
Non-controlling interest	–	–	(110)	(110)
Total	**1,116,410**	**–**	**13,082**	**1,129,492**
Total Comprehensive income for the period	**1,116,410**	**–**	**13,082**	**1,129,492**

(a) For details of the restatement, refer to Note 9.2.

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

Table 12: Schedule of income and expenses by service

Housing Authority 2023	Rental housing $000	Home loans $000	Land and housing supply $000	Total $000
Revenue and Income	–	–	–	–
Sales	–	–	37,293	37,293
Rental revenue	286,495	–	37	286,532
Grants, contributions and subsidies	135,834	–	–	135,834
Interest revenue	7,018	85	428	7,531
Gains on disposal of fixed assets	–	–	–	–
Other income	17,413	1,213	569	19,195
Total revenue and income	**446,760**	**1,298**	**38,327**	**486,385**
Expenses	–	–	–	–
Cost of sales	178	–	21,059	21,237
Rental expenses	397,901	94	803	398,798
Community support expense	151,903	–	–	151,903
Employee benefits expense	–	–	–	–
Supplies and services	253,846	4,511	15,643	274,000

Housing Authority 2023	Rental housing $000	Home loans $000	Land and housing supply $000	Total $000
Depreciation and amortisation expense	121,728	5,959	1,458	129,145
Finance costs	19,769	119,917	2,241	141,927
Grants and subsidies	49,641	21	104	49,766
Accommodation expenses	8,767	33	168	8,968
Other expenses	23,594	2,137	10,703	36,434
Loss on disposal of non-current assets	7,903	(4,275)	4	3,632
Total expenses	**1,035,230**	**128,397**	**52,183**	**1,215,810**
Loss before income from State Government	**(588,470)**	**(127,099)**	**(13,856)**	**(729,425)**
Income from State Government	–	–	–	–
Service appropriation	110,200	–	–	110,200
Income from other public sector entities	106,883	219,458	160	326,501
Royalties for Regions Fund	115,389	–	–	115,389
Services received	230	5	26	261
Total income from State Government	**332,702**	**219,463**	**186**	**552,351**

Housing Authority 2023	Rental housing $000	Home loans $000	Land and housing supply $000	Total $000
Surplus/(deficit) for the period	**(255,768)**	**92,364**	**(13,670)**	**(177,074)**
Oher comprehensive income	**–**	**–**	**–**	**–**
Changes in asset revaluation surplus	1,320,226	–	–	1,320,226
Total other comprehensive income	**1,320,226**	**–**	**–**	**1,320,226**
Total Comprehensive income for the period	**1,064,458**	**92,364**	**(13,670)**	**1,143,152**

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

Housing Authority 2022	Rental Housing (a) $000	Home Loans $000	Land and Housing supply $000	Total $000
Revenue and Income	–	–	–	–
Sales	–	–	61,807	61,807
Rental revenue	267,652	–	33	267,685
Grants, contributions and subsidies	130,067	–	–	130,067
Interest revenue	2,828	34	176	3,038
Gain on disposal of fixed assets	–	–	–	–
Other income	9,208	2,130	913	12,251
Total revenue and income	**409,755**	**2,164**	**62,929**	**474,848**
Expenses	–	–	–	–
Cost of sales	1,011	–	38,215	39,226
Rental expenses	314,935	54	294	315,283
Community support expense	106,830	–	–	106,830
Employee benefits expense	–	–	–	–
Supplies and services	204,561	2,277	13,049	219,887

Housing Authority 2022	Rental Housing (a) $000	Home Loans $000	Land and Housing supply $000	Total $000
Depreciation and amortisation expense	110,581	5,675	974	117,230
Finance costs	16,804	30,424	2,442	49,670
Grants and subsidies	47,143	27	134	47,304
Accommodation expenses	16,084	207	1,038	17,329
Other expenses	19,439	2,171	5,253	26,863
Loss on disposal of non-current assets	6,823	(3,641)	–	3,182
Total expenses	**844,211**	**37,194**	**61,399**	**942,804**
Loss before income from State Government	**(434,456)**	**(35,030)**	**1,530**	**(467,956)**
Income from State Government	**–**	**–**	**–**	**–**
Service appropriation	81,434	–	–	81,434
Income from other public sector entities	103,563	198,382	543	302,488
Royalties for Regions Fund	96,996	–	–	96,996
Services received	202	5	22	229
Total income from State Government	**282,195**	**198,387**	**565**	**481,147**

Housing Authority 2022	Rental Housing (a) $000	Home Loans $000	Land and Housing supply $000	Total $000
Surplus/(deficit) for the period	**(152,261)**	**163,357**	**2,095**	**13,191**
Other comprehensive income	**–**	**–**	**–**	**–**
Changes in asset revaluation surplus	1,116,410	–	–	1,116,410
Total other comprehensive income	**1,116,410**	**–**	**–**	**1,116,410**
Total Comprehensive income for the period	**964,149**	**163,357**	**2,095**	**1,129,601**

(a) For details of the restatement, refer to Note 9.2.

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 14: Primary income received

Primary income received	Notes	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Sales	3.1	37,579	63,048	37,293	61,807
Rental revenue	3.2	286,532	267,685	286,532	267,685
Grants, contributions and subsidies	3.3	135,834	130,067	135,834	130,067
Interest revenue	3.4	248,858	200,652	7,531	3,038
Other income	3.5	22,838	17,059	19,195	12,251
Income from State Government	3.6	332,925	282,873	552,351	481,147

3.1. Trading profit

Table 15: Trading profit

Trading profit	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Sales	–	–	–	–
Joint operations land	25,877	22,000	25,877	22,000
Land	1,624	3,570	1,624	3,570
House and land packages	10,078	37,478	9,792	36,237
Total	**37,579**	**63,048**	**37,293**	**61,807**
Less cost of sales	–	–	–	–
Joint operations land	(13,259)	(9,783)	(13,259)	(9,783)
Land	(314)	(2,838)	(314)	(2,838)
House and land packages	(10,399)	(28,249)	(7,664)	(26,605)
Total	**(23,972)**	**(40,870)**	**(21,237)**	**(39,226)**
Trading profit	**13,607**	**22,178**	**16,056**	**22,581**

Revenue from land sales is recognised at the transaction price when the Housing Authority transfers the land title to the buyer (at settlement when control of the land transfers to the customer).

3.2. Rental revenue

Table 16: Rental revenue

Rental revenue	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Rental and other properties	283,385	264,480	283,385	264,480
Rental amenities	3,147	3,205	3,147	3,205
Total rental revenue	**286,532**	**267,685**	**286,532**	**267,685**

The Housing Authority charges rents in accordance with section 30 of the *Housing Act*. The basis for the amount of rent to be charged is determined from market rent information received from the Western Australian Land Information Authority (Valuations Services) 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 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 17: Grants, contributions and subsidies

Grants, contributions and subsidies	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Commonwealth grants and contributions	**–**	**–**	**–**	**–**
Recurrent grants	–	–	–	–
National Housing and Homelessness Agreement	135,834	127,667	135,834	127,667
Total Commonwealth recurrent grants	**135,834**	**127,667**	**135,834**	**127,667**
Capital Grants	–	–	–	–
Homelessness projects	–	2,400	–	2,400
Total Commonwealth capital grants	**–**	**2,400**	**–**	**2,400**
Total grants, contributions and subsidies	**135,834**	**130,067**	**135,834**	**130,067**

Recurrent grants are recognised as income when the grants are receivable.

Income from grants to acquire/construct a recognisable non-financial asset (capital grants) to be controlled by the Housing Authority is recognised when the Housing Authority satisfies its obligations under the transfer. The Housing Authority typically satisfies the obligations under the transfer when it achieves milestones specified in the grant agreement.

3.4. Interest revenue

Table 18: Interest revenue

Interest revenue	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Loan interest	–	–	–	–
Keystart secured mortgage advances	224,158	197,366	–	–
Total loan interest	**224,158**	**197,366**	–	–
Other interest	–	–	–	–
Interest on cash at bank	4,307	1,359	4,307	1,359
Interest on finance leases	3,219	1,295	3,219	1,295
Interest on investments	17,169	628	–	–
Interest other	5	4	5	384
Total other interest	**24,700**	**3,286**	**7,531**	**3,038**
Total interest revenue	**248,858**	**200,652**	**7,531**	**3,038**

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 income

Table 19: Other income

Other income	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Bad debts recovered	1,046	1,276	1,046	1,276
Conveyancing fees	1,203	1,960	1,203	1,960
Employee contributions	–	–	–	–
Previous year's GST refunds	–	4,313	–	4,313
Revenue related to service concession arrangements	3,295	3,345	3,295	3,345
Other revenue	17,294	6,165	13,651	1,357
Total other income	**22,838**	**17,059**	**19,195**	**12,251**

Employee contributions are contributions made to the Housing Authority by employees towards employee benefits that have been provided.

Other income is recognised when the Authority satisfies the performance obligations when services have been provided.

Revenue related to service concession arrangements reflects the progressive unwinding of the 'grant of right to operate' liability (Note 6.7 'Other liabilities') over the remaining period of the arrangement. Refer to Note 5.5 'Service concession assets'.

3.6. Income from State Government

Table 20: Income from State Government

Income from State Government	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Appropriation received during the period	**–**	**–**	**–**	**–**
Service appropriation	110,200	81,434	110,200	81,434
Total service appropriation received	**110,200**	**81,434**	**110,200**	**81,434**
Royalties for Regions Fund	**–**	**–**	**–**	**–**
Regional Infrastructure and Headworks account	115,389	96,996	115,389	96,996
Total Royalties for Regions Fund	**115,389**	**96,996**	**115,389**	**96,996**
Resources received from other public sector entities	**–**	**–**	**–**	**–**
Department of Finance – Government accommodation leasing	261	229	261	229
Total resources received	**261**	**229**	**261**	**229**
Income received from other public sector entities during the period	**–**	**–**	**–**	**–**

Income from State Government	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Recurrent grants	**–**	**–**	**–**	**–**
Department of Primary Industries and Regional Development	1,309	891	1,309	891
Department of Fire and Emergency Services	25	–	25	–
Water Corporation	–	350	–	350
Total recurrent grants	**1,334**	**1,241**	**1,334**	**1,241**
Capital grants	**–**	**–**	**–**	**–**
Mental Health Commission	4,901	–	4,901	–
Department of Primary Industries and Regional Development	1,000	618	1,000	618
Total Capital Grants	**5,901**	**618**	**5,901**	**618**
Other income received	**–**	**–**	**–**	**–**
GROH rental revenue	98,217	96,858	98,217	96,858
Department of Communities – Service Delivery Agreement	1,623	–	1,623	–
Transfer of leave provision movement to Department of Communities	–	5,497	–	5,497

Income from State Government	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Keystart dividend revenue	–	–	81,403	141,898
Keystart interest revenue	–	–	138,023	56,376
Total other income received	**99,840**	**102,355**	**319,266**	**300,629**
Total income received from other public sector entities	**107,075**	**104,214**	**326,501**	**302,488**
Total income from State Government	**332,925**	**282,873**	**552,351**	**481,147**

Service Appropriations are recognised as income at fair value of consideration received 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.

Income from other public sector entities are recognised as income when the Agency has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the Agency receives the funds.

The Regional Infrastructure and headwork Account is a sub-fund within the over-arching ‘Royalties for Regions Fund’. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as income when the Housing Authority receives the funds.

Resources received from other public sector entities is recognised as income equivalent to the fair value of assets received or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

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

Summary of consolidated account appropriations

For the year ended 30 June 2023

Table 21: Summary of consolidated account appropriations

Account appropriations	Budget Estimate 2023 $000	Supplementary funding 2023 $000	Revised Budget 2023 $000	Actual 2023 $000	Variance 2023 $000
Delivery of Services	–	–	–	–	–
Item 71 net amount appropriated to deliver the services	96,597	13,603	110,200	110,200	–
Capital	–	–	–	–	–
Item 141 capital appropriations	272,620	(20,971)	251,649	251,649	–
Grand Total	**369,217**	**(7,368)**	**361,849**	**361,849**	–

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 22: Primary Expenses

Primary Expenses	Notes	Consolidated 2023 $000	Consolidated (a) 2022 $000	Housing Authority 2023 $000	Housing Authority (a) 2022 $000
Employee benefits expense	4.1	–	–	–	–
Other expenditures	4.2	890,599	688,187	870,103	686,192
Grants and subsidies expense	4.3	49,766	47,304	49,766	47,304
(Gain)/Loss on disposal of non-current assets	4.4	3,632	3,182	3,632	3,182

(a) For details of the restatement, refer to Note 9.2.

4.1. Employee benefits expense

Table 23: Employee benefits expense

Employee benefits expense	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Employee benefits	–	–	–	–
Termination benefits	–	–	–	–
Superannuation – defined contribution plans	–	–	–	–
Superannuation – defined benefit plans	–	–	–	–
Total employee benefits expenses	**–**	**–**	**–**	**–**
Add: AASB 16 non-monetary benefits (not included in employee benefits expense)	–	–	–	–
Less: employee contributions (per the statement of comprehensive income)	–	–	–	–
Net employee benefits	–	–	–	–

(a) For details of the restatement, refer to Note 9.2.

4.2. Other expenditures

Table 24: Other expenditures

Other expenditures	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Rental expenses	–	–	–	–
Debt collection expenses	978	986	978	986
Demolition costs	3,500	1,109	3,500	1,109
Estate management expenses	7,166	5,012	7,166	5,012
General expenses	23,586	24,057	23,586	24,057
Self-insurance expenses	14,465	9,185	14,465	9,185
Maintenance expenses	232,115	167,568	232,115	167,568
Rates expenses	104,599	100,949	104,599	100,949
Renovations and improvements	12,389	6,417	12,389	6,417
Total rental expenses	**398,798**	**315,283**	**398,798**	**315,283**
Community support expense	–	–	–	–
Aboriginal Housing	137,903	96,724	137,903	96,724
Community Housing	14,000	10,106	14,000	10,106

Other expenditures	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Total community support expense	**151,903**	**106,830**	**151,903**	**106,830**
Supplies and services	–	–	–	–
Asset maintenance	123	2,120	123	2,120
Audit fees	1,405	1,171	888	814
Communication	3,243	4,376	3,051	4,176
Minor equipment purchases	112	2,788	112	2,788
Motor vehicles	1,094	1,036	1,094	1,036
Other personnel costs	7,159	5,721	7,159	5,721
Professional services, consultants and contractors	16,217	26,334	16,217	26,334
Stationery and supplies	858	650	310	313
Travel	1,697	1,137	1,697	1,137
Other costs and expenses	11,993	10,588	5,729	4,344
Services Delivery Agreement (SDA) employee benefits	186,575	171,486	186,123	171,104
SDA overheads	51,497	–	51,497	–
Total supplies and services expenses	**281,973**	**227,407**	**274,000**	**219,887**

Other expenditures	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Accommodation Expenses	**–**	**–**	**–**	**–**
Rental	4,261	10,781	4,000	10,449
Accommodation outgoings and repairs and maintenance	4,994	6,933	4,968	6,880
Total accommodation expenses	**9,255**	**17,714**	**8,968**	**17,329**
Other expenses	**–**	**–**	**–**	**–**
Assets transferred to other Government Agencies	–	223	–	223
Employee on-costs	–	–	–	–
Expected credit loss expense	5,971	(18,788)	9,871	4,551
Fees – Keystart	18,204	17,395	–	–
Impairment – Investments	–	–	3,489	746
Impairment of non-current assets	343	–	23	–
Land expenses	6,658	7,021	6,658	7,021
Loan scheme expenses	1,224	1,045	1,224	1,045
Project expenses	5,158	812	5,158	812
Other expenses	11,112	13,245	10,011	12,465

Other expenditures	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Total other expenses	**48,670**	**20,953**	**36,434**	**26,863**
Total other expenditure	**890,599**	**688,187**	**870,103**	**686,192**

(a) For details of the restatement, refer to Note 9.2.

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

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

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.

Office rental is expensed as incurred as Memorandum of Understanding Agreements between the Agency and the Department of Finance for the leasing of office accommodation contain significant substitution rights.

Accommodation outgoings and repairs and maintenance are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Expected credit loss is an allowance of trade receivables and loans to homebuyers, 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, adjusted for forward-looking factors specific to the debtors and the economic environment. Keystart (Consolidated entity) has implemented a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition in accordance with AASB 9. Please refer to Note 6.1.1 Movement in the allowance for impairment of trade receivables and Movement in the allowance for impairment of loans to homebuyers (Consolidated entity only).

Grants and subsidies are transactions in which the Housing Authority provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return. These payments or transfers are recognised at fair value at the time of the transaction and are recognised as an expense in the reporting period in which they are paid. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

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

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

Service Delivery Agreement (SDA) expenses relate to the cost associated with the provision of staff resources by the Department of Communities to the Housing Authority. The Department of Communities recovers the costs for these services from the Housing Authority and the Housing Authority recognises these as a service expense rather than employee expense. In addition, the overhead costs paid by the Housing Authority to other entities are included in supplies and services and the recoverable amounts from other entities (where applicable) are shown as Income from State government.

4.3. Grants and subsidies

Table 25: Grants and subsidies

Grants and subsidies	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Proceeds from Grants and subsidies	**–**	**–**	**–**	**–**
Regional renewal program grants	3,045	953	3,045	953
COVID-19 Community housing rent relief grant	–	1,631	–	1,631
National rent affordability scheme grants	7,957	10,119	7,957	10,119
National housing and homelessness data working group contribution	–	270	–	270
Social Housing Economic Recovery Package grants	34,954	31,559	34,954	31,559
Regional construction program grants	2,760	2,772	2,760	2,772
Other	1,050	–	1,050	–
Total grants and subsidies expense	**49,766**	**47,304**	**49,766**	**47,304**

4.4. (Gain)/Loss on disposal of non-current assets

Table 26: (Gain)/Loss on disposal of non-current assets

(Gain)/Loss on disposal of non-current assets	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Proceeds from the disposal of non-current assets	–	–	–	–
Community Housing properties	137	30	137	30
Rental properties	6,669	6,676	6,669	6,676
Shared Equity properties	37,640	41,162	37,640	41,162
Total	**44,446**	**47,868**	**44,446**	**47,868**
Carrying amount of non-current assets disposed	–	–	–	–
Community Housing properties	28	593	28	593
Rental properties	14,683	13,313	14,683	13,313
Shared Equity properties	33,337	37,144	33,337	37,144
Plant and equipment and intangible assets	33	–	33	–
Right-of-use assets	(3)	–	(3)	–
Total	**48,078**	**51,050**	**48,078**	**51,050**
Net loss/(gain)	**3,632**	**3,182**	**3,632**	**3,182**

(a) For details of the restatement, refer to Note 9.2.

The cost on disposal of rental properties includes the value of properties demolished of $7.992 million (2022: $4.582 million).

Realised and unrealised gains are usually recognised on a net basis.

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 Housing Authority 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 27: Key assets

Key Assets	Notes	Consolidated 2023 $000	Consolidated (a) 2022 $000	Housing Authority 2023 $000	Housing Authority (a) 2022 $000
Inventories	5.1	180,988	229,998	172,874	219,198
Property, plant and equipment	5.2	12,823,931	11,359,430	12,822,114	11,357,086
Right-of-use assets	5.3	6,841	6,607	2,742	1,971
Intangibles	5.4	2,980	1,217	–	114
Service concession assets	5.5	2,201,513	2,033,960	2,201,513	2,033,960
Non-current assets classified as held for sale	5.6	6,272	7,233	6,272	7,233

(a) For details of the restatement, refer to Note 9.2.

5.1. Inventories

Table 28: Inventories

Inventories	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Current	–	–	–	–
Land acquisition and development at cost	85,516	66,057	85,516	66,057
Joint operations land at cost	15,338	18,529	15,338	18,529
House and land packages for sale	9,989	16,433	9,989	16,433
House and land packages construction in progress	10,036	13,320	10,036	13,320
Total current inventories	**120,879**	**114,339**	**120,879**	**114,339**
Non-current	–	–	–	–
Land acquisition and development at cost	46,635	99,413	38,521	88,613
Joint operations land at cost	13,474	16,246	13,474	16,246
Total non-current inventories	**60,109**	**115,659**	**51,995**	**104,859**
Total inventories	**180,988**	**229,998**	**172,874**	**219,198**

(a) For details of the restatement, refer to Note 9.2.

Inventories

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

Non-current inventories 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.

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.

As of 1 July 2021, the Housing Authority transferred its interest in joint operations to the Western Australian Land Authority (DevWA) as part of the Machinery of Government (MoG) changes. The Butler and Dalyellup Beach joint operations have been retained by the Housing Authority and continue to be disclosed in the financial statements.

(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.

Summary of the Housing Authority's share in joint operation assets and liabilities

Table 29: Inventories

Inventories 2023	Notes	Butler $000	Dalyellup Beach $000	Total $000
Current assets	–	–	–	–
Cash and cash equivalents	7.4	4,137	6,059	10,196
Receivables	6.1	152	609	761
Inventories	5.1	10,303	5,035	15,338
Other current assets	6.3	237	–	237
Sub-total	–	**14,829**	**11,703**	**26,532**
Non-current assets	–	–	–	–
Receivables	6.1	–	–	–
Office equipment	5.2	–	34	34
Buildings	5.2	1,022	–	1,022
Development costs (a)	5.1	2,779	10,145	12,924
Sub-total	–	**3,801**	**10,179**	**13,980**
Total assets	–	**18,630**	**21,882**	**40,512**

Inventories 2023	Notes	Butler $000	Dalyellup Beach $000	Total $000
Current liabilities	–	–	–	–
Payables	6.5	1,266	1,335	2,601
Other liabilities	6.7	7	–	7
Provisions	6.6	–	–	–
Sub-Total	–	**1,273**	**1,335**	**2,608**
Non-current liabilities	–	–	–	–
Payables	6.5	244	–	244
Sub-total	–	**244**	–	**244**
Total liabilities	–	**1,517**	**1,335**	**2,852**
Net assets	–	**17,113**	**20,547**	**37,660**
Land (a)	–	**548**	**2**	**550**

(a) The total development costs ($12.924 million) and Authority land ($0.550 million) represents the total ($13.474 million) joint operations land non-current portion, per in Note 5.2.1as above.

Table 30: Inventories

Inventories 2022	Notes	Butler $000	Dalyellup Beach $000	Total $000
Current assets	–	–	–	–
Cash and cash equivalents	7.4	3,872	3,766	7,638
Receivables	6.1	319	1,497	1,816
Inventories	5.1	14,608	3,921	18,529
Other current assets	6.3	251	22	273
Sub-total	–	**19,050**	**9,206**	**28,256**
Non-current assets	–	–	–	–
Receivables	6.1	–	–	–
Office equipment	5.2	–	69	69
Buildings	5.2	1,024	–	1,024
Development costs (a)	5.1	3,495	12,028	15,523
Sub-total	–	**4,519**	**12,097**	**16,616**
Total assets	–	**23,569**	**21,303**	**44,872**

Inventories 2022	Notes	Butler $000	Dalyellup Beach $000	Total $000
Current liabilities	**–**	**–**	**–**	**–**
Payables	6.5	1,590	521	2,111
Other liabilities	6.7	7	25	32
Provisions	6.6	–	–	–
Total	–	**1,597**	**546**	**2,143**
Non-current liabilities	**–**	**–**	**–**	**–**
Payables	6.5	251	–	251
Sub-total	**–**	**251**	**–**	**251**
Total liabilities	**–**	**1,848**	**546**	**2,394**
Net assets	**–**	**21,721**	**20,757**	**42,478**
Land (a)	–	721	2	723

(a) The total development costs ($15.523 million) and Authority land ($0.723 million) represents the total ($16.246 million) joint operations land non-current portion, per Note 5.1 as above.

5.2. Property, plant and equipment

Table 31: Property, plant and equipment

Consolidated Year ended 30 June 2023	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 2022	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Gross carrying amount	10,358,632	355,438	451,070	65,581	16,412	132,094	11,379,227
Accumulated depreciation	(1,576)	(154)	(52)	(4,777)	(13,238)	–	(19,797)
Accumulated impairment loss	–	–	–	–	–	–	–
Carrying amount at start of period	**10,357,056**	**355,284**	**451,018**	**60,804**	**3,174**	**132,094**	**11,359,430**
Additions	177,238	9,052	12,450	53	514	230,538	429,845
Transfer from/(to) owner	–	–	–	(28,960)	–	–	(28,960)
Transfers within business outcomes	3,143	(2)	(3,143)	2	–	–	–
Transfers – SCA	(10,696)	169	–	–	–	–	(10,527)
Transfers to Profit and Loss	–	–	–	–	–	(15,792)	(15,792)

Consolidated Year ended 30 June 2023	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Transfers from inventory and asset held for sale	97,814	(399)	222	–	–	2,781	100,418
Transfer to/(from) buildings under construction	131,194	139	1,128	–	–	(132,461)	–
Disposals	(10,159)	–	(33,337)	–	(63)	–	(43,559)
Impairment losses (a)	(23)	–	–	–	–	–	(23)
Impairment losses reversed (a)	–	–	–	–	–	–	–
Realised reserves	–	–	–	–	–	–	–
Revaluation increments (decrements)	1,061,566	23,373	51,830	2,643	–	–	1,139,412
Depreciation	(94,519)	(4,468)	(5,668)	(863)	(795)	–	(106,313)
Carrying amount at 30 June 2023	**11,712,614**	**383,148**	**474,500**	**33,679**	**2,830**	**217,160**	**12,823,931**

Consolidated Year ended 30 June 2023	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Gross carrying amount	11,715,583	383,355	474,552	38,716	11,332	217,160	12,840,698
Accumulated depreciation	(2,969)	(207)	(52)	(5,037)	(8,502)	–	(16,767)
Carrying amount at 30 June 2023	**11,712,614**	**383,148**	**474,500**	**33,679**	**2,830**	**217,160**	**12,823,931**

(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 32: Property, plant and equipment

Consolidated Year ended 30 June 2022	Rental Properties (a) $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
1 July 2021	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Gross carrying amount	9,128,872	327,927	439,167	90,785	19,958	45,746	10,052,455
Accumulated depreciation	(926)	–	(70)	(4,599)	(16,811)	–	(22,406)
Accumulated impairment loss	–	–	–	–	–	–	–
Carrying amount at start of period	**9,127,946**	**327,927**	**439,097**	**86,186**	**3,147**	**45,746**	**10,030,049**
Correction of prior period error (a)	163,886	–	–	–	–	–	163,886
Restated carrying amount	**9,291,832**	**327,927**	**439,097**	**86,186**	**3,147**	**45,746**	**10,193,935**
Additions	118,944	942	10,531	25	871	188,634	319,947
Transfer from/(to) owner	–	–	–	(11,460)	–	–	(11,460)
Transfers within business outcomes	–	–	–	–	–	–	–
Transfers – buildings under construction	–	–	–	–	–	–	–
Transfer	82,202	3,085	(1,165)	(785)	–	(83,337)	–

Consolidated Year ended 30 June 2022	Rental Properties (a) $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Transfers – SCA	(9,020)	5	1	(18,282)	3	–	(27,293)
Transfers to Profit and Loss	–	–	–	–	–	(18,949)	(18,949)
Transfer from inventory and asset held for sale (a)	85,210	1,087	1,537	(186)	–	–	87,648
Disposals	(11,493)	(573)	(36,408)	(584)	(36)	–	(49,094)
Depreciation eliminated on disposal	–	–	–	–	–	–	–
Impairment losses (b)	–	–	–	–	–	–	–
Impairment losses reversed (b)	–	–	–	–	–	–	–
Revaluation increments (decrements)	884,010	27,182	42,801	6,752	–	–	960,745
Depreciation	(84,629)	(4,371)	(5,376)	(862)	(811)	–	(96,049)

Consolidated Year ended 30 June 2022	Rental Properties (a) $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Carrying amount at 30 June 2022	**10,357,056**	**355,284**	**451,018**	**60,804**	**3,174**	**132,094**	**11,359,430**
Gross carrying amount	10,358,632	355,438	451,070	65,581	16,412	132,094	11,379,227
Accumulated depreciation	(1,576)	(154)	(52)	(4,777)	(13,238)	–	(19,797)
Carrying amount at 30 June 2022	**10,357,056**	**355,284**	**451,018**	**60,804**	**3,174**	**132,094**	**11,359,430**

(a) For details of the restatement, refer to Note 9.2.

(b) The initial application of the AASB 1059 net adjustment is the cumulative effect of restating opening balances for the recognition of service concession assets for financial years commencing on and after 1 January 2021 as per the accounting standard.

Table 33: Property, plant and equipment

Housing Authority Year ended 30 June 2023	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 2022	–	–	–	–	–	–	–
Gross carrying amount	10,358,632	355,438	451,070	65,581	9,096	132,094	11,371,911
Accumulated depreciation	(1,576)	(154)	(52)	(4,777)	(8,266)	–	(14,825)
Accumulated impairment loss	–	–	–	–	–	–	–
Carrying amount at start of period	**10,357,056**	**355,284**	**451,018**	**60,804**	**830**	**132,094**	**11,357,086**
Additions	177,238	9,052	12,450	53	491	230,538	429,822
Transfer from/(to) owner	–	–	–	(28,960)	–	–	(28,960)
Transfers within business outcomes	3,143	(2)	(3,143)	2	–	–	–
Transfers – SCA	(10,696)	169	–	–	–	–	(10,527)
Transfers to Profit and Loss	–	–	–	–	–	(15,792)	(15,792)
Transfers from inventory and asset held for sale	97,814	(399)	222	–	–	2,781	100,418

Housing Authority Year ended 30 June 2023	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Transfer to/(from) buildings under construction	131,194	139	1,128	–	–	(132,461)	–
Disposals	(10,159)	–	(33,337)	–	(63)	–	(43,559)
Impairment losses (a)	(23)	–	–	–	–	–	(23)
Impairment losses reversed (a)	–	–	–	–	–	–	–
Depreciation eliminated on disposal	–	–	–	–	–	–	–
Realised reserves	–	–	–	–	–	–	–
Revaluation increments (decrements)	1,061,566	23,373	51,830	2,643	–	–	1,139,412
Depreciation	(94,519)	(4,468)	(5,668)	(863)	(245)	–	(105,763)
Carrying amount at 30 June 2023	**11,712,614**	**383,148**	**474,500**	**33,679**	**1,013**	**217,160**	**12,822,114**
Gross carrying amount	11,715,583	383,355	474,552	38,716	4,014	217,160	12,833,380

Housing Authority Year ended 30 June 2023	Rental Properties $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Accumulated depreciation	(2,969)	(207)	(52)	(5,037)	(3,001)	–	(11,266)
Carrying amount at 30 June 2023	**11,712,614**	**383,148**	**474,500**	**33,679**	**1,013**	**217,160**	**12,822,114**

(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 34: Property, plant and equipment

Housing Authority Year ended 30 June 2022	Rental Properties (a) $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
1 July 2021	–	–	–	–	–	–	–
Gross carrying amount	9,128,872	327,927	439,167	90,785	9,007	45,746	10,041,504
Accumulated depreciation	(926)	–	(70)	(4,599)	(8,299)	–	(13,894)
Carrying amount at start of period	**9,127,946**	**327,927**	**439,097**	**86,186**	**708**	**45,746**	**10,027,610**
Correction of prior period error (a)	163,886	–	–	–	–	–	163,886
Restated carrying amount	**9,291,832**	**327,927**	**439,097**	**86,186**	**708**	**45,746**	**10,191,496**
Additions	118,944	942	10,531	25	378	188,634	319,454
Transfer from/(to) owner	–	–	–	(11,460)	–	–	(11,460)
Transfer	82,202	3,085	(1,165)	(785)	–	(83,337)	–
Transfers within business outcomes	–	–	–	–	–	–	–

Housing Authority Year ended 30 June 2022	Rental Properties (a) $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Transfers – buildings under construction	–	–	–	–	–	–	–
Transfers – SCA	(9,020)	5	1	(18,282)	3	–	(27,293)
Transfers to Profit and Loss	–	–	–	–	–	(18,949)	(18,949)
Transfers from inventory and asset held for sale	85,210	1,087	1,537	(186)	–	–	87,648
Disposals	(11,493)	(573)	(36,408)	(584)	(35)	–	(49,093)
Impairment losses (b)	–	–	–	–	–	–	–
Impairment losses reversed (b)	–	–	–	–	–	–	–
Depreciation eliminated on disposal	–	–	–	–	–	–	–
Realised reserves	–	–	–	–	–	–	–
Revaluation increments (decrements)	884,010	27,182	42,801	6,752	–	–	960,745

Housing Authority Year ended 30 June 2022	Rental Properties (a) $000	Community Housing Properties $000	Shared Equity Properties $000	Other Properties $000	Plant and Equipment $000	Buildings Under Construction $000	Total $000
Depreciation	(84,629)	(4,371)	(5,376)	(862)	(224)	–	(95,462)
Carrying amount at 30 June 2022	**10,357,056**	**355,284**	**451,018**	**60,804**	**830**	**132,094**	**11,357,086**
Gross carrying amount	10,358,632	355,438	451,070	65,581	9,096	132,094	11,371,911
Accumulated depreciation	(1,576)	(154)	(52)	(4,777)	(8,266)	–	(14,825)
Carrying amount at 30 June 2022	**10,357,056**	**355,284**	**451,018**	**60,804**	**830**	**132,094**	**11,357,086**

(a) For details of the restatement, refer to Note 9.2.

(b) 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 costing $5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, 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.

Subsequent measurement

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

Land is carried at fair value.

Buildings and 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 Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period. Where properties have not been valued by Valuation Services, these are valued by management with inference to similar assets valued by Valuation Services.

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 an individual asset basis.

5.2.1. Depreciation and impairment

Table 35: Depreciation and impairment

Charge for the period	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Depreciation	–	–	–	–
Rental properties	94,519	84,629	94,519	84,629
Community Housing properties	4,468	4,371	4,468	4,371
Shared Equity properties	5,668	5,376	5,668	5,376
Other properties	863	862	863	862
Plant, equipment and vehicles	795	811	245	224
Total depreciation for the year	**106,313**	**96,049**	**105,763**	**95,462**

As at 30 June 2023 there were no indications of impairment to property, plant and equipment.

All surplus assets as at 30 June 2023 have either been classified as assets held for sale or have been written-off.

Useful lives

All property, plant and equipment 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. The exceptions to this rule include assets held for sale, land and investment properties.

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 36: 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%

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, which is considered to have an indefinite life, is 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

Non-financial assets, including items of plant and equipment are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit and loss.

Where a previously revalued asset is written down to recoverable amount, the loss is 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 depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

5.3. Right-of-use assets

Table 37: Right-of-use assets

Consolidated – Year ended 30 June 2023	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
1 July 2022	–	–	–	–
Gross carrying amount	8,662	–	2,739	11,401
Accumulated depreciation	(3,017)	–	(1,777)	(4,794)
Accumulated impairment loss	–	–	–	–
Carrying amount at start of period	**5,645**	**–**	**962**	**6,607**
Additions	2,484	–	1,162	3,646
Transfers	–	–	–	–
Disposals	(628)	–	(48)	(676)
Impairment losses	–	–	–	–
Impairment losses reversed	–	–	–	–
Depreciation	(1,849)	–	(887)	(2,736)
Carrying amount at 30 June 2023	**5,652**	**–**	**1,189**	**6,841**

Consolidated – Year ended 30 June 2023	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
Gross carrying amount	9,688	–	3,375	13,063
Accumulated depreciation	(4,036)	–	(2,186)	(6,222)
Carrying amount at 30 June 2023	**5,652**	**–**	**1,189**	**6,841**

Table 38: Right-of-use assets

Consolidated – Year ended 30 June 2022	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
1 July 2021	–	–	–	–
Gross carrying amount	8,040	846	2,361	11,247
Accumulated depreciation	(2,196)	(846)	(1,320)	(4,362)
Accumulated impairment loss	–	–	–	–
Carrying amount at start of period	**5,844**	**–**	**1,041**	**6,885**
Additions	1,514	–	797	2,311
Transfers	–	–	–	–
Disposals	(129)	–	(70)	(199)

Consolidated – Year ended 30 June 2022	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
Impairment losses	–	–	–	–
Impairment losses reversed	–	–	–	–
Depreciation	(1,584)	–	(806)	(2,390)
Carrying amount at 30 June 2022	**5,645**	**–**	**962**	**6,607**
Gross carrying amount	8,662	–	2,739	11,401
Accumulated depreciation	(3,017)	–	(1,777)	(4,794)
Carrying amount at 30 June 2022	**5,645**	**–**	**962**	**6,607**

Table 39: Right-of-use assets

Housing Authority – Year ended 30 June 2023	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
1 July 2022	–	–	–	–
Gross carrying amount	1,584	–	2,739	4,323
Accumulated depreciation	(575)	–	(1,777)	(2,352)
Accumulated impairment loss	–	–	–	–
Carrying amount at start of period	**1,009**	**–**	**962**	**1,971**
Additions	2,282	–	1,162	3,444
Transfers	–	–	–	–
Disposals	(628)	–	(48)	(676)
Impairment losses	–	–	–	–
Impairment losses reversed	–	–	–	–
Depreciation	(1,110)	–	(887)	(1,997)
Carrying amount at 30 June 2023	**1,553**	**–**	**1,189**	**2,742**

Housing Authority – Year ended 30 June 2023	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
Gross carrying amount	2,407	–	3,375	5,782
Accumulated depreciation	(854)	–	(2,186)	(3,040)
Carrying amount at 30 June 2023	**1,553**	**–**	**1,189**	**2,742**

Table 40: Right-of-use assets

Housing Authority – Year ended 30 June 2022	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
1 July 2021	–	–	–	–
Gross carrying amount	962	846	2,361	4,149
Accumulated depreciation	(523)	(846)	(1,320)	(2,689)
Accumulated impairment loss	–	–	–	–
Carrying amount at start of period	**439**	**–**	**1,041**	**1,480**
Additions	1,514	–	797	2,311
Transfers	–	–	–	–
Disposals	(129)	–	(70)	(199)

Housing Authority – Year ended 30 June 2022	Buildings $000	Plant and equipment $000	Vehicles $000	Total $000
Impairment losses	–	–	–	–
Impairment losses reversed	–	–	–	–
Depreciation	(815)	–	(806)	(1,621)
Carrying amount at 30 June 2022	**1,009**	**–**	**962**	**1,971**
Gross carrying amount	1,584	–	2,739	4,323
Accumulated depreciation	(575)	–	(1,777)	(2,352)
Carrying amount at 30 June 2022	**1,009**	–	**962**	**1,971**

Initial recognition

At the commencement date of the lease, the Housing Authority recognises right-of-use assets at cost comprising of:

- 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; and
- Restoration costs, including dismantling and removing the underlying asset.

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

The Housing Authority has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of less than 12 months) 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 41: 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 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Depreciation expense of right-of-use assets	2,736	2,390	1,997	1,621
Lease interest expense	3,493	1,539	3,329	1,347
Total amount recognised in the statement of comprehensive income	**6,229**	**3,929**	**5,326**	**2,968**

The total cash outflow for leases in 2023 was $90.642 million (2022: $78.577 million – Housing Authority) and $89.760 million (2022: $79.907 million – Consolidated entity).

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

The Housing Authority has leases for office and residential accommodation, office 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.

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 42: Consolidated – Intangible assets

Consolidated – Intangible assets	Computing software 2023 $000	Computing software 2022 $000	Computing development 2023 $000	Computing development 2022 $000	Total 2023 $000	Total 2022 $000
Gross carrying amount	7,850	6,823	50,718	50,718	58,568	57,541
Accumulated depreciation	(6,650)	(6,249)	(50,701)	(50,642)	(57,351)	(56,891)
Carrying amount at start of period	1,200	574	17	76	1,217	650
Intangible assets reconciliation	–	–	–	–	–	–
Additions	2,530	1,028	–	–	2,530	1,028
Transfers	–	–	–	–	–	–
Disposals	–	–	–	(1)	–	(1)
Amortisation expense	(750)	(402)	(17)	(58)	(767)	(460)
Carrying amount at end of period	**2,980**	**1,200**	**–**	**17**	**2,980**	**1,217**
Gross carrying amount	9,938	7,850	50,253	50,718	60,191	58,568

Consolidated – Intangible assets	Computing software 2023 $000	Computing software 2022 $000	Computing development 2023 $000	Computing development 2022 $000	Total 2023 $000	Total 2022 $000
Accumulated depreciation	(6,958)	(6,650)	(50,253)	(50,701)	(57,211)	(57,351)
Carrying amount at end of period	**2,980**	**1,200**	**–**	**17**	**2,980**	**1,217**

Table 43: Housing Authority – Intangible assets

Housing Authority – Intangible assets	Computing software 2023 $000	Computing software 2022 $000	Computing development 2023 $000	Computing development 2022 $000	Total 2023 $000	Total 2022 $000
Gross carrying amount	2,491	2,491	50,718	50,718	53,209	53,209
Accumulated depreciation	(2,394)	(2,289)	(50,701)	(50,642)	(53,095)	(52,931)
Carrying amount at start of period	**97**	**202**	**17**	**76**	**114**	**278**
Intangible assets reconciliation	**–**	**–**	**–**	**–**	**–**	**–**
Additions	–	–	–	–	–	–
Transfers	–	–	–	–	–	–
Disposals	–	(1)	–	(1)	–	(2)

Housing Authority – Intangible assets	Computing software 2023 $000	Computing software 2022 $000	Computing development 2023 $000	Computing development 2022 $000	Total 2023 $000	Total 2022 $000
Amortisation expense	(97)	(104)	(17)	(58)	(114)	(162)
Carrying amount at end of period	**–**	**97**	**–**	**17**	**–**	**114**
Gross carrying amount	2,048	2,491	50,253	50,718	52,301	53,209
Accumulated depreciation	(2,048)	(2,394)	(50,253)	(50,701)	(52,301)	(53,095)
Carrying amount at end of period	**–**	**97**	**–**	**17**	**–**	**114**

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, 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.

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $5,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted above) are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of comprehensive income.

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

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 44: Amortisation and impairment

Amortisation and impairment charge for the period	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Computer development	17	58	17	58
Computer software	750	402	97	104
Total amortisation and impairment	**767**	**460**	**114**	**162**

As at 30 June 2023 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 on the straight line basis that allocate the asset's value over its estimated useful life. All intangible assets controlled by the consolidated entity have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

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. Service concession assets

Table 45: Service concession assets 30 June 2023

Service concession assets Year ending 30 June 2023	Consolidated $000	Housing Authority $000
Year ended 30 June 2023	–	–
1 July 2022	–	–
Gross carrying amount	2,034,156	2,034,156
Accumulated depreciation	(196)	(196)
Carrying amount at start of period	**2,033,960**	**2,033,960**
Additions	–	–
Transfers from/(to) Property, plant and equipment	10,527	10,527
Revaluation gains/(losses)	–	–
Disposals	(2,517)	(2,517)
Revaluation increments/(decrements)	180,814	180,814
Depreciation	(21,271)	(21,271)
Carrying amount at 30 June 2023	**2,201,513**	**2,201,513**
Gross carrying amount	2,201,513	2,201,513
Accumulated depreciation	–	–

Service concession assets Year ending 30 June 2023	Consolidated $000	Housing Authority $000
Carrying amount at 30 June 2023	**2,201,513**	**2,201,513**

Table 46: Service concession assets 30 June 2022

Service concession assets Year ending 30 June 2022	Consolidated $000	Housing Authority $000
Year ended 30 June 2022	–	–
1 July 2021	–	–
Gross carrying amount	1,856,367	1,856,367
Accumulated depreciation	–	–
Correction of prior period error	–	–
Carrying amount at start of period	1,856,367	1,856,367
Service concessions reconciliation	–	–
Additions	15,068	15,068
Transfers from/(to) Property, plant and equipment	27,293	27,293
Revaluation gains/(losses)	–	–
Disposals	(450)	(450)
Revaluation increments/(decrements)	155,667	155,667

Service concession assets Year ending 30 June 2022	Consolidated $000	Housing Authority $000
Depreciation	(19,985)	(19,985)
Carrying amount at 30 June 2022	**2,033,960**	**2,033,960**
Gross carrying amount	2,034,156	2,034,156
Accumulated depreciation	(196)	(196)
Carrying amount at 30 June 2022	**2,033,960**	**2,033,960**

Scope

A service concession arrangement is an arrangement which involves an operator:

- that is contractually obliged to provide public services related to a service concession asset on behalf of the grantor; and
- managing at least some of those services under its own discretion, rather than at the direction of the grantor.

Whether an arrangement is providing a public service is a significant area of judgement, as the Standard does not define public services. The Standard, however, has identified the following indicators of public services:

- the services are necessary or essential to the general public;
- generally expected to be provided by a public sector entity in accordance with government policy or regulation; and
- services provided by the asset are not wholly consumed by a public sector entity for the purpose of assisting in the delivery of public services and managed by an external party.

The provision of primary or ancillary services by assets in service concession arrangements are other key considerations that should be taken into account in assessing whether assets provide public services. Ancillary services are excluded from public services assessment as they relate to services that are insignificant to the arrangement as a whole.

Recognition

Control is an essential aspect in assessing whether an arrangement is a service concession arrangement. It is defined as the ability to exclude or regulate access to the benefits of an asset.

Control can be explicit or implicit. The grantor may have explicit control through rights held under the contractual arrangement or the grantor may have implicit control through regulation. It is not essential for the contract to specify the grantor's control. Explicit or implicit control over the asset would result in the arrangement falling within the scope of AASB 1059.

The grantor has control of the asset if, and only if:

a) the grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
b) the grantor controls significant residual interest in the asset at the end of the term of the arrangement.

Requirement (b) above is not applicable for assets that will be used in a service concession arrangement for its entire economic life or the major part of its economic life. The grantor is considered to have control if they meet requirement (a) under this circumstance.

Assets recognised in a service concession arrangement include:

- existing assets of the operator or grantor provided for use in the arrangement;
- asset constructed, developed, acquired or otherwise provided by the operator; and
- upgrade or replacement of a major component of any of the above assets.

Service concession arrangements may involve multiple assets, comprising of a primary asset that provides the principal public service, and a secondary asset that is used or mainly used to complement the primary asset. Both of which can fall within the scope of AASB 1059.

Where an arrangement contains several assets, the grantor should separately assess individual components of the assets within the arrangement that are:

- physically separable;
- capable of being operated independently; and
- meet the definition of a cash-generating unit under AASB 136 'Impairment of Assets'.

In recognising a service concession asset, the grantor is required to recognise a corresponding liability.

Measurement

A service concession asset is initially measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement.

This same measurement approach applies to existing assets of an agency that has been reclassified as service concession assets at the date of reclassification. Any difference between the carrying amount of the asset and its current replacement cost will be accounted for as if it is a revaluation of the asset.

Subsequent to initial recognition or reclassification, a service concession asset is depreciated or amortised in accordance with AASB 116 ‘Property, Plant and Equipment’ or AASB 136 ‘Intangible Assets’, with any impairment recognised in accordance with AASB 136.

References to fair value in other Standards shall be read as references to current replacement cost in accordance with AASB 1059.

At the end of the service concession arrangement, the agency:

a) reclassifies the asset based on its nature or function;
b) discontinue references to fair value in other Standards as current replacement cost under AASB 1059; and
c) derecognises the asset in accordance with AASB 116 or AASB 138 when the agency loses control of the asset.

Table 47: Service concession arrangement

Name of the service concession asset (SCA)	Social housing properties
Description of the arrangements	Social housing properties that maybe owned and not owned by the Housing Authority that are managed and maintained by Community Housing Organisations (CHOs).
Terms of the arrangement	Varies as this is contract/program specific. Typically involves the contribution of capital or property by the HA to the CHO for their management of the social housing property and HA maintains its interest via certain limitations such as caveats on property titles.
Period of the arrangement	Varies as this is contract specific, though most SCA agreements run indefinitely subject to future reassessments / reviews.
Rights and obligations	Grantor (HA) controls the tenant allocation rights to these assets, while the operator (CHO) manages and maintain these properties.
Changes in the arrangements occurred in period ending 30 June 2023	n/a
Carrying amount as at 30 June 2023	$2.202 billion

5.6. Non-current assets classified as held for sale

Table 48: Non-current assets classified as held for sale

Non-current assets classified as held for sale	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Opening Balance	–	–	–	–
Rental properties	7,233	5,161	7,233	5,161
Movement for the period	**–**	**–**	**–**	**–**
Disposals	(4,864)	–	(4,864)	–
Reclassified from/(to) Rental properties	3,903	2,072	3,903	2,072
Less impairment	–	–	–	–
Impairment cost disposed	–	–	–	–
Total assets classified as held for sale	**6,272**	**7,233**	**6,272**	**7,233**

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 the lower of carrying amount and fair value less costs to sell. 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 Housing Authority's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

Table 49: Other assets and liabilities

Other assets and liabilities	Notes	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Loans and receivables	6.1	2,935,468	4,194,888	3,312,629	4,323,239
Deferred income tax asset	6.2	–	–	–	–
Other current assets	6.3	11,862	13,086	30,596	22,629
Other financial assets	6.4	250,475	250,126	2,262	5,150
Trade and other payables	6.5	81,633	65,824	72,594	53,580
Provisions	6.6	61,166	62,187	60,482	61,147
Other liabilities	6.7	23,254	29,734	23,254	29,734

6.1. Loans and receivables

Table 50: Loans and receivables

Loans and receivables	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Current	–	–	–	–
General debtors	38,151	22,302	36,820	20,772
Rental and lease bonds	14,052	15,144	14,052	15,144
Rents from tenants and other rents	62,040	55,713	62,040	55,713
Loans to commercial organisations	1,153	551	8,608	8,006
Dividend receivable	–	–	81,403	141,898
Finance leases receivables	83,415	60,030	83,415	60,030
Joint operations receivables	761	1,816	761	1,816
Loans to homebuyers	769,083	995,998	–	–
Other debtors	49	11,966	49	11,966
GST Receivable	3,238	1,810	3,195	1,712
Less allowance for impairment – receivables	(30,126)	(28,313)	(30,126)	(28,313)
Total current loans and receivables	**941,816**	**1,137,017**	**260,217**	**288,744**

Loans and receivables	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Non-current	**–**	**–**	**–**	**–**
General	–	7,680	–	7,680
Loans to commercial organisations	–	1,007	–	1,007
Finance leases receivables	27,412	36,308	27,412	36,308
Joint operations receivables	–	–	–	–
Keystart preferential shares	–	–	3,025,000	3,989,500
Loans to homebuyers	1,978,451	3,029,631	–	–
Less provision for impairment – loans to homebuyers	(12,211)	(16,755)	–	–
Total non-current loans and receivables	**1,993,652**	**3,057,871**	**3,052,412**	**4,034,495**
Total loans and receivables at the end of the period	**2,935,468**	**4,194,888**	**3,312,629**	**4,323,239**

General debtors – are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairment). Debts are due for settlement within 30 days with the exception of the following receivable categories:

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

Rental and lease bonds 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.

Keystart preferential shares – The Western Australian Treasury Corporation has provided the Housing Authority with a $3.130 billion (2022: $4.605 billion) loan facility to fund Keystart Loans Ltd. The Housing Authority has purchased redeemable preference shares in Keystart Loans Ltd to the same value as the drawn down loan facility as security over the funds. The terms and conditions of the shares reflect the terms and conditions of the loan facility. Keystart Loans Ltd. meets all principal, interest and other costs associated with the facility. To date $3.025 billion (June 2022: $3.990 billion) of this facility has been drawn down.

Commercial Organisations – The Non-Current loans to Commercial Organisations represent Acknowledgement of Debt totalling $7.456 million to Goldmaster Enterprises at an interest rate of 0.00 per cent. The Directors expect the sale of vacant land to be finalised within the next 12 months and the loan repaid in full at that time.

Loans to Homebuyers – Refer to Note 8.1 ‘Financial risk management' for an analysis of the Consolidated Entity’s exposure to interest rate risk in relation to loans to homebuyers 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'.

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

6.1.1. Movement in the allowance for impairment of loans and receivables

Table 51: Reconciliation of changes in the allowances for impairment of receivables

Reconciliation of changes in the allowances for impairment of receivables	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Balance at the start of the period	28,313	27,399	28,313	27,399
Expected credit loss expense	9,871	4,551	9,871	4,551
Reversal of opening allowance for impairment of receivables	163	43	163	43
Amounts written off during the period	(8,221)	(3,680)	(8,221)	(3,680)
Balance at the end of period	**30,126**	**28,313**	**30,126**	**28,313**

An allowance for expected credit losses for general debtors, rental and lease bonds and rents from tenants and other rents receivables are measured at the lifetime expected credit losses for each reporting date, adjusting for forward-looking factors specific to the debtors and economic environment.

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any allowance for impairment as shown in the table at Note 8.1 ‘Financial risk management’.

The Housing Authority does not hold any collateral as security or other credit enhancements for general debtors.

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

Movement in allowance for impairment of loans to homebuyers	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Balance at the start of the period	16,755	41,739	–	–
Expected credit loss expense	(4,000)	(24,047)	–	–
Amounts written off during the period	(841)	(3,045)	–	–
Bad debts recovered	297	2,108	–	–
Balance at the end of period	**12,211**	**16,755**	**–**	**–**

As at 30 June 2023, loans to homebuyers with a nominal value of $0.841 million (2022: $3.045 million) were impaired and written off against the provision for impairment following disposal of mortgaged property. All loans and advances are reviewed and graded according to the anticipated level of credit risk.

There was a $25 million reversal in ECL provisions during 2021–22, predominantly driven by the run-off of the loan book and improved economic conditions.

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	2023 Number	2023 $000	2022 Number	2022 $000
Financial hardship loans	139	45,103	300	95,029
Allowance for impairment	(586)	–	–	(2,408)

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 54: Repossessed loans – Parent

Repossessed loans – Parent	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Outstanding balance on loans for which collateral will be repossessed	**–**	**–**	**–**	**–**
Balance	3,203	5,865	–	–
Allowance for impairment	(1,631)	(2,210)	–	–

Table 55: Repossessed loans – Housing Authority

Repossessed loans – Housing Authority	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Fair value of collateral obtained in terms of the exercising of rights under the mortgages	2,125	7,040	–	–
Interest foregone on repossessed loans	504	334	–	–

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.

The terms and conditions associated with the use of collateral are such that should a borrower breach the terms and conditions of their mortgage, Keystart has the facility to recover all or part of the outstanding exposure by: exercising its rights under the mortgage, including the power of sale; and 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.

6.2. Deferred income tax asset

Table 56: Deferred income tax asset

Deferred income tax asset for Goldmaster Pty Ltd	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Numerical reconciliation of income tax expense to the prima facie tax payable	**–**	**–**	**–**	**–**
Accounting profit/(loss) before income tax	(2,682)	(858)	–	–
Prima facie tax payable on profit/(loss) at 30%	(805)	(257)	–	–
Add/(less) tax effect of	–	–	–	–
Current year taxable differences not recognised	(4)	2	–	–
Previously unrecognised taxable differences	–	–	–	–
Previously unrecognised tax losses	–	–	–	–
Write down of deferred tax asset	–	–	–	–
Deferred tax benefits not recognised	809	255	–	–
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 $39.248 million (2022: $36.553 million). The benefit of these losses and timing difference will only be obtained if:

- The company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- The company continues to comply with the conditions for deductibility imposed by law; and
- No changes to tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

6.3. Other current assets

Table 57: Other current assets

Other current assets	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Accrued revenue	–	–	–	–
Interest on cash at bank	1,085	538	1,085	538
Accrued housing sales	–	1,975	–	1,975
Interest Keystart investments	–	–	18,734	9,543
Total	**1,085**	**2,513**	**19,819**	**12,056**
Prepayments	–	–	–	–
General	10,540	10,082	10,540	10,082
Development proposals	–	219	–	219
Joint operations	237	272	237	272
Total	**10,777**	**10,573**	**10,777**	**10,573**
Total other current assets at the end of the period	**11,862**	**13,086**	**30,596**	**22,629**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or 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 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Current	–	–	–	–
Deposits at call (a)	250,451	250,102	–	–
Total current other financial assets	**250,451**	**250,102**	–	–
Non-current investments	–	–	–	–
Ellenbrook Management Pty Ltd Shares (b)	24	24	24	24
Goldmaster Enterprises Pty Ltd Shares (b)	–	–	2,238	5,126
Total non-current other financial assets	**24**	**24**	**2,262**	**5,150**
Total other financial assets at the end of the period	**250,475**	**250,126**	**2,262**	**5,150**

(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 held in companies

Name	Principal activities	Types of shares	Percentage of each share class held 2023 %	Percentage of each share class held 2022 %	Value of shares 2023 $000	Value of shares 2022 $000
Ellenbrook Management Pty Ltd	Property development	Ord	47.47%	47.47%	24	24
Goldmaster Enterprises Pty Ltd	Property development	Ord	100.00%	87.18%	2,238	5,126

6.5. Payables

Table 60: Payables

Payables	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Current	–	–	–	–
Accrued salaries	3,507	2,598	3,507	2,598
Contractors retention monies	7,127	5,420	7,127	5,420
Joint operations creditors	2,602	2,110	2,602	2,110
Rental tenants bonds	3	2	3	2
Trade creditors	68,150	55,443	59,111	43,199
Total current trade and other payables	**81,389**	**65,573**	**72,350**	**53,329**
Non-current	–	–	–	–
Joint operations creditors	244	251	244	251
Total non-current trade and other payables	**244**	**251**	**244**	**251**
Total trade and other payables at the end of the period	**81,633**	**65,824**	**72,594**	**53,580**

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	2023 $000	2022 $000
Amounts carried forward from previous financial year	52	55
Payments made by the Commonwealth for IOT services	–	–
Cost of services	(33)	(3)
Construction paid	–	–
Amounts carried forward to following financial year	**19**	**52**

Payables are recognised at the amounts payable when the Housing Authority becomes obliged to make future payments as a result of a purchase of assets or services. 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 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Current	–	–	–	–
Development levies	–	81	–	81
Native Title settlement provision	492	22,506	492	22,506
Other provisions	684	1,040	–	–
Total current provisions	**1,176**	**23,627**	**492**	**22,587**
Non-current	–	–	–	–
Development levies	1,643	1,576	1,643	1,576
Native Title settlement provision	58,347	36,984	58,347	36,984
Total non-current provisions	**59,990**	**38,560**	**59,990**	**38,560**
Total provisions at the end of the period	**61,166**	**62,187**	**60,482**	**61,147**

Table 63: Movement in Provisions

Movement in provisions	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Movements in each class of provisions during the period, are set out below	**–**	**–**	**–**	**–**
Other Provisions	**–**	**–**	**–**	**–**
Carrying amount at start of period	1,040	83,353	–	82,693
Additional/(reversal of) provisions recognised	(356)	390	–	10
Transferred to DevWA	–	(82,703)	–	(82,703)
Carrying amount at end of period	**684**	**1,040**	**–**	**–**
Native Title settlement provision	**–**	**–**	**–**	**–**
Carrying amount at start of period	59,490	59,350	59,490	59,350
Additional/(reversal of) provisions recognised	(651)	140	(651)	140
Carrying amount at end of period	**58,839**	**59,490**	**58,839**	**59,490**
Development levies	**–**	**–**	**–**	**–**
Carrying amount at start of period	1,657	2,313	1,657	2,313
Additional provisions recognised	5	96	5	96
Payments	(19)	(81)	(19)	(81)

Movement in provisions	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Transferred to DevWA	–	(671)	–	(671)
Carrying amount at end of period	**1,643**	**1,657**	**1,643**	**1,657**
Joint operations provisions	**–**	**–**	**–**	**–**
Carrying amount at start of period	–	2,372	–	2,372
Transferred to DevWA	–	(2,372)	–	(2,372)
Carrying amount at end of period	**–**	**–**	**–**	**–**

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.

Other provisions – other provisions include Development Management Agreement Success fees and development cost provisions. The success fee is calculated with reference to the sale proceeds of each lot less GST and any other fees. The provision represents the estimated liability of any fees payable in the future. The development cost provision represents the Development managers on charge of development costs to the Housing Authority.

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.

Native title settlement provision – a provision has been calculated to recognise the Housing Authority's share of the South West Native Title settlement and the Yamatji Nation Indigenous Land Use Agreement settlement.

The reclassification of current to non-current primarily related to housing transfers as part of the South West Native Title Settlement. This is due to the Housing Authority reflowing the timing of the transfers from 2022-23 and 2023-24 to future years, 2024-25 and 2025-26 respectively.

6.7. Other liabilities

Table 64: Other liabilities

Other liabilities	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 (a) $000	Housing Authority 2022 (a) $000
Current	–	–	–	–
Administrative and general expenses	2,370	2,641	2,370	2,641
Joint operations liabilities	7	32	7	32
Unearned income	17,582	10,716	17,582	10,716
Grant of right to operate under service concessions	3,295	3,345	3,295	3,345
Total current other liabilities	**23,254**	**16,734**	**23,254**	**16,734**
Non-current	–	–	–	–
Contract liability	13,000	13,000	13,000	13,000
Grant of right to operate under service concessions	135,989	140,432	135,989	140,432
Total non-current other liabilities	**148,989**	**153,432**	**148,989**	**153,432**
Total other liabilities at the end of the period	**172,243**	**170,166**	**172,243**	**170,166**

(a) For details of the statement, refer to Note 9.2.

Grant of right to operate (GORTO) under service concession liabilities are recognised for service concession arrangements where the Housing Authority grants to operators the right to access a revenue generating asset. Liabilities are recognised for the unearned portion of the revenue arising from the exchange of assets between the Housing Authority and the operator. These liabilities are reduced, with revenue recognised according to the economic substance of the relevant service concession arrangement. Refer to Note 5.5 'Service concession assets' for further information on service concession arrangements.

Contract Liabilities relate to income received for maintenance to another agency properties at the end of the reporting period. The Housing Authority does not expect to satisfy the performance obligations unsatisfied at the end of the reporting period within the next 12 months.

7. Financing

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

	Notes:
Borrowings	7.1
Lease liabilities	7.2
Finance costs	7.3
Cash and cash equivalents	7.4
Reconciliation of cash	7.4.1
Reconciliation of operating activities	7.4.2
Commitments	7.5

7.1. Borrowings

Table 65: Borrowings

Borrowings	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Current	–	–	–	–
WATC	116,909	55,117	116,909	55,117
Commonwealth advances	17,941	17,797	17,941	17,797
Total current borrowings	**134,850**	**72,914**	**134,850**	**72,914**
Non-current	–	–	–	–
WATC	3,114,295	4,178,042	3,114,295	4,178,042
Commercial loan	62,287	62,283	62,287	62,283
Commonwealth advances	255,519	273,460	255,519	273,460
Total non-current borrowings	**3,432,101**	**4,513,785**	**3,432,101**	**4,513,785**
Total borrowings at the end of the period	**3,566,951**	**4,586,699**	**3,566,951**	**4,586,699**

Borrowings refer to interest bearing liabilities raised from public borrowings raised though Western Australian Treasury Corporation (WATC), Commonwealth advances, Westpac Bank (Commercial loan), 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.

The fair values for WATC borrowings have been calculated by Western Australian Treasury Corporation, based on market valuations. The State Nominated and Commonwealth advances have been calculated using a discount rate of 3.92 per cent which is the Commonwealth bond rate. (June 2022 3.77 per cent).

Commercial loan is a $62.287 million liability payable to Westpac. The liability is for construction costs for the Osprey Key Workers Village. The current repayments are interest only and the loan is due to be repaid in full by July 2029.

Commonwealth advances refer to the Commonwealth and State Housing Agreements. The Commonwealth made advances to the states from 1945 to the mid-to-late 1980s to provide financial assistance to Servicemen for building new public housing and low interest loans to home builders, as well as a range of other housing-related purposes.

Table 66: Borrowings

Borrowings	Total carrying amount 2023 $000	Total carrying amount 2022 $000	Aggregate net fair value 2023 $000	Aggregate net fair value 2022 $000
Consolidated	–	–	–	–
WATC	3,231,204	4,233,159	3,240,487	4,268,035
Commercial loan	62,287	62,283	71,008	64,169
Commonwealth advances	273,460	291,257	282,312	308,783

Borrowings	Total carrying amount 2023 $000	Total carrying amount 2022 $000	Aggregate net fair value 2023 $000	Aggregate net fair value 2022 $000
Total	**3,566,951**	**4,586,699**	**3,593,807**	**4,640,987**
Housing Authority	–	–	–	–
WATC	3,231,204	4,233,159	3,240,487	4,268,035
Commercial loan	62,287	62,283	71,008	64,169
Commonwealth advances	273,460	291,257	282,312	308,783
Total	**3,566,951**	**4,586,699**	**3,593,807**	**4,640,987**

WATC (Western Australian Treasury Corporation) 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.

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

7.2. Lease liabilities

Table 67: Lease liabilities

Lease liabilities	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Current	75,610	67,607	69,761	61,078
Non-current	43,883	37,264	43,883	37,264
Total lease liabilities	**119,493**	**104,871**	**113,644**	**98,342**

Initial Measurement

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 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Interest expense	138,598	48,323	138,598	48,323
Finance charges	6	13	–	–
Lease interest expense	3,493	1,539	3,329	1,347
Total finance costs	**142,097**	**49,875**	**141,927**	**49,670**

Finance costs include costs incurrent in connection with the borrowing of funds and includes interest on short term and long term borrowings and the interest component of lease liability repayments, and the increase in financial liabilities. 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 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority (a) 2022 $000
Current	–	–	–	–
Cash and cash equivalents	577,956	298,905	151,173	124,724
Total	**577,956**	**298,905**	**151,173**	**124,724**
Current – Restricted cash	–	–	–	–
Rental tenants bonds	3	2	3	2
Joint operations cash	10,196	7,638	10,196	7,638
Remote indigenous housing	1,594	6,227	1,594	6,227
Royalties for Regions fund	8,152	5,747	8,152	5,747
Total	**19,945**	**19,614**	**19,945**	**19,614**
Deposits at call	250,451	250,102	–	–
Total cash and cash equivalents at the end of the period	**848,352**	**568,621**	**171,118**	**144,338**

Reconciliation of cash	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority (a) 2022 $000
Non-current – Restricted cash	**–**	**–**	**–**	**–**
Other	13,000	13,000	13,000	13,000
Total non-current cash and cash equivalents	**13,000**	**13,000**	**13,000**	**13,000**
Total cash and cash equivalents at the end of the period	**861,352**	**581,621**	**184,118**	**157,338**

(a) For details of the restatement, refer to Note 9.2.

Rental Tenants Bonds represents bond monies received by the Housing Authority from rental clients. These funds are held in trust in accordance with the Residential Tenancies Act.

Joint Operations Cash is restricted for the use of joint operations and is controlled by the respective management groups.

Remote Indigenous cash – 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.

Royalties for Regions – unspent funds for Royalties for Regions are committed to projects and programs in WA regional areas.

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.

For the purpose of the Statement of cash flows, cash and cash equivalents (and restricted cash and cash equivalents) and deposits at call 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.

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 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Surplus/(deficit) for the period	–	**(176,587)**	**13,082**	**(177,074)**	**13,191**
Non-cash items	–	–	–	–	–
Depreciation and amortisation expense	5.2, 5.3, 5.4, 5.5	131,087	118,884	129,145	117,230
Expected credit loss expense	4.2	5,971	(18,788)	9,871	4,551
Loss/(gain) on disposal of non-current assets	4.4	10,509	3,182	10,509	3,182
Impairment – investments	4.2	–	–	–	746
Keystart dividends	3.6	–	–	(80,103)	(141,898)
Impairment – non-current assets	4.2	343	–	3,512	–
Revenue related to service concession arrangements	–	(3,295)	(3,345)	(3,295)	(3,345)
Other non-cash items	–	11,559	(9,870)	1,068	(9,870)
Cash items	–	–	–	–	–

Reconciliation of net cost of services	Notes	Consolidated 2023 $000	Consolidated 2022 (a) $000	Housing Authority 2023 $000	Housing Authority 2022 (a) $000
Proceeds from State Government (excluding capital contributions)	–	(332,664)	(295,968)	(461,496)	(342,784)
(Increase)/decrease in assets	**–**	**–**	**–**	**–**	**–**
Receivables	–	(237,577)	(255,341)	(8,284)	(14,964)
Inventories	–	(55,311)	(7,855)	(57,997)	(13,478)
Other assets	–	1,189	(4,787)	1,224	(6,567)
Increase/(decrease) in liabilities	**–**	**–**	**–**	**–**	**–**
Payables	–	15,809	(23,611)	19,014	(21,592)
Provisions	–	(370)	(1,827)	(14)	(2,207)
Other liabilities	–	12,288	(353)	12,288	(353)
Net GST payments	–	(1,428)	4,281	(1,483)	675
Net cash flows provided by/ (used in) operating activities	–	**(618,477)**	**(482,316)**	**(603,115)**	**(417,483)**

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 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Within 1 year	439,515	256,475	380,340	256,475
Later than 1 year and not later than 5 years	78,857	5,486	78,857	5,486
Later than 5 years	–	–	–	–
Total	**518,372**	**261,961**	**459,197**	**261,961**
The capital commitments include amounts for the following	**–**	**–**	**–**	**–**
Community Housing	81,502	9,275	81,321	9,275
Dwelling construction and upgrades	265,543	220,035	259,242	220,035
Joint operations land development (a)	1,797	1,665	1,797	1,665
Development Management Agreements (a)	–	–	–	–

Capital expenditure commitments	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Land development and redevelopment	105,707	13,019	105,707	13,019
New living	–	–	–	–
Affordable Housing	57,934	13,359	5,241	13,359
Facilities management	5,889	4,608	5,889	4,608
Balance at the end of period	**518,372**	**261,961**	**459,197**	**261,961**

(a) Transferred to the West Australian Land Authority in 2021–22.

7.5.2. Loan advance commitment

Table 72: Loan advance commitment

Loan advance commitment	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Approved loans not yet fully disbursed	220,601	444,600	–	–
Total	**220,601**	**444,600**	–	–
Loan advance commitment includes the following:	–	–	–	–
Loans to home buyers	220,601	444,600	–	–
Total	**220,601**	**444,600**	–	–

8. Risks and Contingencies

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

	Notes
Financial risk management	8.1
Contingent assets and liabilities	8.2
Fair value measurements	8.3

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 WA residential market. The Consolidated Entity is therefore not materially exposed to any particular individual party or group of parties.

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

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

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

Keystart

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

Credit risk is managed on a group basis through having prudential lending policies to mitigate borrower risk. This includes having maximum Debt Servicing Ratios and strict income verification procedures. In addition to these credit policies, Keystart maintains adequate provisions for bad and doubtful debts and capital adequacy ratios to manage the effects of any losses. Counterparty credit risk arises from cash and cash equivalents, loans and receivable, derivative financial instruments and deposits with banks and financial institutions including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "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 payables, 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.

Liquidity risk management safeguards the ability of the entity to meet all payment obligations when they become due. Liquidity risk arises when the 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 on the basis of expected cash flow.

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 exposes Keystart to fair value interest rate risk.

During the financial year ending 30 June 2023 and the prior financial year, there were no hedges used by Keystart. Borrowings were denominated in Australian Dollars.

(ii) Summarised sensitivity analysis

The Consolidated Entity uses Value at Risk (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. VaR is calculated incorporating loans, investments and borrowings.

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 2023 %	Balance 2023 $000	Weighted average interest rate 2022 %	Balance 2022 $000
Variable rate loans	6.89%	2,735,321	4.37%	4,008,875
Short term deposits	2.93%	250,451	0.26%	250,102
Cash and liquid assets	2.76%	425,203	0.06%	172,589

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
2023	–	–	–	–
Total VaR Exposure	2,261	1,628	2,932	2,141
2022	–	–	–	–
Total VaR Exposure	1,997	1,276	3,374	1,276

(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 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Financial assets	–	–	–	–
Cash and cash equivalents	577,956	298,905	151,173	124,724
Restricted cash and cash equivalents	19,945	19,614	19,945	19,614
Other financial assets through profit and loss	–	–	–	–
Non-current investments	24	24	2,262	5,150
Other financial assets at amortised cost	–	–	–	–
Deposits at call	250,451	250,102	–	–
Financial assets at amortised cost – comprising (a)	–	–	–	–
Keystart preference shares	–	–	3,025,000	3,989,500
General debtors	37,752	29,715	36,421	28,185
Rental and lease bonds	13,378	14,210	13,378	14,210

Carrying amounts of financial assets and liabilities	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Rent from tenants and other rents	32,987	28,601	32,987	28,601
Loans to commercial organisations	1,153	1,558	8,608	9,013
Dividends receivable	–	–	81,403	141,898
Finance lease receivable	110,827	96,338	110,827	96,338
Joint operations receivable	761	1,816	761	1,816
Loans to homebuyers	2,735,323	4,008,874	–	–
Other debtors	49	11,966	49	11,966
Other current assets at amortised cost	–	–	–	–
Accrued revenue	1,085	2,513	19,819	12,056
Total financial assets	**3,781,691**	**4,764,236**	**3,502,633**	**4,483,071**
Financial Liabilities	–	–	–	–
Financial Liabilities at amortised cost – comprising	–	–	–	–
Borrowings	–	–	–	–
WATC	3,231,204	4,233,159	3,231,204	4,233,159

Carrying amounts of financial assets and liabilities	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Commercial loan	62,287	62,283	62,287	62,283
Commonwealth advances	273,460	291,257	273,460	291,257
Payables	–	–	–	–
General	81,630	65,822	72,591	53,578
Rental deposits and tenant bonds	3	2	3	2
Finance lease liabilities	119,493	104,871	113,644	98,342
Other liabilities	2,377	2,673	2,377	2,673
Total financial liabilities	**3,770,454**	**4,760,067**	**3,755,566**	**4,741,294**

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

(c) Credit risk exposure

Keystart

Loans to homebuyers

Loans to homebuyers 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 expected credit loss (ECL) associated with its loans carried at amortised cost. The Consolidated Entity recognises a loss allowance for such losses at each reporting date. Considerable judgement is exercised in determining the extent of the loan loss provision (impairment) for financial assets assessed for impairment both individually and collectively. The loan loss provision for financial assets is based on assumptions about risk of default and expected loss rates. The key judgement area are the assumptions used to measure expected credit losses, including the use of forward-looking and macro-economic information for individual and collective impairment assessment.

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.

An 'Expected credit loss expense' 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 'Expected credit loss 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.

The following table details credit risk exposure of loans at each stage of impairment.

Table 76: Credit risk exposure 2022–2023

Details of allowance for impairment	2023 $000	2022 $000
Collective impairment	**–**	**–**
Collective impairment – Stage 1	991	3,187
Collective impairment – Stage 2	2,240	5,205
Individual impairment – Stage 3	8,980	8,366
Total	**12,211**	**16,758**

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

Table 77: Credit risk exposure 2023

Credit risk exposure 2023	Total $000	Current $000	Days past due: <90 days $000	Days past due: 91–180 days $000	Days past due: 181–360 days $000	Days past due: <361 days $000
Housing Authority General debtors	–	–	–	–	–	–
Expected credit loss rate	–	0.60%	0.60%	0.63%	0.97%	1.98%
Estimated total gross carrying amount at default	37,844	18,605	2,317	298	5,580	11,044
Expected credit losses	**399**	**111**	**14**	**2**	**54**	**218**
Rent from tenants and other	–	–	–	–	–	–
Expected credit loss rate	–	1.87%	14.32%	24.71%	30.58%	83.52%
Estimated total gross carrying amount at default	62,040	26,485	1,010	423	358	33,764
Expected credit losses	**29,053**	**495**	**145**	**105**	**109**	**28,199**
Rental and lease bonds	–	–	–	–	–	–
Expected credit loss rate	–	4.46%	1.32%	2.53%	4.25%	10.26%
Estimated total gross carrying amount at default	14,052	12,684	136	135	163	934
Expected credit losses	**674**	**566**	**2**	**3**	**7**	**96**
Total Expected Credit Loss Allowance	**30,126**	**1,172**	**161**	**110**	**170**	**28,513**

Table 78: Credit risk exposure 2022

Credit risk exposure 2022	Total $000	Current $000	Days past due <90 days $000	91–180 days $000	181–360 days $000	<361 days $000
Housing Authority General debtors	–	–	–	–	–	–
Expected credit loss rate	–	0.63%	0.59%	0.61%	0.71%	1.03%
Estimated total gross carrying amount at default	28,452	2,713	2,123	1,103	342	22,171
Expected credit losses	**267**	**17**	**13**	**7**	**2**	**228**
Rent from tenants and other	–	–	–	–	–	–
Expected credit loss rate	–	2.35%	9.13%	11.14%	11.82%	83.27%
Estimated total gross carrying amount at default	58,093	24,757	947	397	336	31,656
Expected credit losses	**27,112**	**582**	**86**	**44**	**40**	**26,360**
Rental and lease bonds	–	–	–	–	–	–
Expected credit loss rate	–	5.94%	1.62%	3.01%	5.13%	11.06%
Estimated total gross carrying amount at default	15,144	13,499	211	163	300	971
Expected credit losses	**932**	**802**	**3**	**5**	**15**	**107**
Total Expected Credit Loss Allowance	**28,311**	**1,401**	**102**	**56**	**57**	**26,695**

Loans and receivables

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 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'.

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 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.

(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 2023

Consolidated 2023	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	2.69%	577,956	–	577,956	–	577,956	577,956	–	–
Restricted cash and cash equivalents	2.72%	19,945	–	19,945	–	19,945	19,945	–	–
Other financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
• deposits at call	2.93%	250,451	–	250,451	–	250,451	250,451	–	–
• other assets	–	24	–	–	24	–	–	–	–
Receivables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Consolidated 2023	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
• general debtors	–	37,752	–	–	37,752	37,752	37,752	–	–
• rental and lease bonds	–	13,378	–	–	13,378	13,378	13,378	–	–
• rent from tenants and other rents	–	32,987	–	–	32,987	32,987	32,987	–	–
• loans to commercial organisation s	–	1,153	–	–	1,153	2,160	1,153	1,007	–
• finance lease receivable	3.74%	110,827	110,827	–	–	115,725	71,291	41,489	2,945
• joint operations receivable	–	761	–	–	761	1,596	1,596	–	–
• loans to homebuyers	6.89%	2,735,323	–	2,735,323	–	2,740,329	414	1,929	2,737,986
• other debtors	–	49	–	–	49	49	49	–	–
Other current assets	0.43%	1,085	–	1,085	–	1,085	1,085	–	–
Total financial assets	**–**	**3,781,691**	**110,827**	**3,584,760**	**86,104**	**3,793,413**	**1,008,057**	**44,425**	**2,740,931**

Consolidated 2023	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 liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Borrowings	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
• WATC	3.38%	3,231,204	152,445	3,078,759	–	3,523,899	107,707	3,198,918	217,274
• Commercial loan	6.70%	62,287	–	62,287	–	87,325	4,173	16,692	66,460
• Commonwealth advances	4.63%	273,460	273,460	–	–	375,120	30,209	116,762	228,149
Payables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
• general	–	81,630	–	–	81,630	81,630	81,630	–	–
• rental deposits and tenant bonds (a)	–	3	–	–	3	3	3	–	–
Finance lease liabilities	3.77%	119,493	119,493	–	–	125,099	73,705	47,126	4,268
Other current liabilities	–	2,377	–	–	2,377	2,377	2,377	–	–
Total financial liabilities	**–**	**3,770,454**	**545,398**	**3,141,046**	**84,010**	**4,195,453**	**299,804**	**3,379,498**	**516,151**

(a) 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.

Table 80: Interest rate exposure and maturity analysis of financial assets and financial liabilities – Consolidated 2022

Consolidated 2022	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	0.43%	298,905	–	298,905	–	298,905	298,905	–	–
Restricted cash and cash equivalents	0.43%	19,614	–	19,614	–	19,614	19,614	–	–
Other financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
• deposits at call	0.26%	250,102	–	250,102	–	250,102	250,102	–	–
• other assets	–	24	–	–	24	–	–	–	–
Receivables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
• general debtors	–	29,715	–	–	29,715	29,715	22,035	7,680	–
• rental and lease bonds	–	14,210	–	–	14,210	14,210	14,210	–	–
• rent from tenants and other rents	–	28,601	–	–	28,601	28,601	28,601	–	–
• loans to commercial organisations	–	1,558	–	–	1,558	1,558	551	1,007	–
• finance lease receivable	1.91%	96,338	96,338	–	–	98,652	61,338	35,037	2,277

Consolidated 2022	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
• joint operations receivable	–	1,816	–	–	1,816	1,596	1,596	–	–
• loans to homebuyers	4.37%	4,008,874	–	4,008,874	–	4,016,020	64	1,372	4,014,584
• other debtors	–	11,966	–	–	11,966	11,966	11,966	–	–
Other current assets	0.43%	2,513	–	538	1,975	2,513	2,513	–	–
Total financial assets	**–**	**4,764,236**	**96,338**	**4,578,033**	**89,865**	**4,773,452**	**711,495**	**45,096**	**4,016,861**
Financial liabilities	–	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–	–
• WATC	2.60%	4,233,159	186,074	4,047,085	–	4,367,583	102,301	4,053,737	211,545
• Commercial loan	4.16%	62,283	–	62,283	–	80,411	2,591	10,363	67,457
• Commonwealth advances	4.62%	291,257	291,257	–	–	405,329	30,209	118,248	256,872
Payables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
• general	–	65,822	–	–	65,822	65,822	65,822	–	–
• rental deposits and tenant bonds (a)	–	2	–	–	2	2	2	–	–

Consolidated 2022	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
Finance lease liabilities	1.94%	104,871	104,871	–	–	107,954	63,478	39,860	4,616
Other current liabilities	–	2,673	–	–	2,673	2,673	2,673	–	–
Total financial liabilities	**–**	**4,760,067**	**582,202**	**4,109,368**	**68,497**	**5,029,774**	**267,076**	**4,222,208**	**540,490**

(a) 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.

Table 81: Interest rate exposure and maturity analysis of financial assets and financial liabilities – Housing Authority 2023

Housing Authority 2023	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	2.72%	151,173	–	151,173	–	151,173	151,173	–	–
Restricted cash and cash equivalents	2.72%	19,945	–	19,945	–	19,945	19,945	–	–
Other financial assets	–	–	–	–	–	–	–	–	–
• other assets	–	2,262	–	–	2,262	5,751	5,751	–	–
Receivables	–	–	–	–	–	–	–	–	–
• Keystart preference shares	3.95%	3,025,000	–	3,025,000	–	3,404,148	808,646	2,397,894	197,608
• general debtors	–	36,421	–	–	36,421	36,421	36,421	–	–
• rental and lease bonds	–	13,378	–	–	13,378	13,378	13,378	–	–
• rent from tenants and other rents	–	32,987	–	–	32,987	32,987	32,987	–	–
• loans to commercial organisations	–	8,608	–	–	8,608	8,006	8,006	–	–

Housing Authority 2023	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
• dividends receivable	–	81,403	–	–	81,403	81,403	81,403	–	–
• finance lease receivable	3.74%	110,827	110,827	–	–	115,725	71,291	41,489	2,945
• joint operations receivable	–	761	–	–	761	1,596	1,596	–	–
• other debtors	–	49	–	–	49	49	49	–	–
Other current assets	3.88%	19,819	–	19,819	–	19,819	19,819	–	–
Total financial assets	**–**	**3,502,633**	**110,827**	**3,215,937**	**175,869**	**3,890,401**	**1,250,465**	**2,439,383**	**200,553**
Financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Borrowings	–	–	–	–	–	–	–	–	–
• WATC	3.38%	3,231,204	152,445	3,078,759	–	3,523,899	107,707	3,198,918	217,274
• Commercial loan	6.70%	62,287	–	62,287	–	87,325	4,173	16,692	66,460

Housing Authority 2023	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
• Commonwealth advances	4.63%	273,460	273,460	–	–	375,120	30,209	116,762	228,149
Payables	–	–	–	–	–	–	–	–	–
• general	–	72,591	–	–	72,591	72,591	72,591	–	–
• rental deposits and tenant bonds (a)	–	3	–	–	3	3	3	–	–
Finance lease liabilities	3.77%	113,644	113,644	–	–	118,735	72,691	43,090	2,954
Other current liabilities	–	2,377	–	–	2,377	2,377	2,377	–	–
Total financial liabilities	**–**	**3,755,566**	**539,549**	**3,141,046**	**74,971**	**4,180,050**	**289,751**	**3,375,462**	**514,837**

(a) 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.

Table 82: Interest rate exposure and maturity analysis of financial assets and financial liabilities – Housing Authority 2022

Housing Authority 2022	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	0.43%	124,724	–	124,724	–	124,724	124,724	–	–
Restricted cash and cash equivalents	0.43%	19,614	–	19,614	–	19,614	19,614	–	–
Other financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
• other assets	–	5,150	–	–	5,150	5,150	–	–	5,150
Receivables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
• Keystart preference shares	1.21%	3,989,500	–	3,989,500	–	4,305,035	500,139	3,596,631	208,265
• general debtors	–	28,185	–	–	28,185	28,185	20,505	7,680	–
• rental and lease bonds	–	14,210	–	–	14,210	14,210	14,210	–	–
• rent from tenants and other rents	–	28,601	–	–	28,601	28,601	28,601	–	–

Housing Authority 2022	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
• loans to commercial organisations	5.38%	9,013	7,456	–	1,557	9,013	8,006	1,007	–
• dividends receivable	–	141,898	–	–	141,898	141,898	141,898	–	–
• finance lease receivable	1.91%	96,338	96,338	–	–	98,652	61,338	35,037	2,277
• joint operations receivable	–	1,816	–	–	1,816	1,596	1,596	–	–
• other debtors	–	11,966	–	–	11,966	11,966	11,966	–	–
Other current assets	1.17%	12,056	–	10,081	1,975	12,056	12,056	–	–
Total financial assets	**–**	**4,483,071**	**103,794**	**4,143,919**	**235,358**	**4,800,700**	**944,653**	**3,640,355**	**215,692**
Financial Liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Borrowings	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Housing Authority 2022	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
• WATC	2.60%	4,233,159	186,074	4,047,085	–	4,367,583	102,301	4,053,737	211,545
• Commercial loan	4.16%	62,283	–	62,283	–	80,411	2,591	10,363	67,457
• Commonwealth advances	4.62%	291,257	291,257	–	–	405,329	30,209	118,248	256,872
Payables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
• General	–	75,171	–	–	53,578	53,578	53,578	–	–
• Rental deposits and tenant bonds (a)	–	2	–	–	2	2	2	–	–
Finance lease liabilities	1.94%	98,342	98,342	–	–	100,752	62,436	36,033	2,283
Other current liabilities	–	2,673	–	–	2,673	2,673	2,673	–	–
Total financial liabilities	**–**	**4,762,887**	**575,673**	**4,109,368**	**56,253**	**5,010,328**	**253,790**	**4,218,381**	**538,157**

(a) 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.

(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 2023	–	–	–	–	–
Cash and cash equivalents	577,956	(5,780)	(5,780)	5,780	5,780
Restricted cash and cash equivalents	19,945	(199)	(199)	199	199
Deposits at call	250,451	(2,505)	(2,505)	2,505	2,505
Loans to homebuyers	2,735,323	(27,353)	(27,353)	27,353	27,353

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 Liabilities 2023	–	–	–	–	–
Borrowings	–	–	–	–	–
WATC floating	3,078,759	30,788	30,788	(30,788)	(30,788)
WATC fixed (a)	152,445	–	–	–	–
Commercial loan	62,287	623	623	(623)	(623)
Commonwealth advances (a)	273,460	–	–	–	–
Total Increase/(Decrease)	**–**	**(4,426)**	**(4,426)**	**4,426**	**4,426**
Financial Assets 2022	**–**	**–**	**–**	**–**	**–**
Cash and cash equivalents	298,905	(2,989)	(2,989)	2,989	2,989
Restricted cash and cash equivalents	19,614	(196)	(196)	196	196

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
Deposits at call	250,102	(2,501)	(2,501)	2,501	2,501
Loans to homebuyers	4,008,874	(40,089)	(40,089)	40,089	40,089
Financial Liabilities 2022	**–**	**–**	**–**	**–**	**–**
Borrowings	**–**	**–**	**–**	**–**	**–**
WATC floating	4,047,085	40,471	40,471	(40,471)	(40,471)
WATC fixed (a)	186,074	–	–	–	–
Commercial loan	62,283	623	623	(623)	(623)
Commonwealth advances (a)	291,257	–	–	–	–
Total Increase/(Decrease)	**–**	**(4,681)**	**(4,681)**	**4,681**	**4,681**

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

The following table represents a summary of the interest rate sensitivity of the Parent 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 Parent Entity's exposure to market interest rates relates primarily to the Parent Entity's long term debt obligations.

Table 84: Interest rate sensitivity analysis – Housing Authority

Housing Authority	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 2023	–	–	–	–	–
Cash and cash equivalents	151,173	(1,512)	(1,512)	1,512	1,512
Restricted cash and cash equivalents	19,945	(199)	(199)	199	199
Keystart preference shares	3,025,000	(30,250)	(30,250)	30,250	30,250
Loans to commercial organisations	8,608	(86)	(86)	86	86
Financial Liabilities 2023	**–**	**–**	**–**	**–**	**–**
Borrowings	**–**	**–**	**–**	**–**	**–**
WATC floating	3,078,759	30,788	30,788	(30,788)	(30,788)

Housing Authority	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
WATC fixed (a)	152,445	–	–	–	–
Commercial loan	62,287	623	623	(623)	(623)
Commonwealth advances (a)	273,460	–	–	–	–
Total Increase/ (Decrease)	**–**	**(636)**	**(636)**	**636**	**636**
Financial Assets 2022	**–**	**–**	**–**	**–**	**–**
Cash and cash equivalents	124,724	(1,247)	(1,247)	1,247	1,247
Restricted cash and cash equivalents	19,614	(196)	(196)	196	196
Keystart preference shares	3,989,500	(39,895)	(39,895)	39,895	39,895
Loans to commercial organisations	9,013	(90)	(90)	90	90
Financial Liabilities 2022	**–**	**–**	**–**	**–**	**–**

Housing Authority	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
Borrowings	–	–	–	–	–
WATC floating	4,047,085	40,471	40,471	(40,471)	(40,471)
WATC fixed (a)	186,074	–	–	–	–
Commercial loan	62,283	623	623	(623)	(623)
Commonwealth advances (a)	291,257	–	–	–	–
Total Increase/ (Decrease)	**–**	**(334)**	**(334)**	**334**	**334**

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

8.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

8.2.1. Contingent assets

The following contingent assets are excluded from the assets included in the financial statements:

Litigation in progress

There is no legal cases pending for which the outcome is not certain in 2022-23. For 2021-22 the State Solicitor's Office has estimated that a total amount of $3.0 million may have been receivable as compensation to the Housing Authority at some future point in time.

8.2.2. Contingent liabilities

The following contingent liabilities are excluded from the assets included in the financial statements:

Litigation in progress

There are currently a number of legal cases pending for which the outcomes are not certain. The State Solicitor's Office has estimated that a total amount of $18.411 million (2022: $18.522 million) may be payable as compensation to claimants at some future point in time. Whilst this is acknowledged as a contingent liability of the Housing Authority, it has yet to be determined whether the Housing Authority will ultimately be responsible for funding the actual amounts paid as compensation, if any.

Other contingent liabilities

Shared equity costs on Required Additional Repayment (RAR) contracts

A potential underpayment or non-payment of the Housing Authority's contribution of shared equity costs has been identified.

Required Additional Repayment contracts are contracts issued by Keystart in the late 1990s and early 2000s. These are substantially like other Keystart lending contracts, with a key difference regarding payment of costs in relation to council rates and Water Corporation expenses. Keystart has identified an issue in how these RAR contracts have been managed on shared equity accounts, where the responsibility for council rates and Water Corporation expenses is shared between the co-owner (the Keystart customer) and Housing Authority. This issue has been notified to ASIC in July 2022. The issues under consideration in this remediation are:

- Whether the customers are owed a contribution from the Housing Authority towards shire, water and other outgoings for the property (pursuant to the rights and obligations between those parties as co-owners' of the property); and
- Whether Keystart has operated the RAR facility on the loan correctly and, if not, whether the customers have suffered loss as a result, referred to as 'impact to loan' remediation.

The Housing Authority is considering its position in relation to these claims (as 100% owners of Keystart), and any liability it might hold or the quantum of the liability, until the Housing Authority concludes its review.

While significant efforts have been made during this financial year to ascertain the extent of this liability, the amount of remediation is not presently quantifiable as further investigation and analysis is being undertaken.

Contaminated sites

Under the Contaminated Sites Act 2003, 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 on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Housing Authority may have a liability in respect of investigation or remediation expenses. There is one site that has been identified as 'Contaminated – investigation required'.

The Housing Authority has identified four “Suspected contaminated” sites of which have been listed as “Possibly contaminated – investigation required”. 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.

8.3. Fair value measurements

Table 85: 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
2023	**–**	**–**	**–**	**–**
Non-current assets classified as held for sale	–	6,272	–	6,272
Land	–	7,486,788	18,947	7,505,735
Buildings and improvements	–	6,537,654	33,468	6,571,122
Total	**–**	**14,030,714**	**52,415**	**14,083,129**
2022	**–**	**–**	**–**	**–**
Non-current assets classified as held for sale	–	7,233	–	7,233
Land	–	6,333,782	15,400	6,349,182
Buildings and improvements	–	5,928,360	29,884	5,958,244
Total	**–**	**12,269,375**	**45,284**	**12,314,659**

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

Valuation techniques to derive Level 2 fair values

Level 2 fair values of non-current assets held for sale, Land and Buildings are derived using the market approach. Market evidence of sales prices of comparable land and buildings in close proximity is used to determine price per square metre.

Non-current assets held for sale have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets.

Valuation processes

There were no changes in valuation techniques during the period.

Fair value for restricted use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land) or, comparison with market evidence for land with low level utility (high restricted use land).

9. Other Disclosures

This section includes additional material disclosures, pertaining to the Consolidated Entity and the Housing Authority, required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	9.1
Restatement of prior period comparative	9.2
Future impact of Australian standards issued but not yet operative	9.3
Key management personnel	9.4
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9.1 Events occurring after the end of the reporting period

Transfer of Power and Water Responsibilities to Horizon Power and Water Corporation

- Up to 31 March 2023 Communities was the primary delivery agency for essential services (power, water and wastewater) to 141 remote and town based aboriginal communities. The services, provided under the Remote Essential and Municipal Services (REMS) program, where neither licensed nor regulated.
- The REMS objective for essential services is to provide and maintain assets and infrastructure needed to supply reliable power, safe drinking water and effective wastewater services.
- In April 2023 the State Government announced the transfer of remote power, water and wastewater services from the Department of Communities (Communities) to Horizon Power and Water Corporation (utilities) commenced from 1 April 2023.
- The transfer was to ensure that, over time, Aboriginal communities will receive the same standard of power and water services as similar sized communities in their region.
- From 1 July 2023, the utilities will have full responsibility for power, water and wastewater services in 141 remote aboriginal communities.
- With the transfer, the utilities are responsible for policies and decisions about power and water services to those outstations and settlements.

Other than the matter discussed above, there has not arising in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Housing Authority, to significantly affect the operations of the Housing Authority, the results of those operations, or the state of affairs of the Housing Authority, in future financial years.

9.2 Restatement of prior year comparatives

The following restatements have been made during the year.

9.2.1. Changes in accounting policies

a) Recognition of costs associated with provision for employee services

Following the 2017 Machinery of Government (MOG) changes, all Public Sector CSA Agreement 2022 employees of the Authority became employees of the Department of Communities which became responsible for the terms and conditions of employment of these employees.

During the financial periods following the implementation of the MOG to 30 June 2022, employee remuneration costs for these employees performing services for the Authority were recognised as Employee benefit expenses in the Statements of Comprehensive Income of the Authority.

Following the implementation of a Shared Cost Allocation Model (SCM) in the current year which seeks to allocate the overhead costs proportionately across the Department of Communities, Disability Services Commission and Housing Authority, the Authority has changed its accounting policy such that the employee remuneration costs for the employees previously classified as Employee Benefit Expenses are now classified as Service Delivery Expenses and included in Supplies and Services costs within the Statement of Comprehensive Income.

b) Accounting for losses arising on demolition of assets

During the year, the Authority changed its accounting for losses arising from demolition of assets. The losses which were previously recognised as impairment losses are now recognised as losses on disposal of assets. Consequently, such expenses amounting to $3.18 million for the year ending 30 June 2022 were reclassified in the comparative period.

9.2.2. Correction of prior period errors

a) Restricted cash balance incorrectly classified as Cash and cash equivalents rather than Restricted cash and cash equivalents

During the year, the Authority identified that funds held by the Authority amounting to $13.0 million were incorrectly classified as cash and cash equivalents rather than restricted cash and cash equivalents. The funds received in June 2018 from the Disability Services Commission (Commission) were earmarked to fund the redevelopment of two group homes for the Commission. The planned redevelopment did not proceed and both parties are in the process of finding an alternative project to utilise the funds.

The classification error has been corrected by reclassifying the $13.0 million from cash and cash equivalents to restricted cash and cash equivalents balances for 30 June 2022 and 30 June 2021.

b) Land properties held for social housing development incorrectly classified as Inventory rather than Property, plant and equipment

During the year, the Authority identified that certain land properties were incorrectly recognised as Inventory rather than Property, plant and equipment. These land properties are held to provide housing services aimed to address the social housing needs in Western Australia rather than for the intention of resale or for development for such sale and thus not meeting the definition of Inventory as per AASB 102 Inventories.

This error has been corrected by reclassifying the related amounts from inventory to property, plant and equipment for both 30 June 2022 and 30 June 2021. In addition, the land properties have been revalued respectively and related adjustments have been made to the Asset revaluation reserve.

c) Classification of dividends from subsidiary entities

During the year, the Authority identified an error in prior periods in relation to the classification of dividends received from subsidiary entities in the Authority's parent entity's Statement of Cashflows. The dividends were previously presented within Cash provided by State Government (as Funds from other public sector entities) rather than within investing activities (as a dividend received). The error has been corrected by reclassifying the respective amounts in the comparative Statement of Cashflows.

The abovementioned restatements have been applied retrospectively and the impact of the adjustments relating to each of the prior periods impacted presented is set out below. The consequential impacts on the Statement of changes in equity for the year then ended is as per the impacts on the changes in asset revaluation surplus and Reserves as noted below:

Table 86: Restatement of prior year comparatives – Statement of Comprehensive Income 2022

Statement of Comprehensive Income 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Consolidated Statement of Comprehensive Income (Extract)	–	–	–	–
Expenses	–	–	–	–
Employee benefit expense	4.1	172,408	(172,408)	–
Supplies and services	4.2	55,921	171,486	227,407
Other expenses	4.2	25,535	(4,582)	20,953
Loss on disposal of non-current assets	4.4	–	3,182	3,182
Other items	–	696,760	–	696,760
Total expenses	–	**950,624**	**(2,322)**	**948,302**
Income	–	–	–	–
Other income	3.5	17,981	(922)	17,059
Gain on disposal of non-current assets	4.4	1,400	(1,400)	–
Other items	–	661,452	–	661,452
Total income	**–**	**680,833**	**(2,322)**	**678,511**

Statement of Comprehensive Income 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Loss before income State Government	**–**	**(269,791)**	**–**	**(269,791)**
Surplus/(deficit) for the period	**–**	**13,082**	**–**	**13,082**
Other comprehensive income	**–**	**–**	**–**	**–**
Changes in asset revaluation surplus	–	1,090,789	25,621	1,116,410
Total other comprehensive income	**–**	**1,090,789**	**25,621**	**1,116,410**
Total comprehensive income for the period	**–**	**1,103,871**	**25,621**	**1,129,492**

Table 87: Restatement of prior year comparatives – Statement of Financial position 2021

Statement of Financial position 2021	Notes	2021 (Previously stated) $000	Adjustments $000	2021 Restated $000
Consolidated Statement of Financial Position	**–**	**–**	**–**	**–**
Current assets	**–**	**–**	**–**	**–**
Cash and cash equivalents	–	355,995	(13,000)	342,995
Other items	–	1,443,112	–	1,443,112
Total current assets	**–**	**1,799,107**	**(13,000)**	**1,786,107**
Non-current assets	**–**	**–**	**–**	**–**

Statement of Financial position 2021	Notes	2021 (Previously stated) $000	Adjustments $000	2021 Restated $000
Restricted cash and cash equivalents	7.4	–	13,000	13,000
Inventory	5.1	510,818	(114,843)	395,975
Property, plant and equipment	5.2	10,030,049	163,886	10,193,935
Other items	–	6,336,342	–	6,336,342
Total non-current assets	**–**	**16,877,209**	**62,043**	**16,939,252**
Total assets	**–**	**18,676,316**	**49,043**	**18,725,359**
Total liabilities	**–**	**6,243,139**	**–**	**6,243,139**
Net assets	**–**	**12,433,177**	**49,043**	**12,482,220**
Equity	–	**–**	**–**	**–**
Reserves	9.1	6,095,103	49,043	6,144,146
Other	–	6,338,074	–	6,338,074
Total equity	–	**12,433,177**	**49,043**	**12,482,220**

Table 88: Restatement of prior year comparatives – Statement of Financial position 2022

Statement of Financial position 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Consolidated Statement of Financial Position (Extract)	–	–	–	–
Current assets	–	–	–	–
Cash and cash equivalents	–	311,905	(13,000)	298,905
Other items	–	1,541,391	–	1,541,391
Total current assets	–	**1,853,296**	**(13,000)**	**1,840,296**
Non-current assets	–	–	–	–
Restricted cash and cash equivalents	7.4	–	13,000	13,000
Inventory	5.1	289,649	(173,990)	115,659
Property, plant and equipment	5.2	11,110,776	248,654	11,359,430
Other items	–	5,099,679	–	5,099,679
Total non-current assets	–	**16,500,104**	**87,664**	**16,587,768**
Total assets	–	**18,353,400**	**74,664**	**18,428,064**
Total liabilities	–	**4,989,747**	–	**4,989,747**
Net assets	–	**13,363,653**	**74,664**	**13,438,317**
Equity	–	–	–	–
Reserves	9.1	7,168,171	74,664	7,242,835

Statement of Financial position 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Other	–	6,195,482	–	6,195,482
Total equity	**–**	**13,363,653**	**74,664**	**13,438,317**

Table 89: Restatement of prior year comparatives – Statement of Cash flows 2022

Statement of Cash flows 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Consolidated Statement of Cash Flows (Extract)	**–**	**–**	**–**	**–**
Cash flows from operating activities – Receipts	**–**	**–**	**–**	**–**
Other receipts	–	19,882	(922)	18,960
Other items	–	492,191	–	492,191
Cash flows from operating activities – Payments	**–**	**–**	**–**	**–**
Employee benefits	–	(166,658)	166,658	–
Supplies and services	–	(94,925)	(165,736)	(260,661)
Other items	–	(732,806)	–	(732,806)
Net cash provided by /(used in) operation activities	**–**	**(482,316)**	**–**	**(482,316)**
Net cash used in investing activities	**–**	**1,196,062**	**–**	**1,196,062**

Statement of Cash flows 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Net cash provided by financing activities	**–**	**(1,183,638)**	**–**	**(1,183,638)**
Net cash provided by State Government	**–**	**395,876**	**–**	**395,876**
Net increase/(decrease) in cash and cash equivalents	–	(74,016)	–	(74,016)
Cash and cash equivalents at the beginning of the period	–	655,637	–	655,637
Cash and cash equivalents at the end of the period	**–**	**581,621**	**–**	**581,621**

Table 90: Restatement of prior year comparatives – Statement of Comprehensive income 2022

Statement of Comprehensive income 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Housing Authority Statement of Comprehensive Income (Extract)	**–**	**–**	**–**	**–**
Expenses	**–**	**–**	**–**	**–**
Employee benefit expenses	4.1	172,026	(172,026)	–
Supplies and services	4.2	48,783	171,104	219,887
Other expenses	4.2	31,445	(4,582)	26,863
Loss on disposal of non-current assets	4.4	–	3,182	3,182
Other expenses	–	692,872	–	692,872

Statement of Comprehensive income 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Total expenses	–	**945,126**	**(2,322)**	**942,804**
Income	–	–	–	–
Other income	3.5	13,173	(922)	12,251
Gain on disposal of non-current assets	4.4	1,400	(1,400)	–
Other items	–	462,597	–	462,597
Total income	–	**477,170**	**(2,322)**	**474,848**
Loss before income from State Government	–	**(467,956)**	–	**(467,956)**
Surplus/(deficit) for the period	–	**13,191**	–	**13,191**
Other comprehensive income	–	–	–	–
Changes in assets revaluation surplus	–	1,090,789	25,621	1,116,410
Total other comprehensive income	–	1,090,789	25,621	1,116,410
Total comprehensive income for the period	–	**1,103,980**	**25,621**	**1,129,601**

Table 91: Restatement of prior year comparatives – Statement of Financial position 2021

Statement of Financial position 2021	Notes	2021 (Previously stated) $000	Adjustments $000	2021 Restated $000
Housing Authority Statement of Financial Position (Extract)	–	–	–	–
Current assets	–	–	–	–
Cash and cash equivalents	–	262,752	(13,000)	249,752
Other items	–	584,286	–	584,286
Total current assets	–	**847,038**	**(13,000)**	**834,038**
Non-current assets	–	–	–	–
Restricted cash and cash equivalents	7.4	–	13,000	13,000
Inventory	5.1	495,958	(114,843)	381,115
Property, plant and equipment	5.2	10,027,610	163,886	10,191,496
Other items	–	7,002,486	–	7,002,486
Total non-current assets	–	**17,526,054**	**62,043**	**17,588,097**
Total assets	–	**18,373,092**	**49,043**	**18,422,135**
Total liabilities	–	**6,220,357**	–	**6,220,357**
Net assets	–	**12,152,735**	**49,043**	**12,201,778**
Equity	–	–	–	–
Reserves	9.1	6,094,390	49,043	6,143,433

Statement of Financial position 2021	Notes	2021 (Previously stated) $000	Adjustments $000	2021 Restated $000
Other	–	6,058,345	–	6,058,345
Total equity	**–**	**12,152,735**	**49,043**	**12,201,778**

Table 92: Restatement of prior year comparatives – Statement of Financial position 2022

Statement of Financial position 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Housing Authority Statement of Financial Position (Extract)	–	–	–	–
Current assets	–	–	–	–
Cash and cash equivalents	–	137,724	(13,000)	124,724
Other items	–	452,559	–	452,559
Total current assets	–	590,283	(13,000)	577,283
Non-current assets	–	–	–	–
Restricted cash and cash equivalents	7.4	–	13,000	13,000
Inventory	5.1	278,849	(173,990)	104,859
Property, plant and equipment	5.2	11,108,432	248,654	11,357,086
Other items	–	6,075,690	–	6,075,690

Statement of Financial position 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Total non-current assets	**–**	**17,462,971**	**87,664**	**17,550,635**
Total assets	–	**18,053,254**	**74,664**	**18,127,918**
Total liabilities	–	**4,969,934**	–	**4,969,934**
Net assets	–	**13,083,320**	**74,664**	**13,157,984**
Equity	**–**	**–**	**–**	**–**
Reserves	9.1	7,168,171	74,664	7,242,835
Other	–	5,915,149	–	5,915,149
Total equity	**–**	**13,083,320**	**74,664**	**13,157,984**

Table 93: Restatement of prior year comparatives – Statement of Cash flows 2022

Statement of Cash flows 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Housing Authority Statement of Cash Flows (Extract)	**–**	**–**	**–**	**–**
Cash flows from operating activities – Receipts	**–**	**–**	**–**	**–**
Other receipts	–	19,882	(922)	18,960
Other items	–	490,243	–	490,243
Cash flows from operating activities – Payments	**–**	**–**	**–**	**–**
Employee benefits	–	(166,658)	166,658	–
Supplies and services	–	(50,102)	(165,736)	(215,838)
Other items	–	(710,848)	–	(710,848)
Net Cash provided by / (used in) operation activities	**–**	**(417,483)**	**–**	**(417,483)**
Cash flows from investing activities – Receipts	**–**	**–**	**–**	**–**
Dividends received	–	–	155,837	155,837
Other items	–	860,438	–	860,438
Net cash used in investing activities	**–**	**860,438**	**155,837**	**1,016,275**
Net cash provided by financing activities	**–**	**(1,182,573)**	**–**	**(1,182,573)**
Funds from other public sector entities	–	306,252	(155,837)	150,415
Other items	–	278,338	–	278,338
Net cash provided by State Government	**–**	**584,590**	**(155,837)**	**428,753**

Statement of Cash flows 2022	Notes	2022 (Previously stated) $000	Adjustments $000	2022 Restated $000
Net increase/(decrease) in cash and cash equivalents	–	(155,028)	–	(155,028)
Cash and cash equivalents at the beginning of the period	–	312,366	–	312,366
Cash and cash equivalents at the end of the period	**–**	**157,338**	**–**	**157,338**

As at 30 June 2022, the Authority had paid an excess amount of $11.966 million to the Department of Communities for the provision of staff resources to the Authority for financial year 2021-22. These overpayments continued to occur until improved processes were implemented by both entities during the year to ensure payments are lawfully incurred by the Authority. The Authority had not requested the overpaid funds to be refunded. The Department of Communities was only able to repay the excess amount on 22 June 2023. Consequently, the Authority did not comply with the legislative provisions of the section 18 (2) of the *Financial Management Act 2006* and section 24 of the *Government Employees' Housing Act 1964.*

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’. Consequently, the Housing Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Housing Authority. Where applicable, the Housing Authority plans to apply the following Standards from their application date.

	Operative for reporting period beginning on/after 1 Jan 2023	Operative for reporting periods beginning on/after
AASB 2021-2	*Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* This Standard amends: (a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity’s financial statements; (b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and (e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. There is no financial impact.	**1 Jan 2023**
AASB 2021-6	*Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* This Standard amends: (a) AASB 1049, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (b) AASB 1054 to reflect the updated accounting policy terminology used in AASB 101 Presentation of Financial Statements; and (c) AASB 1060 to required entities to disclose their material accounting policy information rather than their significant accounting policy and to clarify that information about measurement bases for financial instruments is expected to be material to an entity’s financial statements. There is no financial impact.	**1 Jan 2023**
AASB 2022-7	*Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards* This Standard makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2 Making Materiality Judgements. There is no financial impact.	**1 Jan 2023**

AASB 2022-8	*Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* This Standard amends: (a) AASB 1; (b) AASB 3; (c) AASB 5; (d) AASB 7; (e) AASB 9; (f) AASB 15; (g) AASB 17; (h) AASB 119; (i) AASB 132; (j) AASB 136; (k) AASB 137; (l) AASB 138; (m) AASB 1057; and (n) AASB 1058, to permit public sector entities to continue applying AASB 4 and AASB 1023 to annual periods beginning on or after 1 January 2023 but before 1 July 2026. There is no financial impact.	**1 Jan 2023**
	Operative for reporting periods beginning on/after 1 Jan 2024	
AASB 2020-1	*Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. These is no financial impact.	**1 Jan 2024**
AASB 2022-5	*Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback* This Standard amends AASB 16 to add measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 to be accounted for as a sale. There is no financial impact.	**1 Jan 2024**
AASB 2022-6	*Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants* This Standard amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The Standard also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure. There is no financial impact.	**1 Jan 2024**
AASB 2022-10	*Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.* This Standard amends AASB 13 including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The Housing Authority has not assessed the impact of the Standard.	**1 Jan 2024**

	Operative for reporting periods on/after 1 Jan 2025	
AASB 17	*Insurance Contracts* This Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. It was amended by AASB 2022-8 to take effect for Not-For-Profit insurance contracts from 1 July 2026. The Housing Authority has not assessed the impact of the Standard.	**1 July 2026**
AASB 2021-7C	*Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* This Standard further defers (to 1 January 2025) the amendments to AASB 10 and AASB 128 relating to the sale or contribution of assets between an investor and its associate or joint venture. The standard also includes editorial corrections. The Housing Authority has not assessed the impact of the Standard.	**1 Jan 2025**
AASB 2022-9	*Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* This Standard amends AASB 17 and AASB 1050 to include modifications with respect to the application of AASB 17 by public sector entities. This Standard also amends the following Standards to remove the temporary consequential amendments set out in AASB 2022-8 since AASB 4 and AASB 1023 do not apply to public sector entities for periods beginning on or after 1 July 2026: (a) AASB 1; (b) AASB 3; (c) AASB 5; (d) AASB 7; (e) AASB 9; (f) AASB 15; (g) AASB 119; (h) AASB 132; (i) AASB 136; (j) AASB 137; (k) AASB 138; (l) AASB 1057; and (m) AASB 1058 There is no financial impact.	**1 Jan 2026**

9.4. Key management personnel

The Housing Authority has determined that key management personnel include Ministers, and senior officers of the Housing Authority. 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.

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.

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.

Related parties of the Authority include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- the Government Employees Superannuation Board (GESB);
- subsidiaries including Keystart and Goldmaster; and
- all joint venture parties, for details refer to Note 5.1.

Material transactions with Western Australian State Government entities:

The Authority is a not-for-profit entity and is wholly controlled by the State of Western Australia in conducting its activities. The Authority transacts with a number of Western Australian State Government authorities, agencies and government trading enterprises. Transactions with these entities include, but not limited to: borrowings and repayment of money, sales and purchase of goods, property and other assets, payment of rates, use of utilities, other government fees and charges. 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 94: Receipts from government-related entities

Receipts from Government related entities – Housing Authority	Transaction value for year ended 2023 $000	Transaction value for year ended 2022 $000
Receipts from Government related entities	–	–
Department of Treasury	–	–
Appropriations and disbursements	584,740	180,293
Royalties for regions funding	118,887	98,999
Department of Primary Industries and Regional Development	–	–
Grant revenue	2,309	2,621
Department of Communities – Child Protection	–	–
Overhead allocation recoup	23,296	12,469
Department of Communities – Disability Services Commission	–	–
Overhead allocation recoup	862	–
GROH revenue	98,215	96,858
Keystart revenue	219,426	198,274

Receipts from Government related entities – Housing Authority	Transaction value for year ended 2023 $000	Transaction value for year ended 2022 $000
Western Australian Treasury Corporation	–	–
Proceeds from Borrowings	200,000	450,000
Mental Health Commission	–	–
Grant revenue	4,901	–
Water Corporation	–	–
Grant revenue	–	350
Department of Fire and Emergency Services	**–**	**–**
Grant revenue	25	–

Material transactions with other related parties

Outside of normal citizen type transactions with the 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.

Table 95: Payments to government-related entities

Expenditure and/or payments to government-related entities	Transaction value for year ended 2023 $000	Transaction value for year ended 2022 $000
Water Corporation	–	–
Water rates and water consumption	57,876	52,977
Department of Primary Industries and Regional Development	–	–
Repayment of Royalties for Regions funding	1,008	–
Western Australian Treasury Corporation	–	–
Repayment of borrowings	1,212,166	1,613,317
Interest on borrowings	6,711	29,837
Guarantee fees	1,634	2,257
Government Employees' Superannuation Board	–	–
Superannuation contributions	–	16,998
Department of Finance	–	–
Office accommodation, State Fleet rental and payroll tax	15,604	17,108

Expenditure and/or payments to government-related entities	Transaction value for year ended 2023 $000	Transaction value for year ended 2022 $000
Department of Communities – Child Protection	**–**	**–**
Employee benefits	188,630	–
Overhead allocations recoup	50,886	–
Department of Communities – Disability Services Commission	**–**	**–**
Overhead allocations recoup	8,580	–

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the Basis of Consolidation in Note 1.

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 are related party transactions/balances of Keystart:

Table 96: Related party transactions/balances of Keystart

Related party transactions/balances of Keystart	Notes	2023 $000	2022 $000
Preferential shares	6.1	3,025,000	3,989,500
Interest revenue	3.4	138,023	56,376
Dividends	3.6	81,403	141,898
Other current assets	6.3	18,734	9,543
Distribution of equity	9.11	–	–

Goldmaster, a fully owned subsidiary entity is financed by the Housing Authority. The Housing Authority has provided three loans to Goldmaster for the development of property in Cockburn. Two loans have been fully repaid (in 2015 and 2021).

The following are related party transactions/balances of Goldmaster:

Table 97: Related party transactions/balances of Goldmaster

Related party transactions/balances of Goldmaster	Notes	2023 $000	2022 $000
Interest revenue	3.4	–	381
Impairment assets – Goldmaster	4.2	–	–
Other financial assets	6.4	2,238	5,126
Loans and receivables	6.1	7,456	7,456

9.6. Services provided free of charge

During the year the following services were provided to other agencies free of charge for functions outside the normal operations of the Housing Authority:

Table 98: Municipal and essential services account

Municipal and essential services account	2023 $000	2022 $000
WA Police – office accommodation	–	1,580

9.7. Administered transactions – Remote Indigenous Housing

Table 99: Administered transactions – Remote Indigenous Housing

Housing Authority	2023 $000	2022 $000
Balance at start of the period	6,227	13,895
Receipts	–	–
Transfer of internal funds	18,600	4,000
Other receipts	11,887	13,209
Payments	(34,960)	(24,877)
Balance at end of period	**1,754**	**6,227**

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 repair and maintenance in the Aboriginal Community in which it is 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 100: Remuneration of auditors

Remuneration of auditors	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Auditing the accounts, controls, financial statements and key performance indicators	885	691	620	539
Total	**885**	**691**	**620**	**539**

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

Table 101: Contributed equity

Contributed equity	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Balance at start of period	2,359,755	2,533,150	2,279,485	2,452,880
Contributions by owners	–	–	–	–
Capital contributions	251,649	98,859	251,649	98,859
Other contributions by owner	–	–	–	–
Royalties for Regions Fund – Regional Infrastructure and Headworks Account	3,498	2,003	3,498	2,003
Social Housing Investment Fund	251,123	–	251,123	–
Digital Capability Fund	900	–	900	–
Remote Communities Fund	50	–	50	–

Contributed equity	Consolidated 2023 $000	Consolidated 2022 $000	Housing Authority 2023 $000	Housing Authority 2022 $000
Mandurah Common Ground	700	–	700	–
Mental Health Commission	5,200	–	5,200	–
Total contributions by owners	**513,120**	**100,862**	**513,120**	**100,862**
Transfer of net assets to other agencies	**–**	**–**	**–**	**–**
Royalties for Regions Fund – Regional Infrastructure and Headworks Account	(1,008)	–	(1,008)	–
Western Australian Police Force (WAPOL)	(28,960)	–	(28,960)	–
Department of Communities	(1,232)	(954)	(1,232)	(954)
Development WA	(28)	(273,303)	(28)	(273,303)
Net assets transferred to Government	–	–	–	–
Other transfers to the Consolidated Account	(33,822)	–	(33,822)	–
Total distributions to owners	**(65,050)**	**(274,257)**	**(65,050)**	**(274,257)**
Balance at end of period	**2,807,825**	**2,359,755**	**2,727,555**	**2,279,485**

Table 102: Equity reserves

Reserves	Notes	Consolidated 2023 $000	Consolidated (a) 2022 $000	Housing Authority 2023 $000	Housing Authority (a) 2022 $000
(i) Asset revaluation reserve	–	–	–	–	–
Balance brought forward from prior period	–	7,242,835	6,094,390	7,242,835	6,094,390
Correction of prior period errors	9.2	–	49,043	–	49,043
Restated balance at start of period (b)	–	7,242,835	6,143,433	7,242,835	6,143,433
Transferred to retained earnings	–	(39,950)	(17,008)	(39,950)	(17,008)
Land inventory prior year eliminations	–	–	–	–	–
Revaluations during the period	–	1,320,226	1,116,410	1,320,226	1,116,410
Closing balance	–	**8,523,111**	**7,242,835**	**8,523,111**	**7,242,835**

Reserves	Notes	Consolidated 2023 $000	Consolidated (a) 2022 $000	Housing Authority 2023 $000	Housing Authority (a) 2022 $000
(ii) Interest Assistance Lowstart reserve	–	–	–	–	–
Balance brought forward from prior year	–	–	713	–	–
Transfer to retained profits	–	–	(713)	–	–
Closing balance	**–**	**–**	**–**	**–**	**–**
Total reserves	**–**	**8,523,111**	**7,242,835**	**8,523,111**	**7,242,835**

(a) For details of the restatement, refer to Note 9.2.

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

Retained earnings

Table 103: Retained earnings

Retained earnings	Notes	Consolidated 2023 $000	Consolidated (a) 2022 $000	Housing Authority 2023 $000	Housing Authority (a) 2022 $000
Balance brought forward from prior period	**–**	**3,835,195**	**3,804,282**	**3,635,664**	**3,605,465**
Transfer from asset revaluation reserve upon disposal	–	39,950	17,008	39,950	17,008
Transfer from asset revaluation reserve during the year	–	–	–	–	–
Transfer from Interest Assistance Lowstart reserve	–	–	713	–	–
Net profit/(loss) for the year	–	(176,336)	13,192	(177,074)	13,191
Total retained earnings	**–**	**3,698,809**	**3,835,195**	**3,498,540**	**3,635,664**

(a) For details of the restatement, refer to Note 9.2.

9.11. Equity attributable to non-controlling interest

Table 104: Equity attributable to non-controlling interest

Equity attributable to non-controlling interest – Goldmaster	Consolidated 2023 $000	Consolidated (a) 2022 $000	Housing Authority 2023 $000	Housing Authority (a) 2022 $000
Opening equity for non-controlling interest	532	642	–	–
Non-controlling loss ending 30 June	(251)	(110)	–	–
Movement in equity attributable to contributed equity	–	–	–	–
Other changes to non-controlling interest	(281)	–	–	–
Total non-controlling interest	**–**	**532**	–	–

(a) For details of the restatement, refer to Note 9.2.

In June 2023, the Housing Authority acquired an additional 12.82% interest in Goldmaster, increasing its ownership from 87.18% to 100%. The carrying amount of Goldmaster's net assets in the Housing Authority's consolidated financial statements on the date of acquisition of this additional interest was $2.196 million. Following completion of this transaction, the Housing Authority intends to commence voluntary liquidation of Goldmaster within the next financial year.

Table 105: Equity attributable to non-controlling interest

Equity attributable to non-controlling interest	Consolidated 2023 $000	Consolidated 2023 $000
Carrying amount of NCI acquired ($2,196 x 12.82%)	281	–
Consideration paid to NCI	601	–
Decrease in Equity attributable to owners	(320)	–

The increase in equity attributable to owners of the Authority is an increase in retained earnings.

9.12 Supplementary financial information

(a) Write offs

Bad Debts written off by the Accountable Authority in the year ended 30 June 2023 totalled $7.388 million (2022: $3.680 million)

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

Cashier shortages incurred for the year ended 30 June 2023 was nil. (2022: nil).

Reportable thefts in the year ended 30 June 2023 was nil (there was no reportable thefts in the year ended June 2022).

Amounts recovered during the year ended 30 June 2023 was nil (2022: $131,972).

(c) Gifts of public property

In the year ended 30 June 2023 the Housing Authority made no gifts of public property.

10. Explanatory statements

This section explains variations in the financial performance of the Authority.

	Notes
Explanatory statements for controlled operations	10.1

This explanatory section explains variations in the financial performance of the Agency undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2023, and between the actual results for 2023 and 2022 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of:

- Total Cost of Services (for the previous year or the 2023 estimate, as applicable) for the Statement of Comprehensive Income and Statement of Cash Flows; and
- Total Assets (for the previous year or the 2023 estimate, as applicable) for the Statement of Financial Position.

10.1. Explanatory statement for controlled operations

10.1.1. Statement of comprehensive income variances

Table 106: Statement of comprehensive income variances – Housing Authority

Statement of comprehensive income	Variance Notes	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance between actual and estimate $000	Variance between actual results for 2023 and 2022 $000
Revenue and Income	–	–	–	–	–	–
Sales	a	40,026	37,293	61,807	(2,733)	(24,514)
Rental revenue	–	292,009	286,532	267,685	(5,477)	18,847
Grants, contributions and subsidies	–	128,470	135,834	130,067	7,364	5,767
Interest revenue	–	5,429	7,531	3,038	2,102	4,493
Gain on disposal on non-current assets	–	–	–	–	–	–
Other revenue	–	21,318	19,195	12,251	(2,123)	6,944
Total income	–	**487,252**	**486,385**	**474,848**	**(867)**	**11,537**
Expenses	–	–	–	–	–	–
Cost of sales	b	31,651	21,237	39,226	(10,414)	(17,989)
Rental expenses	1, c	354,592	398,798	315,283	44,206	83,515

Statement of comprehensive income	Variance Notes	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance between actual and estimate $000	Variance between actual results for 2023 and 2022 $000
Community support expense	2, d	173,533	151,903	106,830	(21,630)	45,073
Employee benefit expense	–	–	–	–	–	–
Supplies and services	3, e	240,708	274,000	219,887	33,292	54,113
Depreciation and amortisation expense	f	135,223	129,145	117,230	(6,078)	11,915
Finance costs	4, g	54,242	141,927	49,670	87,685	92,257
Grants and subsidies	5	74,179	49,766	47,304	(24,413)	2,462
Accommodation expenses	–	6,902	8,968	17,329	2,066	(8,361)
Other expenses	6, h	55,802	36,434	26,863	(19,368)	9,571
Loss on disposal of non-current assets	7	24,679	3,632	3,182	(21,047)	450
Total expenses	–	**1,151,511**	**1,215,810**	**942,804**	**64,299**	**273,006**
Loss before income from State Government	–	**(664,259)**	**(729,425)**	**(467,956)**	**(65,166)**	**(261,469)**
Income from State Government	–	–	–	–	–	–
Service appropriation	8, i	96,597	110,200	81,434	13,603	28,766

Statement of comprehensive income	Variance Notes	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance between actual and estimate $000	Variance between actual results for 2023 and 2022 $000
Income from other public sector entities	–	346,619	326,501	302,488	(20,118)	24,013
Royalties for Regions Fund	9, j	144,144	115,389	96,996	(28,755)	18,393
Services received	–	–	261	229	261	32
Total income from State Government	–	**587,360**	**552,351**	**481,147**	**(35,009)**	**71,204**
Surplus / (deficit) for the period	–	**(76,899)**	**(177,074)**	**13,191**	**(100,175)**	**(190,265)**
Other comprehensive income	–	–	–	–	–	–
Changes in asset revaluation surplus	–	–	1,320,226	1,116,410	1,320,226	203,816
Total other comprehensive income	–	–	**1,320,226**	**1,116,410**	**1,320,226**	**203,816**
(Loss)/profit attributable to	–	–	–	–	–	–
Consolidated equity	–	–	–	–	–	–
Non-controlling interest	–	–	–	–	–	–
Total	–	–	–	–	–	–
Total comprehensive income attributable to	–	–	–	–	–	–

Statement of comprehensive income	Variance Notes	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance between actual and estimate $000	Variance between actual results for 2023 and 2022 $000
Consolidated equity	–	–	–	–	–	–
Non-controlling interest	–	–	–	–	–	–
Total	–	–	–	–	–	–
Total comprehensive income for the period	–	**(76,899)**	**1,143,152**	**1,129,601**	**1,220,051**	**13,551**

Major Estimate and Actual (2023) variance narratives

Housing Authority

1. Rental expenses are $44.2 million (12.5%) higher than the Published Budget mainly due to the increased cost of maintaining properties due to escalating trade and material costs.

2. Community support expenses are $21.6 million (12.5%) lower than the Published Budget mainly due to ongoing delays to upgrade works in the remote communities' program caused by the ongoing impact of COVID-19 that resulted in accessibility issues and a general lack of trade and material supply availability.

3. Supplies and services are $33.5 million (13.8%) higher than the Published Budget mainly due to the introduction of a shared costing model from 1 July 2022 that more equitably allocates overhead costs across the entities of the Department of Communities, the Housing Authority, and the Disability Services Commission.

4. Finance costs are $87.7 million (161.7%) higher than the Published Budget mainly due to increased interest payments resulting from rises in the Reserve Bank of Australia's cash rate exerting upward pressure on Keystart's finance cost.

5. Grants and subsidies are $24.4 million (32.9%) lower than the Published Budget mainly due to under expenditure in the Social Housing Economic Recovery Package (SHERP) refurbishment and new build grant programs. For both grant programs, the Community Housing Organisations have had difficulty in meeting grant agreement milestones due to difficulties sourcing and retaining builders and trades.

6. Other expenses are $19.4 million (34.7%) lower than the Published Budget mainly due to a reduction in spending in advertising expenses and management leasing fees, which resulted from delays in completing maintenance.

7. Loss on Disposal of non-current assets is $21.0 million (85.3%) lower than the Published Budget mainly due to lower than anticipated share equity property sales.

8. Service appropriations is $13.6 million (14.1%) higher than the Published Budget mainly due to additional appropriations received related to the Public Sector Wages Offer and to address the government office accommodation lease shortfall.

9. Royalties for Regions Fund are $28.8 million (19.9%) lower than the Published Budget mainly due to:

- the transfer of the essential service provision for Aboriginal communities from the Department of Communities to the Water Corporation and Horizon Power because of the new Remote Essential Services Program (RESP); and
- the reprofiling of programs associated National Partnership Agreement on Remote Indigenous Housing (NPRH) and Remote and Essential Municipal Services (REMS) due to delays caused by accessibility issues, lack of trade and supply availability and prior impacts from COVID-19.

Major Actual (2023) and Comparative (2022) Variance narratives

Housing Authority

a) Sales are $24.5 million (39.7%) lower than 2021-22 mainly due to the Department's focus on repurposing inventory to social housing in line with Government policy to increase social housing stock whilst minimising the attrition of current social housing stock. There were 77 dwellings sold in 2021-22 compared to 17 dwellings in 2022-23.

b) Cost of sales are $18.0 million (45.9%) lower than 2021-22 mainly due to the Department's focus on repurposing inventory to social housing in line with Government policy to increase social housing stock whilst minimising the attrition of current social housing stock. There were 77 dwellings sold in 2021-22 compared to 17 dwellings in 2022-23.

c) Rental expenses are $83.5 million (26.5%) higher than 2021-22 mainly due to the increased cost of maintaining properties because of escalating trade and material cost.

d) Community support expenses are $45.1 million (42.2%) higher than 2021-22 mainly due to:
- additional expenditure associated with the Department of Communities continuing to pay Regional Service Providers for the continuation of power and essential services in remote Aboriginal communities whilst negotiations to fully transfer responsibly for these services to Horizon Power and Water Corporation were being finalised; and
- additional subsidy to assist remote Aboriginal communities with repairs and maintenance in 2022-23 compared to 2021-22. There had been significant delays caused by the impact of COVID-19 which meant that there was a backlog of repairs and maintenance work and this along with increased inflation resulted in additional expenditure in 2022-23.

e) Supplies and services are $54.1 million (24.6%) higher than 2021-22 mainly due to the introduction of a shared costing model from 1 July 2022 that more equitably allocates overhead costs across the entities of the Department of Communities, the Housing Authority and Disability Services Commission.

f) Depreciation and amortisation expenses are $11.9 million (10.2%) higher than 2021-22 mainly due to an increase in revaluation adjustments and purchase of rental properties in 2022-23.

g) Finance costs are $92.3 million (185.7%) higher than 2021-22 mainly due to the rise in Reserve Bank of Australia cash rate has exerted upward pressure on Keystart's finance cost resulting in increased interest payments.

h) Other expenses are $9.6 million (35.6%) higher than 2021-22 mainly due to increased Expected Credit Losses due to adverse economic conditions including interest rates and increased demolition losses.

i) Service appropriation is $28.8 million (35.3%) higher than 2021-22 mainly due to additional funding received associated with:

- Compensating the Department for income forgone following the transfer of the commercial land development functions from the Housing Authority to Development WA on 1 July 2021 as part of the Machinery of Government reform ($36.7 million);
- Social Housing Economic Recovery Package ($21.9 million); and
- Public Sector Wages Offer ($10.4 million).

This is partially offset by one off funding received in 2021-22 relating to:

- Social Housing Rent Adjustment ($21.1 million); and
- The repurposing of Metronet properties ($15 million).

j) Royalties for Regions Fund are $18.4 million (19.0%) higher than 2021-22 mainly due to additional funding associated with:

- Remote Communities ($9.6 million);
- Regional Renewal ($3.6 million);
- Ganalili Accommodation and Transitional Housing Project ($3.7 million); and
- North-West Aboriginal Housing Employee Accommodation & Career Development Project ($2.1 million).

10.1.2. Statement of financial position variances

Table 107: Statement of financial position variances – Housing Authority

Statement of financial position – Housing Authority Assets	Variance Notes	Estimate 2023 $’000	Actual 2023 $’000	Actual Restated 2022 $’000	Variance between actual and estimate $’000	Variance between actual results for 2023 and 2022 $’000
Asset – Current assets	**–**	**–**	**–**	**–**	**–**	**–**
Cash and cash equivalents	–	30,142	151,173	124,724	121,031	26,449
Restricted cash and cash equivalents	–	30,420	19,945	19,614	(10,475)	331
Inventories	–	235,382	120,879	114,339	(114,503)	6,540
Loans and receivables	1	1,317,930	260,217	288,744	(1,057,713)	(28,527)
Other current assets	–	15,047	30,596	22,629	15,549	7,967
Non-current assets classified as held for sale	–	5,161	6,272	7,233	1,111	(961)

Statement of financial position – Housing Authority Assets	Variance Notes	Estimate 2023 $'000	Actual 2023 $'000	Actual Restated 2022 $'000	Variance between actual and estimate $'000	Variance between actual results for 2023 and 2022 $'000
Total current assets	**–**	**1,634,082**	**589,082**	**577,283**	**(1,045,000)**	**11,799**
Non-current assets	–	–	–	–	–	–
Restricted cash and cash equivalents	–	–	13,000	13,000	13,000	–
Inventories	2	239,504	51,995	104,859	(187,509)	(52,864)
Loans and receivables	3, a	3,840,983	3,052,412	4,034,495	(788,571)	(982,083)
Other financial assets	–	10,439	2,262	5,150	(8,177)	(2,888)
Property, plant and equipment	4, b	10,331,036	12,822,114	11,357,086	2,491,078	1,465,028
Right-of-use assets	–	2,359	2,742	1,971	383	771
Intangible assets	–	–	–	114	–	(114)

Statement of financial position – Housing Authority Assets	Variance Notes	Estimate 2023 $'000	Actual 2023 $'000	Actual Restated 2022 $'000	Variance between actual and estimate $'000	Variance between actual results for 2023 and 2022 $'000
Service concession assets	5	1,769,874	2,201,513	2,033,960	431,639	167,553
Total non-current assets	**–**	**16,194,195**	**18,146,038**	**17,550,635**	**1,951,843**	**595,403**
Total assets	–	**17,828,277**	**18,735,120**	**18,127,918**	**906,843**	**607,202**
Liabilities – Current liabilities	**–**	**–**	**–**	**–**	**–**	**–**
Payables	–	71,101	72,350	53,329	1,249	19,021
Borrowings	–	85,707	134,850	72,914	49,143	61,936
Lease liabilities	–	46,670	69,761	61,078	23,091	8,683
Provisions	–	27,942	492	22,587	(27,450)	(22,095)
Other current liabilities	–	13,693	23,254	16,734	9,561	6,520
Total current liabilities	**–**	**245,113**	**300,707**	**226,642**	**55,594**	**74,065**
Non-current liabilities	–	**–**	**–**	**–**	**–**	**–**

Statement of financial position – Housing Authority Assets	Variance Notes	Estimate 2023 $'000	Actual 2023 $'000	Actual Restated 2022 $'000	Variance between actual and estimate $'000	Variance between actual results for 2023 and 2022 $'000
Payables	–	282	244	251	(38)	(7)
Borrowings	6, c	5,339,854	3,432,101	4,513,785	(1,907,753)	(1,081,684)
Provisions	–	28,956	59,990	38,560	31,034	21,430
Lease liabilities	–	17,256	43,883	37,264	26,627	6,619
Other non-current liabilities	–	125,826	148,989	153,432	23,163	(4,443)
Total non-current liabilities	**–**	**5,512,174**	**3,685,207**	**4,743,292**	**(1,826,967)**	**(1,058,085)**
Total liabilities	–	**5,757,287**	**3,985,914**	**4,969,934**	**(1,771,373)**	**(984,020)**
Net assets	–	**12,070,990**	**14,749,206**	**13,157,984**	**2,678,216**	**1,591,222**
Equity	**–**	**–**	**–**	**–**	**–**	**–**
Contributed equity	–	2,550,694	2,727,555	2,279,485	176,861	448,070
Reserves	–	6,093,085	8,523,111	7,242,835	2,430,026	1,280,276
Retained earnings	–	3,427,211	3,498,540	3,635,664	71,329	(137,124)

Statement of financial position – Housing Authority Assets	Variance Notes	Estimate 2023 $'000	Actual 2023 $'000	Actual Restated 2022 $'000	Variance between actual and estimate $'000	Variance between actual results for 2023 and 2022 $'000
Total equity attributable to the consolidated entity	–	**12,070,990**	**14,749,206**	**13,157,984**	**2,678,216**	**1,591,222**
Non-controlling interest	–	–	–	–	–	–
Total equity	**–**	**12,070,990**	**14,749,206**	**13,157,984**	**2,678,216**	**1,591,222**

Major Estimate and Actual (2023) variance narratives

Housing Authority

1. Loans and receivables are $1.058 billion (80.3%) lower than the Published Budget mainly due to the redemption of preference shares issued to Keystart, which in turn is driven by the movement in mortgages on Keystart's books. It is noted that Keystart's value for mortgages has moved from $3.5 billion on 30 June 2022 to $2.4 billion on 30 June 2023.
2. Inventories are $187.5 million (78.3%) lower than the Published Budget mainly due to land having been transferred from Inventory to Property, Plant, and Equipment. This transfer is the result of a clarification regarding the accounting status of land where it is held for future development to provide public and social housing.
3. Loans and receivables are $788.6 million (20.5%) lower than the Published Budget mainly due to the redemption of preference shares issued to Keystart, which in turn is driven by the movement in mortgages on Keystart's books. It is noted that Keystart's value for mortgages has moved from $3.5 billion on 30 June 2022 to $2.4 billion on 30 June 2023.
4. Property, plant and equipment are $2.491 billion (24.1%) higher than the Published Budget mainly due to the Housing Authority increasing its stock of dwellings available for public and social housing through new purchases along with increased market valuation of the stocks.
5. Service concession assets are $431.6 million (24.4%) higher than the Published Budget mainly due to an increased valuation for these social housing properties. These properties could either be owned or not owned by the Housing Authority and be managed and maintained by Community Housing Organisations (CHOs).
6. Borrowings are $1.908 billion (35.7%) lower than the Published Budget mainly due to Keystart's customer discharge amounts exceeding loan funding requirements, resulting in a lower borrowing requirement.

Major Actual (2023) and Comparative (2022) variance narratives

Housing Authority

a) Loans and receivables are $982.1 million (24.3%) lower than 2021-22 mainly due to the redemption of preference shares issued to Keystart, which in turn is driven by the movement in mortgages on Keystart's books. It is noted that Keystart's value for mortgages has moved from $3.5 billion on 30 June 2022 to $2.4 billion on 30 June 2023.

b) Property, plant and equipment are $1.465 billion (12.9%) higher than 2021-22 mainly due to

- Upwards movement in valuations on 30 June 23 of approximately $1.15 billion; and
- Housing Authority increasing its stock of dwellings available for public and social housing through new purchases.

c) Borrowings are $1.082 billion (24.0%) lower than 2021-22 mainly due to the redemptions in WATC loans of approximately $1 billion through the period, which in turn reflects the redemptions received from Keystart due to the reduction in mortgages.

10.1.1. Statement of cash flows variances

Table 108: Statement of cash flows variances – Housing Authority

Statement of cash flows variances – Housing Authority	Variance Notes	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance between actual and estimate $000	Variance between actual results for 2023 and 2022 $000
Cash flows from operating activities – Receipts	–	–	–	–	–	–
Rental receipts	–	291,129	275,029	265,576	(16,100)	9,453
Grants, contributions and subsidies	–	128,470	135,834	130,067	7,364	5,767
Interest received	1	30,151	6,984	1,083	(23,167)	5,901
Inventory receipts on sales	a	40,027	39,268	59,261	(759)	(19,993)
Other receipts	–	22,911	24,746	18,960	1,835	5,786
GST receipts on sales	–	16,778	10,185	15,708	(6,593)	(5,523)
GST receipts from taxation authority	2	25,231	13,615	18,548	(11,616)	(4,933)
Cash flows from operating activities – Payments	–	–	–	–	–	–
Rental property payments	3, b	(345,138)	(398,798)	(316,684)	(53,660)	(82,114)

Statement of cash flows variances – Housing Authority	Variance Notes	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance between actual and estimate $000	Variance between actual results for 2023 and 2022 $000
Community support payments	4, c	(173,533)	(136,111)	(109,013)	37,422	(27,098)
Employee benefits	–	–	–	–	–	–
Supplies and services	d	(271,536)	(278,496)	(215,838)	(6,960)	(62,658)
Finance costs	5, e	(53,682)	(131,716)	(47,968)	(78,034)	(83,748)
Accommodation	–	(3,990)	(8,707)	(17,142)	(4,717)	8,435
Grants and subsidies	–	(60,569)	(49,766)	(47,574)	10,803	(2,192)
Purchase and development of inventory	6	(94,689)	(79,234)	(82,664)	15,455	3,430
GST payments on purchases	–	(25,231)	(25,283)	(22,434)	(52)	(2,849)
GST payments to taxation authority	7, f	(16,778)	–	(14,155)	16,778	14,155
Other payments	8, g	(48,738)	(665)	(53,214)	48,073	52,549
Net cash provided by / (used in) operating activities	–	**(539,187)**	**(603,115)**	**(417,483)**	**(63,928)**	**(185,632)**

Statement of cash flows variances – Housing Authority	Variance Notes	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance between actual and estimate $000	Variance between actual results for 2023 and 2022 $000
Cash flows from investing activities – Receipts	–	–	–	–	–	–
Proceeds from the sale of non-current physical assets	9	24,976	47,984	47,868	23,008	116
Other investing receipts	10	1,049,500	1,164,500	1,100,814	115,000	63,686
Dividends received	11	128,763	141,898	155,837	13,135	(13,939)
Cash flows from investing activities – Payments	–	–	–	–	–	–
Purchase of non-current physical assets	h	(411,911)	(429,822)	(288,244)	(17,911)	(141,578)
Other investing payments	12, i	(1,341,373)	(200,601)	–	1,140,772	(200,601)
Net cash used in investing activities	–	**(550,045)**	**723,959**	**1,016,275**	**1,274,004**	**(292,316)**
Cash flows from financing activities – Receipts	–	–	–	–	–	–
Proceeds from borrowings WA Treasury Corporation	13, j	1,341,373	200,004	450,000	(1,141,369)	(249,996)

Statement of cash flows variances – Housing Authority	Variance Notes	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance between actual and estimate $000	Variance between actual results for 2023 and 2022 $000
Finance lease receipts	14, k	56,667	87,805	76,910	31,138	10,895
Cash flows from financing activities – Payments	–	–	–	–	–	–
Repayment of borrowings from	–	–	–	–	–	–
WA Treasury Corporation	15, l	(1,097,166)	(1,212,166)	(1,613,317)	(115,000)	401,151
Commonwealth Government	–	(17,798)	(17,797)	(17,589)	1	(208)
Principal elements of lease payments	16, m	(61,400)	(90,436)	(78,577)	(29,036)	(11,859)
Net cash provided by financing activities	–	**221,676**	**(1,032,590)**	**(1,182,573)**	**(1,254,266)**	**149,983**
Cash flows from State Government	–	–	–	–	–	–
Service appropriation	17, n	96,597	110,200	81,434	13,603	28,766
Capital Appropriation	o	272,620	251,649	98,859	(20,971)	152,790
Royalties for Regions recurrent fund	18, p	144,126	115,389	96,996	(28,737)	18,393
Royalties for Regions capital fund	–	5,455	3,498	2,003	(1,957)	1,495

Statement of cash flows variances – Housing Authority	Variance Notes	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance between actual and estimate $000	Variance between actual results for 2023 and 2022 $000
Other contributions/ distributions of equity	19, q	120,498	221,883	(954)	101,385	222,837
Funds from other public sector entities	20, r	133,060	235,907	150,415	102,847	85,492
Net cash provided by State Government	–	**772,356**	**938,526**	**428,753**	**166,170**	**509,773**
Net increase/(decrease) in cash and cash equivalents	–	(95,200)	26,780	(155,028)	121,980	181,808
Cash and cash equivalents at the beginning of the period	–	155,762	157,338	312,366	1,576	(155,028)
Cash and cash equivalents at end of the period	–	**60,562**	**184,118**	**157,338**	**123,556**	**26,780**

Major Estimate and Actual (2023) variance narratives

Housing Authority

1. Interest received is $23.2 million (76.8%) lower than the Published Budget mainly due to lower than budgeted interest received from Keystart as a result of Keystart clients moving to alternative funding sources.

2. GST receipts from taxation authority are $11.6 million (46.0%) lower than the Published Budget mainly due to less sales and therefore less GST due to the transfer of commercial land development function from the Housing Authority to Development WA on 1 July 2021 as a part of the Machinery of Government reform.

3. Rental property payments are $53.7 million (15.5%) higher than the Published Budget mainly due to the increased cost of maintaining properties due to escalating trade and material costs.

4. Community support payments are $37.4 million (21.6%) lower than the Published Budget mainly due to ongoing delays to upgrade works in the remote communities' program caused by the ongoing impact of COVID-19 that resulted in accessibility issues and a general lack of trade and material supply availability.

5. Finance costs are $78.0 million (145.4%) higher than the Published Budget mainly due to increased payments resulting from rises in the Reserve Bank of Australia's cash rate exerting upward pressure on Keystart's finance cost.

6. Purchase and development of inventory are $15.5 million (16.3%) lower than the Published Budget mainly due to the transfer of commercial land development functions from Housing Authority to Development WA.

7. GST payments to taxation authority are $16.8 million lower than the Published Budget mainly due to the transfer of development land to Development WA which was the driver behind GST payments.

8. Other payments are $48.1 million (98.6%) lower than the Published Budget mainly due to a reduction in spending in advertising expenses and management leasing fees, which resulted from delays in completing maintenance.

9. Proceeds from the sale of non-current physical assets are $23 million (92.1%) higher than the Published Budget mainly due to higher than anticipated share equity property and rental property sales.

10. Other investing receipts are $115.0 million (11.0%) higher than the Published Budget mainly due to a higher than budgeted redemption of Keystart preferential shares.

11. Dividends received are $13.1 million (10.2%) higher than the Published Budget mainly due to a greater than budget dividend from Keystart.

12. Other investing payments are $1.141 billion (85.0%) lower than the Published Budget mainly due to the lower borrowing requirement for Keystart.

13. Proceeds from borrowings WA Treasury Corporation are $1.141 billion (85.1%) lower than the Published Budget mainly due to customer discharge amounts exceeding loan funding requirements resulting in a lower borrowing requirement.

14. Finance lease receipts are $31.1 million (54.9%) higher than the Published Budget mainly due to an increase in lease revenue for GROH properties.

15. Repayment of borrowings from WA Treasury Corporation are $115 million (10.5%) higher than Published Budget mainly due to higher than anticipated redemptions enabling an increase in the debt repaid compared to the estimate.

16. Principal elements of lease payments are $29 million (47.3%) higher than the Published Budget mainly due to an increase in lease costs for GROH properties.

17. Service appropriation is $13.6 million (14.1%) higher than the Published Budget mainly due to additional appropriation received related to the Public Sector Wages Offer and to address the government office accommodation lease shortfall.

18. Royalties for Regions recurrent fund is $28.7 million (19.9%) higher than the Published Budget mainly due to:

- the transfer of the essential service provision for Aboriginal communities from the Department of Communities to the Water Corporation and Horizon Power as a result of the new Remote Essential Services Program (RESP); and
- the reprofiling of programs associated with National Partnership Agreement on Remote Indigenous Housing (NPRH) and Remote and Essential Municipal Services (REMS) due to delays caused by accessibility issues, lack of trade and supply availability and prior impacts from COVID-19.

19. Other contributions/distributions of equity are $101.4 million (84.1%) higher than the Published Budget mainly due to an injection of equity associated with the Social Housing Investment Fund.

20. Funds from other public sector entities are $102.8 million (77.3%) higher than the Published Budget mainly due to greater than budgeted interest from Keystart as a result from increase interest rates.

Major Actual (2023) and Comparative (2022) Variance narratives

Housing Authority

a) Inventory receipts on sales are $20.0 million (33.7%) lower than 2021-22 mainly due to the Department's focus on repurposing inventory to social housing in line with Government policy to increase social housing stock whilst minimising the attrition of current social housing stock. There were 77 dwellings sold in 2021-22 compared to 17 dwellings in 2022-23.

b) Rental property payments are $82.1 million (25.9%) higher than 2021-22 mainly due to the increased cost of maintaining properties because of escalating trade and material costs.

c) Community support payments are $27.1 million (24.9%) higher than 2021-22 mainly due to:

- additional expenditure associated with the Department of Communities continuing to pay Regional Service Providers for the continuation of power and essential services in remote Aboriginal communities whilst negotiations to fully transfer responsibly for these services to Horizon Power and Water Corporation were being finalised; and
- additional subsidy to assist remote Aboriginal communities with repairs and maintenance in 2022-23 compared to 2021-22. There had been significant delays caused by the impact of COVID-19 which meant that there was a backlog of repairs and maintenance work and this along with increased inflation resulted in additional expenditure in 2022-23.

d) Supplies and services are $62.7 million (29.0%) higher than 2021-22 mainly due to the introduction of a shared costing model from 1 July 2022 that sought to more equitably allocate overhead costs across the entities of the Department of Communities, the Housing Authority and Disability Services Commission.

e) Finance costs are $83.7 million (174.6%) higher than 2021-22 mainly due to the rise in Reserve Bank of Australia cash rate has exerted upward pressure on Keystart's finance cost resulting in increased interest payments.

f) GST payments to taxation authority are $14.2 million lower than 2021-22 mainly due to the transfer of development land to Development WA which was the driver behind GST payments.

g) Other payments are $52.5 million (98.8%) lower than 2021-22 primarily due to the transfer of development land to Development WA.

h) Purchase of non-current physical assets are $141.6 million (49.1%) higher than 2021-22 mainly due to continuing investment in future dwellings construction projects at a higher level than previously because of the establishment of the Social Housing Investment Fund.

i) Other investing payments are $200.6 million (85.1%) higher than 2021-22 mainly due to payments associated with Keystart Preferential Shares.

j) Proceeds from borrowings WA Treasury Corporation are $250.0 million (55.6%) lower than 2021-22 mainly due to customer discharge amounts exceeding loan funding requirements resulting in a lower borrowing requirement.

k) Finance lease receipts are $10.9 million (14.2%) higher than 2021-22 mainly due to an increase in revenue for GROH properties.

l) Repayment of borrowings from WA Treasury Corporation are $401.2 million (24.9%) lower than 2021-22 mainly due to lower customer discharge levels resulting in less surplus cash to repay debt.

m) Principal elements of lease payments are $11.9 million (15.1%) higher than 2021-22 mainly due to an increase in lease costs for GROH properties.

n) Service appropriation is $28.8 million (35.3%) higher than 2021-22 mainly due to additional funding received associated with:

- Compensating the Department for income forgone following the transfer of the commercial land development functions from the Housing Authority to Development WA on 1 July 2021 as part of the Machinery of Government reform ($36.7 million);
- Social Housing Economic Recovery Package ($21.8 million); and
- Public Sector Wages Offer ($10.4 million).

This is partially offset by one off funding received in 2021-22 relating to:

- Social Housing Rent Adjustment ($21.2 million); and
- The repurposing of Metronet properties ($15 million).

o) Capital Appropriations are $152.8 million (154.6%) higher than 2021-22 primarily due to the reprofiling of funding relating to various capital projects including:

- Social Housing Economic Recovery Package ($52.8 million);
- Construction of new social housing ($17.5 million);
- Murray Hotel Project to assist rough sleepers ($6.1 million);
- Out-of-Home-Care Commissioning ($5.6 million); and
- Regional modular housing ($4.7 million)

In addition, the Authority received additional Capital Appropriation relating to:

- Compensation the Department for the transfer of the commercial land development functions from the Housing Authority to Development WA on 1 July 2021 as part of the Machinery of Government reform ($21.7 million); and
- Additional Capital Appropriation to assist with it meeting its ongoing capital program ($19.6 million)

p) Royalties for Regions recurrent funds are $18.4 million (19.0%) higher than 2021-22 mainly due to additional funding associated with:

- Remote Communities ($9.6 million);
- Regional Renewal ($3.6 million);
- Ganalili Accommodation and Transitional Housing Project ($3.7 million); and
- North-West Aboriginal Housing Employee Accommodation & Career Development Project ($2.1 million).

q) Other contributions/distributions of equity are $222.8 million (23358.2%) higher than 2021-22 primarily due to the commencement and drawdown of funds from the Social Housing Investment Fund ($251.1 million). This is partially offset by transfers to the Consolidated Account ($23.3 million).

r) Funds from other public sector entities are $85.5 million (56.8%) higher than 2021-22 primarily due to increased interest received from Keystart as a result of increased interest rates.

Key performance indicators

Key performance indicators

Certification of key performance indicators

For the reporting period ended 30 June 2023

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 2023.

Mike Rowe
Chief Executive Officer
Accountable Authority
13 October 2023

Reporting exemption

In November 2019, as part of the Housing Authority Machinery of Government reforms, the Premier announced measures to improve public sector accountability, efficiency and transparency. The primary reform announced was the splitting of the Housing Authority with the commercial land development projects, assets, and associated positions to be transferred to DevelopmentWA in two tranches:

- Tranche 1 (16 February 2021) involved the transfer of the Housing Authority’s undeveloped land bank assets and a handful of in-house land developments.
- Tranche 2 (1 July 2021) involved the transfer of joint ventures and development management agreements, remaining in-house land developments and commercially focused built-form projects.

Consequently, since the completion of these transfers, the Housing Authority has sought and received a reporting exemption from the Under Treasurer in relation to the following key performance indicator for the 2022–2023 reporting period:

- Average operating cost per lot developed

Note that activity data related to commercial land development projects, assets and associated positions also provides an input for the following key performance indicator:

- Total housing assistances provided relative to public rental waiting list

The activity data for land sales is used in the calculation of this key performance indicator for the 2022–23 reporting period and, although expected to decline to nil in the near future, will be used in the calculation for subsequent reporting periods so long as it has a material impact on the key performance indicator result.

Outcome based management reporting framework

State Government Goal

The Housing Authority, as part of the Department of Communities, contributes to the State Government Goal of “Safe, Strong and Fair Communities: Supporting our local and regional communities to thrive”.

Outcome: 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 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. 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 109: 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
2022–23	**8,820**	**6,384**	**19,500**	**19,070**	**0.45**	**0.33**
2021–22	9,901	8,518	17,880	17,194	0.55	0.50
2020–21	14,799	11,039	14,409	14,409	1.03	0.77
2019–20	17,184	15,813	14,000	13,795	1.23	1.15
2018–19	19,739	17,180	13,300	13,912	1.48	1.23

Notes:

1. For 2022-23 the total units of housing assistance comprises (2021-22 result indicated within brackets): number of people (applications) allocated from the waiting list into community housing options: 213 (201); number of new home loans approved: 948 (2,514); number of Housing Authority (including Joint Venture partner) land sales below $175,000(2): 26 (59); number of public rental occupations: 2,643 (1,963); number of bond assistance loans approved: 2,554 (3,781).
2. The benchmark cut-off for the lower end of the market (2022-23: $175,000; 2021-22: $172,000) is the final December quarter lower quartile for Western Australia (State) residential land sales.
3. 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.
4. 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 2022 i.e. at the end of the previous financial year.

Comment on performance

There was a reduction in both the number of bond assistance loans approved and the number of new Keystart home loans approved, when compared to the previous year and target, reflective of current market conditions and consumer confidence being hit by high inflation and rising interest rates. However, the number of public rental occupations has increased by 35 per cent when compared to 2021–22, showcasing the ongoing commitment to increasing housing delivery.

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 110: Waiting times for accommodation in weeks – applicants housed

Reporting year	Target average	Target median	Actual average	Actual median
2022–23	**115**	**75**	**133**	**105**
2021–22	103	62	116	81
2020–21	95	49	102	58
2019–20	120	60	94	48
2018–19	110	70	95	45

Table 111: 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 (%)
2022–23	**3.86**	**19.83**	**47.11**	**18.16**	**11.05**
2021–22	4.48	27.71	44.63	13.55	9.63
2020–21	7.28	40.22	31.57	10.13	10.81
2019–20	7.06	45.24	28.67	9.89	9.15
2018–19	8.26	45.37	26.31	10.01	10.05

Comment on performance

Wait list demand has persisted due to external market factors, however the rate of increase has eased over time, maintaining almost the same total number of applications when compared to the same period last year. External factors such as labour and material shortages have continued to impact the turnover of vacant stock, which impacts waiting times. While stock availability has continued to increase, significant demand for Public Housing properties remains.

Key efficiency indicators

Service 7: 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 (maintenance, improvements, rates, strata fees)
- 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 112: Average operating cost per public rental property

Reporting year	Target cost	Actual cost
2022–23	**$19,015**	**$19,088**
2021–22	$18,109	$15,947
2020–21	$17,070	$17,207
2019–20	$14,550	$17,175
2018–19	$15,658	$15,513

Comment on performance

The 2022–23 average cost was consistent with the target average cost.

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 (maintenance, improvements, rates, strata fees)
- other expenses.

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

Table 113: Average operating cost per Government Regional Officers' Housing (GROH) rental property

Reporting year	Target cost	Actual cost
2022–23	**$13,621**	**$16,455**
2021–22	$12,844	$13,583
2020–21	$15,227	$12,167
2019–20	$14,929	$14,784
2018–19	$27,710	$24,735

Comment on performance

The variance between the actual and the budget target is primarily due to an increase in rental expenses for GROH properties, driven by an increase in rent paid for private leases that is recovered from client agencies, and an increase in supplies and services, primarily due to allocated overhead costs now being included in expenses. Effective from 1 July 2022, a shared costing model for overhead cost allocations across the entities of the Department of Communities, Housing Authority and Disability Services Commission was introduced. Overheads are proportionately allocated based on the Direct and Indirect costs for the whole of Communities (all three entities) and was introduced to facilitate an equitable sharing of overhead charges across the three entities.

Service 8: 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
- rental expenses
- 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 114: Average operating cost per current loan account

Reporting year	Target cost	Actual cost
2022–23	**$3,390**	**$2,740**
2021–22	$2,986	$802
2020–21	$2,888	$1,145
2019–20	$2,501	$4,214
2018–19	$2,644	$3,083

Comment on performance

The result is primarily due to a reduction in bad debts and credit loss in the actual compared to the budget target, primarily due to a lower loan book portfolio as a significant number of Keystart customers transitioned to traditional lenders during 2022–23.

Service 9: Land and housing supply

This service contributes to the Housing Authority's outcome by providing housing for sale to the market.

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 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 115: Average operating cost per property sold

Reporting year	Target cost	Actual cost
2022–23	**$73,960**	**$518,517**
2021–22	$16,354	$125,502
2020–21	$25,929	$24,826
2019–20	$26,647	$44,380
2018–19	$15,906	$35,916

Comment on performance

The variance is primarily due to a significant reduction in property (inventory) sales, with the Department focussing on repurposing inventory to social housing in line with Government's priority action to increase social housing stock and undertaking maintenance and refurbishments on existing stock, keeping them in the system. Effective from 1 July 2022, a shared costing model for overhead cost allocations across the entities of the Department of Communities, Housing Authority and Disability Services Commission was introduced. Overheads are proportionately allocated based on the Direct and Indirect costs for the whole of Communities (all three agencies) and was introduced to facilitate an equitable sharing of overhead charges across the three entities.

Other requirements

Other Requirements

Subsidiaries

The Authority is the instigator of the Keystart Housing Scheme.

- The Board of Directors of the Keystart group of companies comprises six directors. The Authority holds 100 per cent of the total shareholding in:
- Keystart Loans Ltd
- Keystart Loans Ltd owns 100 per cent of Keystart Scheme Management Pty Ltd.

The Authority is the sole beneficiary of the following Trusts and owns all shareholdings of the Trustee companies for each of the Trusts:

- Keystart Housing Scheme Trust

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

- Goldmaster Enterprises Pty Ltd: 100 per cent. Up until 29 June 2023, the Housing Authority held 87.18 per cent of the shares.
- Seacrest Corporation Pty Ltd: 100 per cent
- Dalyellup Beach Pty Ltd: 50 per cent
- Ocean Springs Pty Ltd: 46.78 per cent

Compliance with public sector standards and ethical codes

The Chief Executive Officer uses the resources of Communities to perform the functions of the Authority. As an agency subject to section 31(2) of the *Public Sector Management Act 1994*, Communities' compliance reporting obligations are met by completing the relevant periodic returns requested by the Public Sector Commission (PSC).

This is in accordance with the PSC's 'Annual report guidelines for 2022-23' published 15 May 2023.

Ministerial directions

No ministerial directions were received during 2022–23.

Act of Grace payments

As at 30 June 2023, there were no Act of Grace payments recorded.

Unauthorised use of credit cards

In accordance with Treasurer's Instruction 321, officers are prohibited from using government-issued credit cards for personal purposes. Treasurer's Instructions 903(13) (iv) requires the Authority to disclose information relating to personal use. The table below details the personal expenditure using government-issued credit cards in 2022–23.

Table 116: Personal expenditure using government-issued credit cards in 2022–23

Personal expenditure	2022–23
Number of instances the Western Australian Government purchasing card has been used for a personal purpose	20
Aggregate amount of personal use expenditure for the reporting period	$848.59
Aggregate amount of personal use expenditure settled by the due date	$396.52
Aggregate amount of personal use expenditure settled after the period required by the due date	$452.07
Aggregate amount of personal use expenditure outstanding at the end of the reporting period	$34.94
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	Nil

Advertising, market research, polling and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, the Authority incurred expenditure in advertising and media advertising. Total expenditure for 2022–23 was $320,290.

Table 117: Advertising expenditure for 2022–23

Expenditure	Organisation	Amount	Total
Advertising	Abode Furniture Staging	$14,305	$14,305
–	Arena Real Estate	$56,832	$56,832
–	Box + Dice Operations Pty Ltd	$28,928	$28,928
–	Burgess Rawson-Marketing	$7,425	$7,425
–	Customer Engagement Australia Pty Ltd	$6,595	$6,595
–	Finesse Property Photography	$300	$300
–	Karo Holding Pty Ltd T/As 740 Designs	$12,399	$12,399
–	Mouve Pty Ltd	$3,154	$3,154
–	Perth Expo	$39,673	$39,673
–	Perth Style Company	$12,405	$12,405
–	Space By Design Australia	$3,366	$3,366
–	Rare Pty Ltd atf The Services Unit Trust	$170	$170
–	A.R.M. Marketing Pty Ltd	$545	$545

–	Neil Darby Pty Ltd	$880	$880
–	Quality Press	$1,620	$1,620
–	Rea Group	$1,660	$1,660
Market research	–	–	–
Polling	–	–	–
Direct mail	–	–	–
Media advertising	Initiative Media Australia Pty Ltd	$114,023	$114,023
–	hatchd Digital	$7,296	$7,296
–	Media On Mars	$6,600	$6,600
–	Noongar Media Enterprises Pty Ltd	$1,100	$1,100
–	Quality Press	$965	$965
–	West Australian Newspapers	$50	$50
Total	**–**	–	**$320,290**

Disability Access and Inclusion Plan

The Authority is committed to ensuring its services, facilities and information are accessible and inclusive for people with disability, their families and carers.

This commitment is demonstrated in its disability access and inclusion plan, which is reported in Communities’ Annual Report for 2022–23.

Recordkeeping plan

The Authority’s recordkeeping plan is reported in Communities’ Annual Report for 2022–23.

Board and committee remuneration

Nil.

Occupational safety, health and injury management

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

Communities’ Annual Report for 2022–23 provides information on the workers’ compensation and injury management performance.

WA Multicultural Policy Framework

Details of the submission and actions of the Authority's Multicultural Policy Framework are reported in the Department of Communities' annual report for 2022–23.

Appendix

Appendix

Housing head maintenance contracts

In accordance with the recommendations of the Public Accounts Committee (report numbers 8 and 13), each year the Authority publishes information in relation to the head maintenance contract model, providing an overview of the head contractors' performance to demonstrate how the Authority is realising better maintenance outcomes in the areas of timeliness, reduced costs, and quality of workmanship. Relevant information for 2022–23 can be found below.

Maintaining properties

Maintenance services are performed on over 51,000 (1) residential properties across the State, including GROH dwellings and 112 remote and town-based Aboriginal communities.

In 2022–23, Communities issued an average of approximately 20,000 job orders per month and spent $303.3 million (2) on day-to-day maintenance, vacated maintenance, refurbishments and improvements, planned and cyclical maintenance, estate maintenance and insurance work.

(1) Property housing types comprise public housing, community housing, Government Regional Officers Housing (GROH), Aboriginal Housing and non-government organisation housing.

(2) This figure includes Public Housing, GROH, and Aboriginal Housing only, and does not include any expenditure related to the Social Housing Economic Recovery Package.

Asbestos management

The 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 Authority are documented in asbestos registers, which are updated annually and when the condition of the asbestos changes. The asbestos management framework, by which asbestos management is governed, was previously updated in November 2021. In 2022–23, a new Asbestos Management Policy and universal Asbestos Management Plan were drafted using the services of external legal experts. These documents are fully compliant with the most recent legislation and improve clarity around responsibilities and actions required to be undertaken by all stakeholders. This will be submitted for Communities Leadership Team approval early in 2023–24 before being rolled out across the organisation.

Head maintenance contracts

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

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

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

The methodology is outlined below:

Preventative controls

Works orders completed:

- confirm works order have been satisfactorily completed for billing
- provide compliance and assurance results to the 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
- All (100 per cent of) 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 order amounts.

Housing Authority, Head Maintenance Contractor Performance (HMCP):

Five per cent of paid works orders

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 2022–23

Table 118: Paid works orders audited 1 July 2022–30 June 2023

Measure	Works orders	Percentage
Number of paid works orders	245,160	–
Number of audited works orders over $500	8,925	4%
Number of audited works orders under $500	4,631	2%
Number of non-compliant audited works orders over $500	3,259	37%(1)
Number of non-compliant audited works orders under $500	738	16%(2)

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.

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

Head maintenance contract key performance indicators

Key performance indicator definitions

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

Table 119: Explanation of the head maintenance contract key performance indicators assessed throughout 2022–23 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 • Take five safety check (or equivalent) completed for all schedule of rates work.	100% of Health, Safety and Environmental Management Plan provided.
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.

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
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.
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 services the subject of a works order.	90% of payment claims submitted within 14 days of completion of all maintenance works and services the subject of a works order.
KPI 8a	Timeliness	Quoted (Instruction)	Provide required number of Tender Evaluation Plans within timeframe as per General Specification.	95%

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
KPI 8b	Timeliness	Quoted (Works)	Attend and complete quoted work activity within agreed timeframe.	95%
KPI 9 (1)	–	–	–	–
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 relevant performance review quarter.	95%
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%

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
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 quarter as a percentage of all personnel 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 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%.

Key Performance Indicators (KPI)	Category	Name	Explanation	Performance benchmark score
KPI 15	Participation	Apprenticeship Plan	Plan complied with.	100% compliance.
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 achieves 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 $1 million).	100% Compliance.

(1) KPI 9 removed as a standalone KPI in contract year 4 and incorporated into new key performance indicator 12A.

Head contractor performance 2022–23

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

Head contractor performance 2022–23

Table 120: Head maintenance contract key performance indicator performance: Part 1, year 9 quarter 1 (1 July 2022–30 September 2022)

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%	0.0%	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%	92.7%	90.2%	91.4%	80.1%	90.1%	98.2%
KPI 4 Urgent (24 hours)	95%	100.0%	87.3%	100.0%	100.0%	74.5%	85.6%
KPI 5 Priority (48 hours)	95%	100.0%	72.7%	100.0%	100.0%	80.8%	88.6%
KPI 6 Void (average days)	14	57.1	10.6	27.8	12.9	11.1	25.1
KPI 7 Routine (28 days)	95%	100.0%	83.2%	100.0%	100.0%	71.4%	65.4%
KPI 8 Timeliness of invoices	90%	86.6%	93.1%	91.7%	83.5%	85.3%	91.2%
KPI 8a Quoted (instruction)	95%	100.0%	88.9%	85.7%	100.0%	100.0%	94.6%
KPI 8b Quoted (works)	95%	95.5%	91.3%	100.0%	95.0%	95.0%	74.1%
KPI 10 Non-defective works	90%	96.9%	99.0%	96.7%	97.9%	99.4%	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%	82.4%	100.0%	89.9%	100.0%	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%	14.0%	11.1%	17.9%	7.3%	7.5%	13.9%
KPI 14b† Indigenous enterprise	5-20%	19.6%	12.5%	21.4%	11.1%	13.8%	33.3%
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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent.

Table 121: Head maintenance contract key performance indicator performance: Part 2, year 9 quarter 1 (1 July 2022–30 September 2022)

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%	0.0%	0.0%	0.0%	100.0%
KPI 2 Statutory notices	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 3 Emergency (8 hours)	100%	93.9%	86.6%	88.1%	96.3%	95.8%
KPI 4 Urgent (24 hours)	95%	44.4%	51.6%	55.2%	94.5%	93.4%
KPI 5 Priority (48 hours)	95%	52.9%	62.4%	59.0%	87.4%	87.9%
KPI 6 Void (average days)	14	17.6	23.9	31.1	24.3	18.4
KPI 7 Routine (28 days)	95%	63.0%	48.3%	52.7%	60.6%	71.3%
KPI 8 Timeliness of invoices	90%	86.3%	75.7%	81.3%	90.9%	90.9%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	40.7%	94.5%	100.0%
KPI 8b Quoted (works)	95%	90.0%	66.7%	37.0%	91.9%	90.0%
KPI 10 Non-defective works	90%	97.2%	96.7%	98.5%	98.7%	97.5%
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%	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%	8.7%	17.6%	19.2%	4.3%	3.3%
KPI 14b† Indigenous enterprise	5-20%	8.8%	14.8%	21.2%	19.0%	18.4%
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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent.

Table 122: Head maintenance contract key performance indicator performance: Part 1, year 9 quarter 2 (1 October 2022–31 December 2022)

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%	86.7%	89.6%	95.4%	85.8%	94.5%	98.3%
KPI 4 Urgent (24 hours)	95%	75.6%	76.9%	56.8%	72.1%	75.4%	88.2%
KPI 5 Priority (48 hours)	95%	70.5%	71.6%	58.2%	70.2%	78.8%	84.5%
KPI 6 Void (average days)	14	42.1	11.3	26.2	13.5	10	35.6
KPI 7 Routine (28 days)	95%	63.0%	80.8%	61.6%	83.6%	77.4%	63.9%
KPI 8 Timeliness of invoices	90%	90.2%	93.2%	93.1%	86.5%	75.3%	88.4%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%	80.0%
KPI 8b Quoted (works)	95%	88.2%	73.1%	75.0%	100.0%	100.0%	48.5%
KPI 10 Non-defective works	90%	97.9%	99.4%	97.3%	97.7%	99.3%	98.2%
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%	91.3%	100.0%	95.9%	99.3%	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%	14.0%	11.6%	17.8%	7.2%	7.4%	14.9%
KPI 14b† Indigenous enterprise	5-20%	17.9%	12.0%	19.4%	10.6%	13.3%	34.3%
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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent.

Table 123: Head maintenance contract key performance indicator performance: Part 2, year 9 quarter 2 (1 October 2022–31 December 2022)

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%	93.5%	91.1%	87.1%	97.4%	93.3%
KPI 4 Urgent (24 hours)	95%	47.3%	62.8%	72.1%	94.8%	92.3%
KPI 5 Priority (48 hours)	95%	47.8%	65.5%	70.6%	87.2%	87.6%
KPI 6 Void (average days)	14	22.4	36.8	29.5	29.5	21.2
KPI 7 Routine (28 days)	95%	61.7%	46.0%	57.0%	60.4%	69.4%
KPI 8 Timeliness of invoices	90%	77.4%	68.5%	77.9%	93.4%	92.1%
KPI 8a Quoted (instruction)	95%	100.0%	91.9%	91.7%	93.5%	100.0%
KPI 8b Quoted (works)	95%	87.5%	69.0%	58.1%	95.3%	97.2%
KPI 10 Non-defective works	90%	96.4%	97.6%	98.5%	98.5%	97.2%
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%	8.5%	16.9%	19.7%	3.4%	3.3%
KPI 14b† Indigenous enterprise	5-20%	8.8%	14.8%	21.2%	15.4%	15.8%
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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent.

Table 124: Head maintenance contract key performance indicator performance: Part 1, year 9 quarter 3 (1 January 2023–31 March 2023)

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%	95.0%	91.6%	93.4%	82.7%	94.3%	98.7%
KPI 4 Urgent (24 hours)	95%	61.2%	85.7%	60.1%	78.9%	71.9%	88.3%
KPI 5 Priority (48 hours)	95%	60.4%	73.6%	61.2%	72.3%	80.3%	88.3%
KPI 6 Void (average days)	14	32.3	8.6	20.3	12	8.6	37.5
KPI 7 Routine (28 days)	95%	61.7%	76.4%	72.3%	78.9%	78.3%	62.0%
KPI 8 Timeliness of invoices	90%	90.8%	94.3%	90.3%	90.0%	81.7%	93.0%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%	96.6%
KPI 8b Quoted (works)	95%	94.1%	80.0%	0.0%	100.0%	100.0%	79.2%
KPI 10 Non-defective works	90%	96.9%	99.2%	97.9%	98.0%	99.9%	98.5%
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%	98.0%	100.0%	92.0%	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%	14.7%	11.7%	18.6%	7.4%	7.0%	12.3%
KPI 14b† Indigenous enterprise	5-20%	17.9%	11.5%	19.4%	10.8%	13.3%	33.3%
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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent.

Table 125: Head maintenance contract key performance indicator performance: Part 2, year 9 quarter 3 (1 January 2023–31 March 2023)

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%	0.0%	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%	96.3%	87.8%	88.5%	97.9%	93.8%
KPI 4 Urgent (24 hours)	95%	59.8%	52.5%	65.8%	94.5%	91.7%
KPI 5 Priority (48 hours)	95%	64.8%	69.3%	70.0%	88.1%	87.6%
KPI 6 Void (average days)	14	17.8	38.7	28.3	29.3	17
KPI 7 Routine (28 days)	95%	65.5%	43.5%	59.6%	65.0%	72.1%
KPI 8 Timeliness of invoices	90%	86.6%	82.8%	87.9%	90.9%	91.7%
KPI 8a Quoted (instruction)	95%	95.5%	96.2%	53.3%	95.1%	96.3%
KPI 8b Quoted (works)	95%	90.9%	44.4%	52.6%	93.5%	89.5%
KPI 10 Non-defective works	90%	97.7%	97.2%	99.0%	99.0%	98.1%
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%	7.4%	16.4%	17.6%	5.1%	5.5%
KPI 14b† Indigenous enterprise	5-20%	13.3%	21.9%	30.0%	15.8%	20.6%
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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent.

Table 126: Head maintenance contract key performance indicator performance: Part 1, year 9 quarter 4 (1 April 2023–30 June 2023)

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 (a)	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%	95.5%	93.8%	91.5%	88.1%	96.8%	98.2%
KPI 4 Urgent (24 hours)	95%	65.5%	80.6%	47.3%	76.0%	75.5%	89.6%
KPI 5 Priority (48 hours)	95%	52.9%	72.6%	52.5%	69.2%	87.0%	86.8%
KPI 6 Void (average days)	14	30.5	9.4	23	10.7	10.2	41.3
KPI 7 Routine (28 days)	95%	53.0%	84.2%	70.9%	81.0%	72.9%	56.8%
KPI 8 Timeliness of invoices	90%	90.6%	95.5%	94.9%	90.6%	87.6%	94.2%
KPI 8a Quoted (instruction)	95%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 8b Quoted (works)	95%	85.7%	100.0%	83.3%	100.0%	93.3%	50.0%
KPI 10 Non-defective works	90%	97.6%	98.4%	97.2%	98.0%	99.6%	98.6%
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%	13.5%	12.0%	17.6%	7.1%	7.3%	10.1%
KPI 14b† Indigenous enterprise	5-20%	17.5%	11.5%	18.5%	10.9%	13.3%	31.4%
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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent.

Table 127: Head maintenance contract key performance indicator performance: Part 2, Year 9 quarter 4 (1 April 2023–30 June 2023)

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%	91.1%	90.5%	96.0%	91.8%
KPI 4 Urgent (24 hours)	95%	59.8%	57.6%	64.8%	91.9%	88.3%
KPI 5 Priority (48 hours)	95%	66.6%	67.3%	65.1%	84.4%	84.6%
KPI 6 Void (average days)	14	15.8	49.6	30.2	19.9	14.6
KPI 7 Routine (28 days)	95%	67.0%	40.7%	53.8%	62.4%	66.3%
KPI 8 Timeliness of invoices	90%	92.0%	86.9%	90.0%	87.9%	86.1%
KPI 8a Quoted (instruction)	95%	90.0%	94.1%	77.8%	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 8b Quoted (works)	95%	95.0%	53.1%	30.2%	93.1%	97.3%
KPI 10 Non-defective works	90%	97.7%	98.0%	99.4%	98.8%	98.0%
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%
KPI 14 Indigenous employment and enterprise plan	100%	100.0%	100.0%	100.0%	100.0%	100.0%
KPI 14a† Indigenous employment	5-20%	7.8%	13.3%	17.7%	4.9%	4.9%

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 14b† Indigenous enterprise	5-20%	12.5%	23.5%	32.5%	15.0%	20.0%
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 per cent, Goldfields has a benchmark of 10 per cent and all other contract areas have a benchmark of 5 per cent.

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 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 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 Authority issuing a direction to the head contractor to re-perform or correct any matters identified.

Payment authorisations

The 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, refurbishment, improvement, planned or cyclical (quoted works)
- any safety device or appliance installed
- asbestos removal and remediation
- works orders over $500 for a metropolitan region or over $1,000 for a country region (excluding travel).

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

Addressing head contractor non-compliance

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

- pursued recoups and refunds in relation to incorrect measurements claimed
- directed head contractors to supply missing items when details were not provided as required
- where work was not to technical specifications, directions were given to re-perform or correct non-compliant works
- the Authority identified recoups to the value of $930,373.40 during 2022-23.

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

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

Table 128: Non-compliant audited works orders by issue 1 July 2022–30 June 2023 number (and percentage) for each area of non-compliance (1)

Non-compliance reason	Works order issues	Percentage	Category
Head contractor claimed schedule of rates above self-variation threshold – correctly claimed	4	0.06%	1
Head contractor claimed schedule of rates above self-variation threshold – incorrectly claimed	16	0.24%	1
Schedule of rates added by the head contractor is not task related	173	2.64%	1
Schedule of rates added by the head contractor without details provided	376	5.73%	2
Documentation not provided or incorrectly completed as required by schedule of rates	695	10.59%	2
Schedule of rates incorrectly claimed	4,049	61.68%	3
Warranty Issue	11	0.17%	3
Incorrect measurement or quantity claimed	886	13.50%	3
Task on work order not done and not required	38	0.58%	3
Work non-compliant	292	4.45%	4
Task on works order not done or incomplete	25	0.38%	4

(1) Appendix: Head maintenance contract – the table below provides descriptions of non-compliance items as listed in this table.

Table 129: Non-compliant items definitions and category

Issue Type	Category	Definition
Head contractor claimed schedule of rates above self-variation threshold – correctly claimed	1	Head contractor has added a schedule of rates to a works order without authorisation from the Authority. However, the schedule of rates was correctly claimed.
Head contractor claimed schedule of rate above self-variation threshold – incorrectly claimed	1	Head contractor has added a schedule of rates to a works order without authorisation from the Authority and the schedule of rates was incorrectly claimed.
Schedule of rates added by the head contractor is not task related	1	Head contractor has added an additional schedule of rates task to the works order, which does not relate to the original task requested by the Authority.
Schedule of rates added by the head contractor without details provided	2	The head contractor has added an additional schedule of rates to the works order without sufficient detail for justification.
Documentation not provided or incorrectly completed as required by schedule of rates	2	The Authority's specifications require certain documents to be returned by the head contractor upon completion of works. Documents may include receipts, inspection reports and compliance certificates.
Schedule of rates incorrectly claimed	3	Schedule of rates item has been incorrectly claimed by the head contractor or is a duplication of another schedule of rates already claimed on the works order.
Warranty Issue	3	Head contractor has incorrectly claimed a schedule of rates which is still under warranty.
Incorrect measurement or quantity claimed	3	Head contractor has claimed measurements or quantities which are incorrect, within the self-variation threshold.
Task on works order not done and not required	3	The head contractor has not completed the task on the works order however, the task was not required. The schedule of rates was claimed in error and requires recoup.
Work non-compliant	4	Works are non-compliant with requirements of the technical specifications, are of poor quality and/or not in line with Australian standards and regulatory/safety requirements.
Task on works order not done or incomplete	4	The head contractor has omitted to do the task on the works order or has partially completed task requirements.

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