Government of Western Australia
Department of Housing and Works

Department of Housing and Works

Annual Report 2025-26

Government of **Western Australia**
Department of **Housing and Works**

Acknowledgement of Country

The Department of Housing and Works acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters, and community.

We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.

Department of Housing and Works Brand extension

Our Aboriginal brand was developed by Nani Creative in collaboration with Whadjuk Noongar designer Kieron Pearce.

The artwork shows the interconnected nature of our communities. It symbolises where the Department of Housing and Works has an impact in the building and maintaining of houses, schools, hospitals, and community facilities, empowering communities around Western Australia to live, learn, work and belong.

Statement of Compliance

For the year ended 30 June 2026

Hon John Carey MLA
Minister for Planning and Lands; Housing and Works; Health Infrastructure; Minister Assisting the Minister for Transport and Major Infrastructure.

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 Department of Housing and Works for the financial year ended 30 June 2026.

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

Leon McIvor
Director General
26 August 2026

Investing in the future through the redevelopment of Roebourne District High School

Contents

Overview

Message from the Director General

The establishment of the Department of Housing and Works (DHW) was a significant milestone to commence the 2025-26 financial year.

On 1 July 2025, DHW began operations as a newly formed Department with a clear purpose: to build and maintain places and spaces, and deliver services, that empower Western Australians to live, learn, work and belong.

Our focus during the 2025-26 financial year was twofold. We laid the foundations for a new agency while continuing to deliver essential services and infrastructure across the State. Through the dedication and professionalism of our people, we successfully navigated this transition and maintained a strong focus on achieving outcomes for the Western Australian community.

Housing remains one of the State Government's most important priorities. During the year, we continued the delivery of social and affordable housing, and have now added to more than 4,300 social and affordable homes across Western Australia since 2021. We also advanced a range of initiatives that provide housing and support for vulnerable Western Australians, helping strengthen community wellbeing and improve access to safe and secure accommodation.

Beyond housing, we delivered major social infrastructure projects that improve people's quality of life across Western Australia, including health, education and community facilities. These investments create lasting benefits for current and future generations.

DHW also delivered key enabling services across government. Through the Government Regional Officers' Housing program, we supported the attraction and retention of essential workers in regional and remote communities. Our procurement, fleet and office accommodation services helped State Government agencies operate efficiently and deliver value for money.

As we look to the future, our Strategic Directions sets out our vision, strategic priorities and commitments, providing a framework for how we will deliver housing, infrastructure and services to support Western Australians and government agencies over the next three years.

As we reflect on our first year, I am proud of what has been achieved. On behalf of the DHW Executive Leadership Group, I thank our staff, partners and stakeholders for their commitment and support throughout our first year as a Department. Together, we have established a strong foundation and delivered better outcomes for the communities we serve.

Leon McIvor
Director General

Nolene (left) receives the keys to her newly refurbished home in Bondini, near Wiluna, from Jayde, DHW's Aboriginal Housing Manager

Overview

About Us

Our Vision

Building a better Western Australia.

Our Purpose

We build and maintain places and spaces, and deliver services, that empower Western Australians to live, learn, work and belong.

What We Do

We deliver and maintain social infrastructure for Western Australia.

We provide property and tenancy management for social and affordable housing, remote Aboriginal housing, and government employee accommodation.

We enable government agencies to deliver through office accommodation solutions, fleet management, goods and services procurement, planning and asset policy.

Our Core Values

Empathy

We listen with care, seek to understand diverse perspectives, and respond with authenticity and compassion.

Clarity

We communicate our purpose and roles clearly, creating shared understanding and enabling informed action and continual improvement.

Accountability

We demonstrate integrity and courage, take responsibility for our actions, honour commitments, and make fair decisions.

Respect

We treat every person with dignity, work together, and value contributions and cultural and lived experiences.

Our Strategic Priorities

Delivering Today

Infrastructure that builds communities

Delivering with a focus on housing, infrastructure and government assets.

Responsive services

Providing consistent and quality services across DHW, government and the community with strong accountability and a focus on clients.

Building our Tomorrow

Strong foundations

Building the organisational foundations required for efficient and sustained delivery.

Building capability, delivering together

Strengthening capability, leadership and culture anchored in clear values and shared purpose.

Overview

Our Services

To deliver on our purpose and strategic priorities, DHW delivers the following key services.

Housing

Maintenance, delivery and management of social and affordable housing including land and property acquisition, remote Aboriginal and community housing, and strategic housing policy.

Government Regional Officer Housing

Leasing and management of housing for regional government workers.

Government Office Accommodation

Planning, procurement and management of leased and owned office buildings.

Non-Residential Capital Works

Management of non-residential construction and refurbishment of major government assets.

Non-Residential Maintenance Works

Arrangement of breakdown repairs, routine maintenance and minor works for client assets.

State Fleet

Facilitation of the purchasing, servicing and disposal of government vehicles.

Goods & Services Procurement Facilitation

Facilitation of procurement processes for goods and services over $250,000.

Corporate Services

Delivery of core enabling corporate services for the Department including people, work health and safety, financial, technology, information management, strategic communications, ministerial services, and governance and assurance.

Executive Leadership Group

Leon McIvor
Director General

Housing Policy and Development

Housing Policy and Development leads housing policy, planning and development activities that support the delivery of social and affordable housing across Western Australia. The division oversees land acquisition, housing and built-form construction, as well as the delivery and maintenance of social housing, Remote Aboriginal Housing and Government Regional Officer Housing, helping to create diverse, inclusive and sustainable communities.

Garrick Allen
Deputy Director General

Housing Services

Housing Services manages public housing tenancies and property services across Western Australia, delivering frontline housing support through a statewide network of customer service centres. The division oversees tenancy and property management across more than 10 regions, operates approximately 30 customer-facing centres, and manages more than 49,000 properties, helping Western Australians access and maintain secure housing.

Neila Williams
Executive Director

Buildings and Contracts

Buildings and Contracts (B&C) delivers non-residential building projects for the State Government, leading the planning and delivery of essential public infrastructure including schools, hospitals and police stations. B&C also manages government procurement processes over $250,000, provides maintenance and minor works services for government assets across Western Australia, and supports disaster recovery and incident response efforts to help restore critical government services when communities need them.

Shaun Whitmarsh
Deputy Director General

Customer Experience and Strategy

Customer Experience and Strategy delivers whole-of-government services including Government Office Accommodation, workplace fit-outs, State Fleet, and land and statutory planning services. The division also provides key corporate functions, including strategy, governance, internal audit, integrity, ministerial liaison, freedom of information, and strategic communications, supporting effective service delivery and organisational performance across the Department.

Henrietta Farrell
Chief Customer Officer

Service and Invest

Service and Invest provides integrated corporate services across information and communications technology, finance, data and analytics, people and culture, and work health and safety. The division supports the Department's operations through essential business services, workforce management and capability development, helping strengthen organisational performance, resilience and service delivery to the Western Australian Community.

Leanne McDonnell
Deputy Director General

Overview

Our People and Locations

We operate from multiple office locations across Western Australia, supporting government services in diverse communities.

DHW employs over 2,200 staff across metropolitan and regional office locations, supporting the delivery of services throughout Western Australia.

Housing metropolitan and regional locations

North Metro
Joondalup; Midland; Mirrabooka; Perth

East Metro
Armadale; Cannington; Victoria park

South Metro
Fremantle; Kwinana; Mandurah

Kimberley
Broome; Derby; Halls Creek; Kununurra

Midwest/Gascoyne
Carnarvon; Geraldton; Meekatharra

Great Southern
Albany; Katanning

Wheatbelt
Merredin; Narrogin; Northam

South West
Bunbury; Busselton; Manjimup

Goldfields
Esperance; Kalgoorlie

Pilbara
Karratha; South Hedland

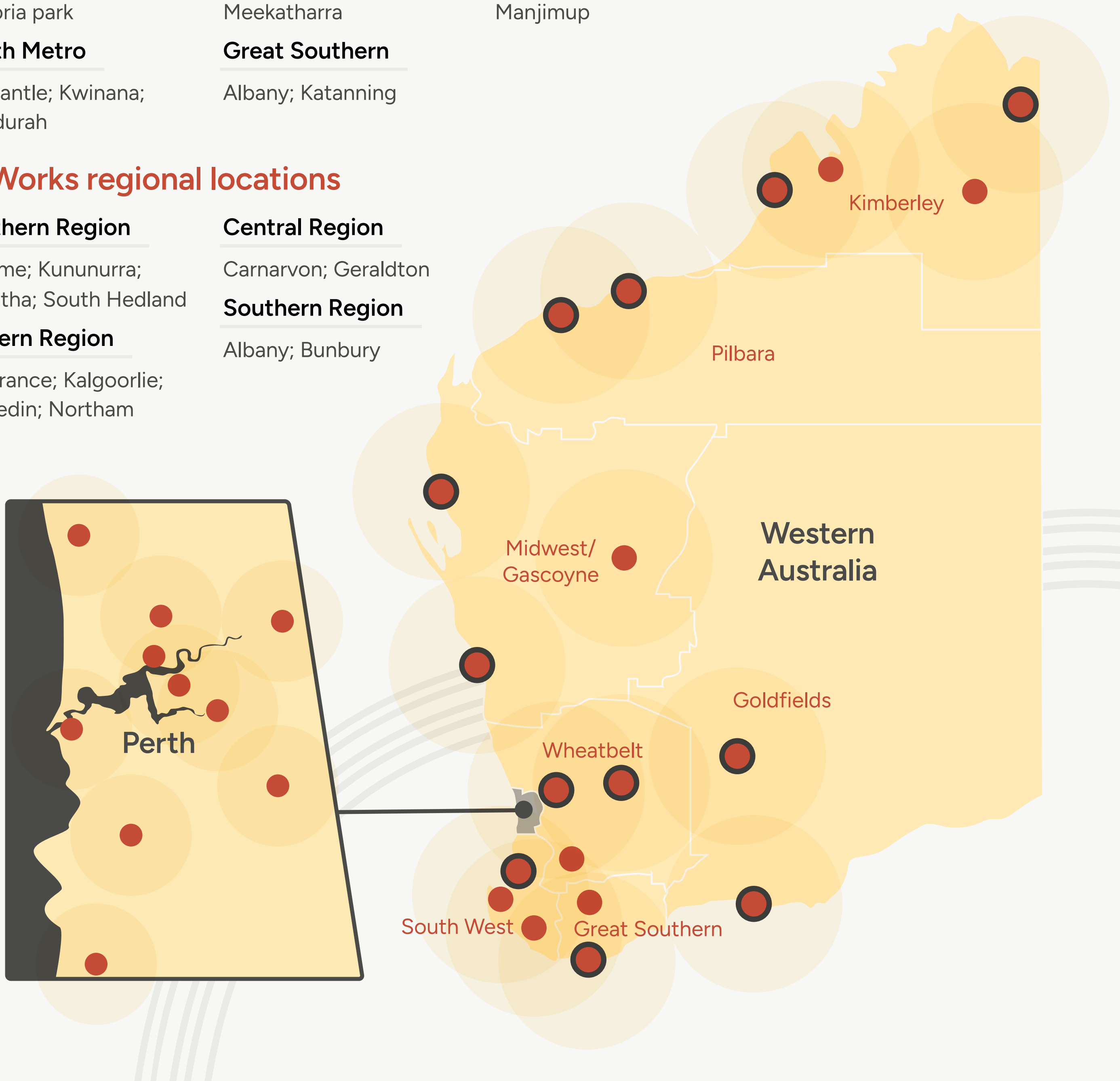
Works regional locations

Northern Region
Broome; Kununurra; Karratha; South Hedland

Eastern Region
Esperance; Kalgoorlie; Merredin; Northam

Central Region
Carnarvon; Geraldton

Southern Region
Albany; Bunbury



Enabling Legislation

The Department of Housing and Works was established as a new public sector department on 1 July 2025 under section 35(1) of the *Public Sector Management Act 1994*.

Legislation Administered

- *Government Employees' Housing Act 1964*
- *Housing Act 1980*
- *Public Works Act 1902*

Responsible Minister

Hon John Carey BA MLA, Minister for Planning and Lands; Housing and Works; Health Infrastructure; Minister Assisting the Minister for Transport and Major Infrastructure.

DHW supported flood-impacted communities in the Kimberley through rebuilding and construction works, helping residents return to safe and secure housing

Agency Performance

Year at a glance

Housing

2,461
applicants housed from the public housing waitlist

980
new social and affordable homes added

1,000+
homes under contract or construction

285,000
maintenance work orders issued

297
homes have had refurbishments completed

370+
public housing properties upgraded with insulation in the Kimberley

49,000+
housing properties managed, including more than 38,000 public housing properties

Government Regional Officer Housing

5,500+
owned and leased properties managed for regional government workers

63
Houses added to the GROH owned portfolio

58
GROH land acquisitions for future development

Non-residential Maintenance Works

280,000+
maintenance jobs delivered

2,000+
services provided across government sites

State Fleet

9,400
active vehicles leased to government agencies

$500,000
per annum investment in environmental projects to offset fleet emissions

Government Office Accommodation

570,000sqm
of office accommodation managed statewide

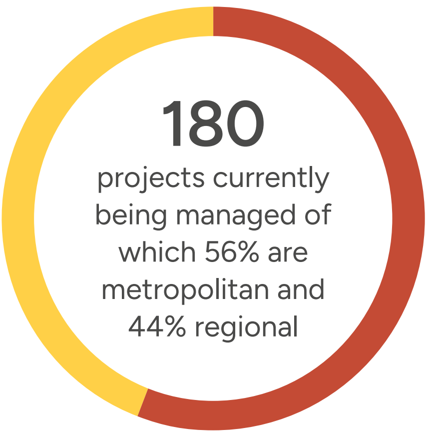
Procurement

400+
supported government goods and services procurement processes valued at more than $1.6 billion

Non-residential Capital Works

$800m
in non-residential capital works projects completed

161
transportable classrooms delivered to schools across Western Australia



Housing

Boosting social and affordable housing supply continued to be a top priority by working with industry to deliver housing for some of the most vulnerable members of our community.

Social and affordable housing delivery

Significant progress was made in increasing the supply of social and affordable housing across Western Australia. The State Government continues to deliver on its commitment to deliver more than 9,800 social and affordable homes from July 2021 through to 30 June 2030, with a further 980 homes added in 2025-26.

Continuing to deliver on the social and affordable housing program, the Department of Housing and Works (DHW) together with DevelopmentWA, are enabling a significant pipeline of major Build to Rent developments. These projects will increase the supply of social and affordable rental housing, creating more housing opportunities for Western Australians.

As part of this pipeline, work is progressing on the Smith Street Build-to-Rent Project in Highgate. Following the completion of demolition and site preparation works, construction commenced on Stage 2 of the redevelopment. This project will transform the former Stirling Towers site into a mixed social, affordable and specialist disability housing development. Once complete, the project will provide 109 one- and two-bedroom rental apartments in a well-connected location close to Perth's CBD.

In North Coogee, construction is nearing completion on 38 new social housing dwellings. Acquired by the Department through an off-the-plan arrangement, the development will deliver a mix of one-bedroom, two-bedroom and studio apartments. The project incorporates innovative prefabricated masonry construction techniques to support faster delivery. Scheduled for completion in late 2026, the homes will be managed by a Community Housing Provider.

Construction has also commenced on a 213-apartment Build-to Rent development within the Murdoch Health and Knowledge Precinct. This project will deliver 148 affordable rental homes and 65 social homes, helping to address housing demand in strategically significant locations. Situated close to Fiona Stanley Hospital, Murdoch University and major public transport links, the development will support the continued growth of the precinct as a leading hub for health, research, education and innovation.

Social and affordable housing supply

A major achievement during the year was the progression of the Queens Riverside project, located in the heart of the Perth CBD. This historic acquisition enabled the Department to repurpose a serviced apartment complex to deliver more than 200 social and affordable housing apartments, through a partnership with the community housing sector.

Located close to public transport, health services, employment opportunities and community amenities, the first stage has been completed and tenanted through community housing provider, Foundation Housing Limited. The redevelopment will provide long-term social and affordable rental housing for low to moderate income households, increasing housing supply and access to secure, well-located housing.

DHW delivered 52 new social housing dwellings across Champion Lakes, Kwinana, Mirrabooka and Fremantle. The developments provided a mix of one and two bedroom homes designed to meet the needs of individuals and smaller households and were fully tenanted following completion.

Social and public housing demand

DHW provides public housing to some of the most vulnerable members of the Western Australian community, including older people, people living with disability, victims of family and domestic violence, and single-parent families. The Department is committed to assisting eligible applicants to access safe, secure and affordable housing as quickly as possible, while working to meet demand and support improved social and economic outcomes for tenants and their families.

Demand for public housing remained strong throughout the year. As at 30 June 2026, there were 23,727 applications on the statewide social housing waitlist, including 8,305 priority applications. This financial year, DHW housed 2,461 singles, families and seniors from the social housing waitlist, providing safe and stable housing for those most in need.

Waiting times continue to be influenced by broader housing market conditions, including strong population growth and persistently low rental vacancy rates. While additional housing stock has improved availability, strong demand continues.

All public housing tenancies are reviewed annually for ongoing eligibility for assistance to ensure public housing is provided to those with the greatest need.

Supportive housing for vulnerable Western Australians

Several collaborative initiatives progressed during the year to improve housing outcomes for vulnerable Western Australians.

A major milestone was the opening of East Perth Common Ground (Kaalak), Western Australia's first Common Ground development. Delivered through collaboration between government and community partners, the 17-storey development provides 112 self-contained apartments with integrated tenancy management and on-site support services for people experiencing homelessness and those on low incomes.

The project is being delivered through a partnership between DHW, the Department of Communities and specialist support service providers, integrating housing, tenancy management and support services to assist people experiencing homelessness and housing insecurity.

Wyn Carr House in Fremantle opened in April 2026, providing a purpose-built 12-bed supported accommodation facility for older women experiencing, or at risk of, homelessness.

Agency Performance

Tenancy Management and Support

Essential frontline housing services continued to be delivered at significant scale across the State.

In 2025-26, DHW provided safe and secure public housing to more than 38,000 tenancies. The Department works closely with tenants, government agencies and community organisations, supporting tenants to maintain their property and tenancy.

During 2025-26, DHW completed more than 31,000 annual property inspections, investigated over 15,000 complaints of disruptive behaviour to help maintain safe and sustainable communities, and issued around 285,000 work orders to preserve the quality and safety of the public housing portfolio.

In addition to these frontline housing services, DHW continued to invest in programs that support tenants to maintain successful tenancies and improve long-term housing outcomes.

The Thrive program provides holistic, person-centred support to Aboriginal and public housing tenants, helping individuals address challenges that may affect their housing stability and wellbeing through early intervention and tailored support services.

Complementing this approach, the Tenancy Support Pilot commenced in January 2025 across the Pilbara and North Metropolitan regions, providing additional assistance to help tenants meet their tenancy obligations and improve their social and economic wellbeing.

Better Maintenance Outcomes for Tenants

During 2025-26, DHW progressed key reforms to its Head Maintenance Contract arrangements to support the delivery of responsive, efficient and sustainable maintenance services across the public housing portfolio. The reforms form part of the Department's ongoing commitment to delivering quality maintenance services while responding to increasing demand, an ageing asset portfolio and broader labour and material cost pressures experienced across Western Australia.

The Department manages maintenance services for approximately 46,500 public housing dwellings across 11 regions of the State, with more than 22,000 maintenance work orders issued each month on average. Ensuring maintenance services continue to meet community needs remains a priority, with the reform program focused on strengthening service delivery, improving contractor performance and enhancing outcomes for tenants.

Case Study

Common Ground

The Common Ground project located in East Perth helps address the housing needs of vulnerable Western Australians experiencing, or at risk of, homelessness.

The Common Ground model, which originated in New York, integrates permanent housing with wraparound support services and on-site management to help vulnerable individuals achieve stability and independence.

Kaalak (meaning ‘home’ in the Noongar language) – East Perth Common Ground – was completed in 2025 and provides permanent, supportive housing for adults who are experiencing ongoing homelessness, rough sleeping and/or earning a low income.

Located on the corner of Hill and Wellington Streets, East Perth Common Ground includes 112 self-contained apartments along with communal areas, on-site support services and commercial space.

The service is now fully operational, with tenants moving in through a phased approach since February 2026, supported by structured selection and unit allocation processes managed collaboratively by Mission Australia Housing and Mission Australia.

Its design has been informed through extensive consultation with people with lived experience of homelessness, community housing providers and other key stakeholders to ensure it meets the needs of its tenants.

Construction also commenced on the Mandurah Common Ground development in December 2025.

Agency Performance

Wunggu Maya, Roebourne combines transitional housing and workforce development opportunities

Housing outcomes for Aboriginal people

In 2025–26, the North-West Aboriginal Housing Fund (NWAHF) continued to deliver strong outcomes, supporting participants to achieve home ownership and sustainable housing outcomes through Aboriginal Community Controlled Organisations (ACCOs).

The Jalbi Jiya Transitional Housing Program, funded via the NWAHF, supported 17 Aboriginal families in Broome on pathways to home ownership through a rent-to-buy model with tenancy, financial and social support. The program provided eight affordable rental properties, with 15 participants purchasing homes by May 2026.

The Wunggu Maya (Ganalili Accommodation and Training Facility), opened in July 2025 and has since delivered 10 transitional housing units and a training facility for Aboriginal apprentices and low-income workers in Roebourne. The program supports employment, private rental and home ownership pathways, with Yindjibarndi Aboriginal Corporation now progressing plans to become a registered community housing provider.

Aboriginal Employee Housing Grants Program

During 2025–26, the Aboriginal Community Controlled Organisation (ACCO) Aboriginal Employee Housing Grants Program continued to support ACCOs across the Pilbara and Kimberley to build, purchase and refurbish homes for use as affordable rental accommodation for Aboriginal employees and their families.

The program helps ACCOs attract and retain employees by providing secure and stable housing, supporting workforce participation, career development and improved financial wellbeing for Aboriginal workers across the North-West.

During the year, $10.44 million in grant funding was provided to six ACCOs to deliver 26 dwellings. The program supports locally led housing solutions that strengthen organisational capability and contribute to improved housing outcomes in regional and remote communities.

Aboriginal short stay accommodation

To further expand culturally responsive accommodation options, construction commenced on the Perth Aboriginal Short Stay Accommodation development in Cannington.

Upon completion, the Perth Short Stay will become Western Australia’s fifth purpose-built Aboriginal short stay accommodation service, providing up to 100 guests with safe and affordable accommodation.

Families in Burrinunga are benefiting from upgraded homes designed to deliver safer, more modern living environments

Supporting remote Aboriginal communities

Significant progress was achieved in improving housing outcomes in remote Aboriginal communities through both housing refurbishment and new housing delivery programs.

Through the State Government's Remote Communities Fund, DHW completed refurbishment projects in Beagle Bay, Burrinunga, Mowanjum and Warmun in the Kimberley, and Bondini and Jameson in the Goldfields–Esperance region. Families have already moved into a number of these upgraded homes, providing safer, modern and fit-for-purpose housing.

DHW also reached a major milestone in new housing delivery, awarding the first remote Aboriginal community housing contracts in more than a decade. This included modular housing developments near Halls Creek, helping to address housing demand and overcrowding in remote communities.

Work also progressed on 20 new homes in the Fitzroy Valley to help address overcrowding and improve housing outcomes, strengthening housing stability and community resilience across the region.

DHW continued to deliver essential municipal and community services to 138 remote Aboriginal communities across Western Australia where local government services are not available. Services were delivered through contracts with three regional service providers supporting 103 communities and 18 community grant agreements enabling 35 communities to self-deliver services. All services were provided by Aboriginal businesses and ACCOs, supporting economic participation and employment opportunities in remote communities.

DHW supported the management and maintenance of 11 remote community swimming pools. Regular access to swimming pools supports better health outcomes, including reduced rates of skin, ear and eye conditions, while encouraging physical activity.

The program contributes to Closing the Gap outcomes:

Outcome 1: Supported healthier and more liveable communities through essential municipal services.

Outcome 7: Created local employment and skills development opportunities.

Outcome 8: Strengthened economic participation through Aboriginal-led service delivery.

Outcome 9: Improved community liveability through essential infrastructure and municipal services.

Case Study

Geraldton Aboriginal Short Stay Accommodation

The Bundiyarra Regional Aboriginal Community Kinship Stay (BRACKS) was completed in March 2026, providing safe, affordable and culturally appropriate short-term accommodation for Aboriginal people travelling to Geraldton for health, family, cultural, education, business and justice-related purposes. The facility was developed in response to a longstanding need for suitable accommodation options for Aboriginal visitors to the Mid West-Gascoyne region.

Delivered through collaboration between government, Aboriginal community representatives and key stakeholders, the project aligns with Closing the Gap priorities by supporting Aboriginal participation in decision-making, promoting Aboriginal employment and business opportunities, and improving access to essential services and community connections.

Constructed by Registered Aboriginal Business, GBSC Yurra Pty Ltd, the project created employment for more than 270 people, including 25 Aboriginal workers and eight Aboriginal apprentices, exceeding Aboriginal employment targets.

Since opening, BRACKS has experienced strong demand and quickly reached capacity. The facility provides a range of accommodation options for individuals, families and kinship groups, helping Aboriginal visitors maintain connections with family, community and essential services while staying in a safe and welcoming environment.

Regional Supportive Landlord Model

The Regional Supportive Landlord Model continued to expand housing options for people experiencing homelessness and those requiring additional support in regional communities.

In Geraldton, the program delivered housing through a combination of spot purchases, refurbishment and new construction, with 13 properties transferred to Salvation Army Housing during the year.

In the Goldfields, a former 16-unit complex was repurposed to support community housing delivery, complemented by lower-density housing options and wraparound support services designed to strengthen tenancy outcomes and long-term housing stability.

Community Housing Capability Fund

A key achievement in 2025-26, was the launch of Community Housing Futures WA, a $6 million State Government initiative delivered by Shelter WA to build the capability of community housing providers through Growth Readiness Assessments and Business Advisory Grants. By strengthening organisational capability and supporting future growth, this program will help increase the supply of social and affordable housing across Western Australia.

Capital Grants Program

The Capital Grants Program provides capital funding to support social housing and community facilities across Western Australia. Through partnerships with Community Housing Organisations, Aboriginal Controlled Community Organisations, local governments and community-based organisations, the program helps expand and improve social housing while ensuring projects are delivered through a structured and accountable funding process.

During 2025–26, more than $96 million in grant funding, through the Capital Grants Program, was invested to deliver new housing, refurbishments and maintenance works across 350 dwellings, with 118 dwellings completed during the year. This significant investment increased the supply and quality of social, affordable and remote housing, supporting Aboriginal and Torres Strait Islander people, seniors, people with disability, individuals and families experiencing housing insecurity, and other vulnerable cohorts.

Emergency Response

During 2025–26, DHW maintained business continuity across the State through the rapid deployment of operational support to regions experiencing service delivery pressures and in response to extreme weather events. In the Kimberley, efforts remained focused on rebuilding flood-impacted homes and supporting residents to return to permanent housing. Construction activity accelerated across affected communities, enabling more households to transition from temporary accommodation into rebuilt homes. Support was also provided in response to 59 regional requests, helping regions manage increased service demand and respond to localised events.

Agency Performance

Housing sustainability initiatives

DHW continued to improve environmental performance and tenant outcomes through energy and water efficiency initiatives across the public housing portfolio.

During the year, ceiling insulation upgrades were completed in 376 public housing properties across the Kimberley, including 245 properties in Kununurra, 55 in Wyndham and 76 in Warmun. Additional energy efficiency improvements, including the installation of ceiling fans and LED lighting, enhanced thermal comfort, reduced household energy consumption and lowered energy costs for tenants.

The Social Housing Energy Performance Initiative also delivered insulation upgrades to 450 remote public housing properties, with a further 3,900 properties scheduled for upgrade. Water saving improvements were completed in approximately 1,500 public housing properties through the Waterwise Perth program, improving water efficiency and supporting more sustainable housing outcomes.

DHW also supported whole-of-government emissions reporting through the collection and verification of electricity, gas and fuel consumption data, contributing to improved reporting accuracy and transparency. Together, these initiatives helped reduce energy and water consumption, lower emissions and improve living conditions for public housing tenants.

Social housing waitlist reform

A significant milestone was achieved this financial year with the commencement of work to reform the social housing waitlist. A new waitlist model will ensure those with the greatest need have a clearer pathway into housing creating a fairer, more needs-based approach to allocating social housing. Consultation is underway with community housing organisations and peak advocacy bodies to inform the implementation of the new waitlist model, which is expected to be operational in 2028. This reform will bring Western Australia's social housing waitlist model into alignment with other jurisdictions.

Supporting individuals and families experiencing family and domestic violence

Significant progress was made in expanding accommodation options for people experiencing family and domestic violence, reducing the need to turn away women and children seeking emergency refuge.

The Stirling Women's Centre redevelopment will increase accommodation capacity from 5 rooms to 16 independent units and provide on-site support services for women and children escaping violence in Perth's northern suburbs. Existing clients were relocated to a temporary refuge in April 2026 to allow for the demolition of the facility. Once completed, the facility will accommodate up to 16 women and 45 children at any one time, helping to reduce demand pressures on crisis accommodation and improving safety outcomes for women.

The Waullo Dawn Healing Service in Kelmscott was officially opened in August 2025. By bringing together specialist family and domestic violence services together in one location, the hub improves access to support for victim-survivors and those affected by family violence. Through strong connections with local providers, clients can access coordinated safety, health, legal, housing, homelessness, family and parenting support services in a culturally responsive environment.

Case Study

Severe Tropical Cyclone Narelle

In March 2026, Severe Tropical Cyclone Narelle made landfall near Exmouth as a Category 5 system, affecting 554 public housing and Government Regional Officer Housing (GROH) properties and disrupting essential infrastructure across the region.

DHW activated emergency response arrangements, including a 24-hour tenant hotline, rapid damage assessments and coordinated recovery efforts to support affected tenants and communities. Working closely with the State Emergency Service, Horizon Power and other agencies, Departmental staff were deployed to impacted areas to assess damage, restore essential services and coordinate urgent repairs.

Across the affected region, 379 public housing properties and 175 GROH properties sustained damage ranging from minor maintenance issues to significant structural repairs. Despite the scale of the event, tenant displacement was minimal, with only two public housing households and two GROH tenants requiring emergency accommodation assistance. In Exmouth alone, DHW teams assessed 53 tenanted homes on the first day of recovery and raised 137 work orders to support repair and restoration activities.

The response demonstrated DHW's strong emergency preparedness and recovery capability, helping minimise disruption for tenants, restore housing services and support community recovery following one of the most significant weather events experienced during the year.

Agency Performance

Services

DHW delivers a range of services that support the effective operation of government agencies and enable the delivery of services to communities across Western Australia. These include Government Regional Officer Housing, non-residential capital works and maintenance, Government Office Accommodation, Goods and Services Procurement Facilitation, and State Fleet. Together, these services provide whole-of-government support, specialist expertise and asset management capability to public sector agencies.

Government Regional Officer Housing

Government Regional Officer Housing (GROH) plays a vital role in supporting the delivery of essential government services across regional and remote Western Australia. The program provides housing for public sector employees who are required to live and work in these communities, helping government agencies maintain a workforce in areas where housing availability can be limited.

DHW manages a portfolio of GROH properties that are leased to government agencies, to provide accommodation for eligible employees. The program supports the housing needs of key workers across a range of sectors, including health, education, emergency services and community services.

During the year, DHW added 63 new GROH dwellings to the portfolio and acquired a further 58 GROH land acquisitions for future development, with another 28 properties under construction or contract. These investments will increase housing opportunities for key workers and strengthen the capacity of regional communities to attract and retain the workforce needed to deliver essential services.

This expansion aligns with the Western Australian Government's Seven Cities vision, launched in April 2026, as a long-term strategy to drive regional economic development and strengthen infrastructure and services across the State. The initiative identifies Albany, Broome, Bunbury, Geraldton, Kalgoorlie, Karratha and Port Hedland as key regional centres for future growth, investment and job creation.

Recognising the critical role housing plays in attracting and retaining essential workers, the 2026-27 State Budget included significant investment to expand regional housing supply and support workforce attraction and retention. These initiatives include the delivery of more than 500 new GROH homes across regional Western Australia, a revamped Home Ownership Subsidy Scheme (HOSS) which will include shared equity to assist government workers into home ownership, and the expansion of the GROH Build to Lease Investor Scheme to encourage greater private sector investment in regional government worker accommodation. These investments will support the ongoing delivery of health, education, housing, community and other frontline services across Western Australia.

Government Office Accommodation

Through the procurement and management of office accommodation, workplace planning and design, and relocation support, government agencies continued to receive support to optimise their accommodation needs while improving workplace flexibility, accessibility and productivity.

In 2025–26, the Government Office Accommodation program reduced the average office accommodation footprint to 12.51 square metres per workpoint, exceeding the target of 13.00 square metres. This achievement demonstrates effective accommodation planning and procurement practices that optimise the use of office space and deliver value-for-money outcomes for client agencies.

The Asset Management Reform Program, which aims to improve asset management maturity and extract more value from the government-owned non-residential building portfolio, continued to deliver strong financial outcomes, achieving $50 million in office accommodation savings by 30 June 2026 and exceeding its original $48 million target. Additional savings of $28.2 million have been secured through to 2029–30, demonstrating the long-term value of the reform program.

The Department managed the delivery of the Parliamentary Electorate Office leasing program, overseeing more than 100 electorate office leases across metropolitan and regional Western Australia, ensuring Members of Parliament are appropriately accommodated to serve their communities.

$50m

in office accommodation savings achieved

Non-Residential Capital Works

DHW partners with government agencies to plan, procure and deliver major building and infrastructure projects across Western Australia.

Through the Capital Works function, DHW provides specialist project management, procurement and construction expertise to support the delivery of public assets that enable government services.

Health infrastructure projects

Several significant health infrastructure projects were completed during the year, improving access to specialist healthcare services across Western Australia.

These included the Fremantle Hospital Mental Health Unit, which delivered 40 additional mental health beds, and Western Australia's first 24/7 Mental Health Crisis Centre. The new facility will strengthen access to care, support earlier intervention and improve connections between hospital, crisis and community-based mental health services.

Agency Performance

The Karratha Step Up/ Step Down Service provides short-term mental health recovery support for people in the Pilbara

The Department also delivered the Karratha Step Up Step Down Facility, a six-bed community-based residential service that expands access to mental health support for people living in the Pilbara.

In the Kimberley, the expansion of the Fitzroy Crossing Renal Dialysis Facility was completed which increased access to specialised, culturally safe renal care, reducing the need for patients to travel long distances for treatment and enabling more people to receive care closer to home and community.

Expanded education infrastructure and training

Over $450 million was invested in education and training infrastructure to support growing school communities and improve learning environments across the State.

Key projects completed during the year included:

- New metropolitan primary schools – Wungong Primary School in Hilbert and Sunrise Primary School in Wellard
- Redevelopment of Roebourne District High School
- Major upgrades at Kalamunda Senior High School, Byford Secondary College, Greenwood College and Roleystone Community College
- Additional classroom accommodation at Harrisdale Primary School
- A new double-storey modular classroom facility at Highgate Primary School
- Southern Regional TAFE – Collie transition onsite training facilities.

The Department also delivered 161 newly constructed transportable classrooms helping schools respond to enrolment growth.

These projects provided modern, fit-for-purpose facilities for students and staff in both metropolitan and regional Western Australia.

Law and order outcomes

The Banksia Hill Detention Centre Crisis Care Unit (Djin-Djinabiny) was also completed, providing a safer and more therapeutic environment for vulnerable young people in custody, including those experiencing mental health challenges. The purpose-built facility supports improved wellbeing outcomes through a culturally responsive and trauma-informed model of care.

The new Wungong Primary School was completed to meet growing demand in the City of Armadale

Non-Residential Maintenance Works

DHW coordinates breakdown repairs, routine maintenance and minor works for government-owned buildings and facilities across Western Australia, helping to ensure schools, hospitals, police stations, offices and other public assets remain safe, functional and fit for purpose.

Supporting improved health services

The Department continued to apply its project delivery and procurement expertise to support improvements across Western Australia's health system. This included supporting delivery of the $50 million Health Asset Maintenance Fund, established to accelerate critical maintenance works at Sir Charles Gairdner Hospital, Royal Perth Hospital and Armadale Health Service.

Significant works have also been undertaken to address water ingress issues through the installation of new roof structures to the eastern and western courtyards of G Block at Sir Charles Gairdner Hospital, which will continue into 2026-27.

Agency Performance

State Fleet

The State Fleet function provides whole-of-government vehicle leasing and fleet management services, helping government agencies access safe, reliable and cost-effective vehicles while supporting the transition to lower-emission transport options.

The Department continued to modernise State Fleet operations, supporting agencies to transition to electric vehicles (EV) while strengthening system security and reliability.

On 1 July 2025 the new Electric Vehicle Target was introduced, requiring 50% per cent of new vehicle orders in eligible categories to be EVs. Agencies are continuing to receive change management support and guidance as they transition from internal combustion engines to EVs. The State Fleet EV uptake increased from 289 to 374 active EVs with more on order. The adoption of EVs was also supported by the installation of 28 chargers in 2025-26. There are now 167 EV chargers across 63 government sites.

Goods and Services Procurement Facilitation

The Department provides oversight and support for procurement processes for goods and services valued at more than $250,000, helping agencies achieve value for money while meeting legislative, governance and accountability requirements.

During the year, major contracts were awarded on behalf of the WA Police Force, including a new $306.5 million information and communications technology services contract and the lease of a Pilatus PC-24 aircraft. These procurements will strengthen operational capability, support rapid response across metropolitan, regional and remote areas, and enhance access to remote communities through improved aviation capability.

DHW also procured the Intensive Care Unit Electronic Medical Record Solution for the Department of Health, supporting safer and more connected healthcare by improving access to real-time patient information and enhancing coordination across the WA public health system.

Government capability was also strengthened through awarding the $114 million Spatial WA contracts, which will support the delivery of a digital and spatially accurate representation of Western Australia's built and natural environment.

The Department established a $21 million statewide panel of private Registered Training Organisations, enabling public schools to deliver nationally recognised vocational education and training qualifications. The panel is expected to support thousands of secondary students each year by expanding access to training opportunities, reducing administrative requirements for schools, and strengthening pathways to further education, training and employment.

Corporate Services

Throughout 2025-26, DHW provided reliable corporate services to support its internal operations while continuing to deliver shared corporate services to other public sector agencies. This included ICT, records management and payroll services for the Department of Treasury and Finance, ICT services for the Government Employees Superannuation Board, and the provision of the Financial Management Information System platform to the Department of the Premier and Cabinet, the Public Sector Commission, Economic Regulation Authority, Infrastructure WA and the Salaries and Allowances Tribunal.

Governance, reform and organisational improvement

DHW strengthened governance, strategic planning and organisational capability following the establishment of the Department in July 2025.

Key achievements included the launch of the 2025-26 DHW Strategic Directions plan, which established a clear strategic direction and unified vision for the newly formed DHW. The Plan helped align organisational priorities, informed decision-making, and supported the delivery of key government outcomes throughout the Department's inaugural year.

The Department also launched a new corporate identity establishing a strong and recognisable visual that reflects its purpose, values and strategic priorities. This was further supported by the launch of The Hub, an intranet platform designed to improve internal communication, foster collaboration and provide staff with easier access to information and resources.

Agency Performance

Top 25
Graduate Employer – Small Programs for 2026

2026 Graduates

Building capability and supporting organisational change

DHW continued to invest in workforce capability and organisational development during a period of significant change since 1 July 2025.

The People and Culture team delivered 26 Leadership Expectations workshops to 327 employees, supporting the rollout of the WA Public Sector Commission's Building Leadership Impact initiative and helping establish a consistent leadership framework across the newly formed Department. Participants reported strong outcomes, with 68 per cent rating the workshops as very good or excellent and 76 per cent reporting increased knowledge. The blended delivery model ensured statewide staff participation, with around 70 per cent of sessions delivered online.

The Department also successfully embedded the Public Sector Commission's Skills Academy initiative, providing staff and managers with access to contemporary learning and development opportunities to support future workforce capability.

Employer of choice

During 2025–26, further investment was made to strengthen the award-winning Graduate Program through closer engagement with business areas to better understand workforce needs, alongside the delivery of structured site visits and tailored professional development opportunities. Graduates also gained broader exposure to the Department's diverse operations, supporting capability development, career growth and long-term workforce retention.

DHW was recognised as one of Australia's leading graduate employers, being named among the Australian Association of Graduate Employers' Top 25 Small Programs for 2026. This achievement reflects the Department's commitment to attracting, developing and retaining future talent while delivering a high-quality graduate experience during a period of significant organisational change.

Report on Operations

Actual results versus budget targets

Financial Targets (FIN)

	2026 Target[1] ($'000)	Actual ($'000)	Variance[2] ($'000)
Total Cost of Service	2,251,286	2,140,004	(111,282)
Net Cost of Service	2,240,633	2,098,523	(142,110)
Total Equity	1,467,755	1,713,810	246,055
Net increase/(decrease) in cash held	(13,204)	38,308	51,512
Salary Expense Limit[3]	115,472	250,663	135,191
Executive Salary Expenditure Limit[3]	6,901	8,760	1,859
Borrowing Limit	60,669	61,291	622

(1) As specified in the 2025-26 Budget Statements.

(2) Further explanations are contained in Financial Statement Note 10. Explanatory Statements.

(3) The higher Actual compared to 2026 Target is due to the Department of Housing and Works administering Housing Authority related employment benefits following the Public Sector Reform. The associated transfer of salary expense and executive salary expense budget occurred as part of the 2025-26 Mid-year Review, which was after the 2026 target was set.

Working Cash Targets

Working Cash Limit	108,534	108,483	(51)

Report on Operations

Key Effectiveness Indicators

	2026 Target[1]	2026 Actual	Variation
Outcome 1: Value for money from public sector procurement			
Average Annual vehicle net capital cost:			
- Per passenger vehicle	$3,200	$3,575	$375[a]
- Per commercial vehicle	$4,100	$4,013	($87)
Outcome 2: Value for money from the management of the Government's non-residential buildings and public works			
Percentage of new building projects, valued over $5 million, delivered within the approved budget	100%	100%	-
Average office accommodation floor space per work point	12.70sqm	12.51sqm	(0.19sqm)

(1) As specified in the 2025-26 Budget Statements.

(a) The increase in the 2025-26 actual compared to the previous year and target is due to higher-than-anticipated average purchase prices for new passenger vehicles.

Key Efficiency Indicators

	2026 Target[1]	2026 Actual	Variation
Service 1: Development and Management of State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts			
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value	1%	1.1%[a]	0.1%
Average administrative cost per vehicle for financing and managing the State Fleet service	$118	$117	($1)
Service 2: Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation			
Percentage of new building projects valued over $5 million, delivered by the approved timeframes	90%	93%	3%
Percentage of high priority breakdown repairs completed within agreed timeframes	75%	68%[b]	(7%)
The cost of managing government buildings including the planning, project delivery, and maintenance thereof, as a percentage of services delivered	7%	6.4%[c]	(0.6%)
Service 3: Corporate Support – Transitional Arrangements			

(1) As specified in the 2025-26 Budget Statements.

(a) The higher 2025-26 actual is predominantly due to the actual value of contracts awarded being lower than anticipated.

(b) The lower 2025-26 actual compared to the target is mainly due to ongoing market challenges impacting the availability of suppliers, weather events and site access constraints.

(c) The lower 2025-26 actual compared to the target is due to a higher-than-expected works program turnover for Major Projects without a proportional increase in operational costs.

Financial Statements

for the year ended 30 June 2026

The Department has pleasure in presenting its audited general purpose financial statements for the reporting period ended 30 June 2026 which provides users with the information about the Department's stewardship of resource entrusted to it. The financial information is presented in the following structure:

Independent Auditor's Report

OFFICIAL

Auditor General

INDEPENDENT AUDITOR'S REPORT

2026

Department of Housing and Works

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Department of Housing and Works (Department) which comprise:

- the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended
- administered schedules comprising the administered assets and liabilities as at 30 June 2026 and administered income and expenses by service for the year then ended
- notes comprising a summary of material 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 Department for the year ended 30 June 2026 and the financial position as 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.

Responsibilities of the Director General for the financial statements

The Director General 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.

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

Independent Auditor's Report

In preparing the financial statements, the Director General 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 Department.

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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. 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

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Department. The controls exercised by the Department 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, in all material respects, the controls exercised by the Department are sufficiently adequate to provide reasonable assurance that the controls within the system were suitably designed to achieve the overall control objectives identified as at 30 June 2026, and the controls were implemented as designed as at 30 June 2026.

The Director General's responsibilities

The Director General 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.

Independent Auditor's Report

Auditor General's responsibilities

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

An assurance engagement 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 Department for the year ended 30 June 2026 reported in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions (legislative requirements). 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 report of the Department for the year ended 30 June 2026 is in accordance with the legislative requirements, and the key performance indicators are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2026.

Matter of Significance

The Department received an approval from the Treasurer, under Treasurer's Instruction 3 Financial Sustainability, Requirement 5.3(i) Key Performance Indicators, that it is not required to report key performance indicators for the associated Outcome and Service relating to the provision of interim corporate support to the Department of Treasury and Finance as a result of the Public Sector Reform changes for the year ended 30 June 2026, as well as for subsequent financial years.

Independent Auditor's Report

OFFICIAL

As a result, no key performance indicators were reported for *Outcome 3: Efficient and effective corporate services provided to client agency* and *Service 3: Corporate Support – Transitional Arrangements* for the year ended 30 June 2026. I am required by section 24(1) of the Auditor General Act 2006 to report on matters of such significance. My opinion is not modified in respect of this matter.

The Director General's responsibilities for the key performance indicators

The Director General 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 Director General 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 Director General is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 3 Financial Sustainability – Requirement 5 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 Department'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 3 - Requirement 5 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.

Independent Auditor's Report

Other information

The Director General is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2026, 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.

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

This auditor's report relates to the financial statements and key performance indicators of the Department for the year ended 30 June 2026 included in the annual report on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department'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 Department to confirm the information contained in the website version.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
27 August 2026

Disclosures and legal compliance

Certification of financial statements

For the financial year ended 30 June 2026

The accompanying financial statements of the Department of Housing and Works have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting year ended 30 June 2026 and the financial position as at 30 June 2026.

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

Shaun McLeod
Chief Finance Officer
26 August 2026

Leon McIvor
Director General
26 August 2026

Statement of comprehensive income

For the year ended 30 June 2026

	Notes	2026 ($000)	2025 ($000)
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	293,087	169,563
Supplies and services	3.2	1,479,324	1,458,442
Depreciation and amortisation expense	5.1, 5.2, 5.3	252,896	253,831
Finance costs	7.4	65,788	65,841
Accommodation expenses	3.2	47,452	41,911
Other expenses	3.2	1,457	2,734
Total cost of services		**2,140,004**	**1,992,322**
Income			
Commonwealth grants	4.2	10,976	11,497
Other income	4.3	30,505	77,797
Total income		**41,481**	**89,294**
Net cost of services		**2,098,523**	**1,903,028**
Income from State Government			
Service appropriation	4.1	151,121	220,082
Income from other public sector entities	4.1	2,034,848	1,785,217
Resources received	4.1	216	16,410
Royalties for Regions Fund	4.1	-	52
Total income from State Government		**2,186,185**	**2,021,761**
Surplus for the period		**87,662**	**118,733**
Other comprehensive income			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	9.8	57,449	96,789
Total other comprehensive income		57,449	96,789
Total comprehensive income for the period		**145,111**	**215,522**

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

Statement of financial position

As at 30 June 2026

	Notes	2026 ($000)	2025 ($000)
Assets			
Current Assets			
Cash and cash equivalents	7.5	169,710	138,097
Restricted cash and cash equivalents	7.5	7,720	1,025
Receivables	6.1	56,391	97,749
Finance lease receivables	7.3	835	758
Amounts receivable for services	6.2	540	540
Contract assets	6.3	53,561	116,769
Other current assets	6.4	13,118	9,252
Total Current Assets		**301,875**	**364,190**
Non-Current Assets			
Receivables	6.1	10,303	4,620
Finance lease receivables	7.3	2,926	2,843
Amounts receivable for services	6.2	1,012,437	949,420
Property, equipment, plant and vehicles	5.1	1,032,648	955,464
Right-of-use assets	5.2	1,114,535	1,174,673
Intangible assets	5.3	786	35,429
Other non-current assets	6.4	-	27
Total Non-Current Assets		**3,173,635**	**3,122,476**
Total Assets		**3,475,510**	**3,486,666**
Liabilities			
Current Liabilities			
Payables	6.5	91,090	155,567
Borrowings	7.1	7,833	7,550
Lease liabilities	7.2	234,782	219,961
Employee related provisions	3.1(b)	64,024	35,735
Contract liabilities	6.7	45,260	19,846
Other provisions	6.6	2,004	859
Other current liabilities	6.8	6,359	13,110
Total Current Liabilities		**451,352**	**452,628**
Non-Current Liabilities			
Payables	6.5	297	297
Borrowings	7.1	53,458	53,657
Lease liabilities	7.2	1,240,608	1,320,915
Employee related provisions	3.1(b)	14,382	9,301
Other provisions	6.6	1,603	2,742
Total Non-Current Liabilities		**1,310,348**	**1,386,912**
Total Liabilities		**1,761,700**	**1,839,540**
Net Assets		**1,713,810**	**1,647,126**
Equity			
Contributed equity	9.8	1,027,905	1,106,332
Reserves	9.8	154,238	96,789
Accumulated surplus		531,667	444,005
Total Equity		**1,713,810**	**1,647,126**

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 2026

	Notes	Contributed equity ($000)	Reserves ($000)	Accumulated surplus ($000)	Total equity ($000)
Balance at 1 July 2024		1,086,106	-	325,272	1,411,378
Surplus		-	-	118,733	118,733
Other comprehensive income		-	96,789	-	96,789
Total comprehensive income for the period		-	96,789	118,733	215,522
Transactions with owners in their capacity as owners:	9.8				
Capital appropriations		30,836	-	-	30,836
Other contributions by owners		1,498	-	-	1,498
Distributions to owners		(12,108)	-	-	(12,108)
Total		**20,226**	**-**	**-**	**20,226**
Balance at 30 June 2025		**1,106,332**	**96,789**	**444,005**	**1,647,126**
Balance at 1 July 2025		**1,106,332**	**96,789**	**444,005**	**1,647,126**
Surplus		-	-	87,662	87,662
Other comprehensive income		-	57,449	-	57,449
Total comprehensive income for the period			57,449	87,662	145,111
Transactions with owners in their capacity as owners:	9.8				
Capital appropriations		99	-	-	99
Other contributions by owners		1,413	-	-	1,413
Distributions to owners		-	-	-	-
Restructure of administrative arrangements:					
Net liabilities transferred in from Department of Communities	11.1	(41,487)	-	-	(41,487)
Net asset transferred out	11.1	(38,452)	-	-	(38,452)
Total		**(78,427)**	**-**	**-**	**(78,427)**
Balance at 30 June 2026		**1,027,905**	**154,238**	**531,667**	**1,713,810**

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 2026

	Notes	2026 ($000)	2025 ($000)
Cash flows from State Government			
Payments			
Repayments of Treasurer's Advance		(50,000)	-
Payments to Department of Treasury and Finance		(2,242)	-
Receipts			
Receipts of Treasurer's Advance		50,000	-
Service appropriation		88,035	149,421
Capital appropriation		99	32,334
Funds from other public sector entities		1,937,509	1,717,427
Holding account drawdown		69	540
Royalties for Regions Fund		-	52
Service delivery arrangement		177,420	6,674
Distribution to owners		-	(12,108)
Net cash provided by State Government		**2,200,890**	**1,894,340**
Utilised as follows:			
Cash flows from operating activities			
Payments			
Employee benefits		(307,350)	(162,119)
Supplies and services		(1,510,359)	(1,381,709)
Finance costs		(65,603)	(55,918)
Accommodation		(48,588)	(41,309)
GST payments on purchases		(188,502)	(175,797)
GST payments to taxation authority		(22,955)	(7,644)
Payments for restoration		-	(6,500)
Other payments		(3,376)	(3,340)
Receipts			
Commonwealth grants		22,182	11,976
GST receipts on sales		200,857	178,571
GST receipts from taxation authority		11,051	6,127
Other receipts		7,074	14,997
Net cash used in operating activities	7.5.2	**(1,905,569)**	**(1,622,665)**

Statement of cash flows

For the year ended 30 June 2026

	Notes	2026 ($000)	2025 ($000)
Cash flows from investing activities			
Payments			
Purchase of non-current assets		(125,495)	(131,100)
Receipts			
Proceeds from sale of non-current assets		43,864	42,081
Net cash used in investing activities		**(81,631)**	**(89,019)**
Cash flows from financing activities			
Payments			
Principal elements of lease payments		(182,294)	(187,466)
Payment to accrued salaries account		(1,619)	(887)
Repayment of borrowings		(30)	-
Receipts			
Finance leases receipts		884	683
Receipts from lease incentives		7,677	7,542
Net cash provided used in financing activities		**(175,382)**	**(180,128)**
Net increase in cash and cash equivalents		38,308	2,528
Cash and cash equivalents at the beginning of the period		139,122	136,594
Cash and cash equivalents at the end of the period	7.5	**177,430**	**139,122**

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

Administered income and expenses by service

Administered Schedules[(a)]

Administered income and expenses by service	2026 ($000)	2025 ($000)
INCOME FROM ADMINISTERED ITEMS		
Income		
Taxation	-	12,299,611
Royalties	-	9,806,218
Other revenue	38,879	40,052
Appropriations	-	248,287
Collections raised on behalf of other agencies	-	78,556
Total administered income	**38,879**	**22,472,724**
Expenses		
Grants, subsidies and transfers	-	248,288
Other expenses[(b)]	38,879	22,209,574
Collections transferred to other agencies	-	78,609
Total administered expenses	**38,879**	**22,536,471**
Royalties		
Alumina	-	135,521
Copper	-	42,821
Gold	-	724,600
Iron Ore	-	8,480,860
Lithium	-	207,800
Nickel	-	42,536
Petroleum - State Component	-	17,940
Other	-	154,140
Total Royalties income	**-**	**9,806,218**

(a) Following the Public Sector Reform, the functions of revenue assessment and collection of grants and subsidies have moved to the Department of Treasury and Finance from 1 July 2025. Refer to Note 1 'Basis of Preparation'.

(b) This expense category relates to revenue collected by the Department that is then paid on to the Consolidated Account.

Administered assets and liabilities

	2026 ($000)	2025 ($000)
ADMINISTERED ASSETS AND LIABILITIES		
Current assets		
Taxation receivable	-	1,044,290
Royalties receivable	-	2,572,464
Other receivables	-	399
Other current assets	-	13,015
Total administered current assets	**-**	**3,630,168**
Non-current assets		
Other receivables	51,300	51,300
Total administered non-current assets	**51,300**	**51,300**
TOTAL ADMINISTERED ASSETS	**51,300**	**3,681,468**
Current liabilities		
Other payables	-	13,414
Total administered current liabilities	**-**	**13,414**
TOTAL ADMINISTERED LIABILITIES	**-**	**13,414**

Notes to the financial statements

1. Basis of preparation

The Department of Housing and Works (formerly known as Department of Finance) is a government not-for-profit entity controlled by the State of Western Australia, which is the ultimate parent.

A description of the nature of its operations and its principal activities has 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 on 26 August 2026.

Statement of compliance

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by Treasurer's instructions. Several of these are modified by Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and 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).

In March 2025, the Premier announced a targeted reform of the public sector. As part of this reform, the Department of Finance was reshaped and renamed to the Department of Housing and Works (DHW), effective 1 July 2025. As a result of the reform, the functions of revenue assessment and collection of grants and subsidies and whole of government procurement policy have moved to the Department of Treasury and Finance. Along with this, the function of Major Projects was transferred to the Department of Transport and Major Infrastructure effective 1 January 2026. DHW also assumed the responsibility of the Housing Authority function from the Department of Communities as part of this reform.

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 experience and various other factors that are believed to be reasonable under the circumstances.

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 Department 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

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 8 – Requirement 8.1(i) and will be credited directly to Contributed Equity.

Administered items

The Department administers, but does not control, certain activities and functions for and on behalf of Government that do not contribute to the Department's services or objectives. It does not have discretion over how it utilises the transactions in pursuing its own objectives.

Transactions relating to the administered activities are not recognised as the Department's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered income and expenses', and 'Administered assets and liabilities'.

The accrual basis of accounting and applicable Australian Accounting Standards has been adopted.

Notes to the financial statements

Comparative figures for departments affected by the 2025 Public Sector Reform (PSR)

As a result of the machinery of government changes effective from 1 July 2025, the Department of Finance became the Department of Housing and Works incorporating transfer of functions from Department of Communities and to Department of Treasury and Finance and Department of Transport and Major Infrastructure. Accordingly, the financial statements for the 2025-26 financial year are not directly comparable with those of the prior year.

2. Department outputs

How the Department operates

This section includes information regarding the nature of funding the Department receives and how this funding is utilised to achieve the Department's objectives. This note also provides the distinction between controlled funding and administered funding:

	Note
Department objectives	2.1
Schedule of Income and Expenses by Service	2.2
Schedule of Assets and Liabilities by Service	2.3

2.1 Department objectives

Mission

We build, maintain and manage Western Australia's social housing and key non-residential infrastructure projects such as schools, hospitals and police stations.

Services

The Department provides the following services:

Service 1: Development and Management of State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts

Service 2: Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation

Service 3: Corporate Support - Transitional Arrangements

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to, the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at Administered financial information, note 9.9 'Special purpose account - administered' and note 10.2 'Explanatory statement for administered items'.

In March 2025, the Premier announced a targeted reform of the public sector. As part of this reform, the Department of Finance was reshaped and renamed to the Department of Housing and Works (DHW), effective 1 July 2025. As a result of the reform, the services relating to Revenue WA (Revenue assessment and collection, and grants and subsidies administration) and whole of government procurement policy (Development and Management of Common use contract arrangements) have moved to the Department of Treasury and Finance. Along with this, the function of Major Projects was transferred to the Department of Transport and Major Infrastructure effective 1 January 2026. DHW also assumed the responsibility of the Housing Authority function from the Department of Communities as part of this reform. DHW has included an additional service (Corporate Support) in 2025-26 financial year for the provision of corporate support by the DHW to the Department of Treasury and Finance.

Notes to the financial statements

2.2 Schedule of income and expenses by service

For the year ended 30 June 2026

	1. Development and Management of State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts	1. Revenue Assessment and Collection, and Grants and Subsidies Administration	2. Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation	2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts
	2026 ($000)	2025 ($000)	2026 ($000)	2025 ($000)
Cost of services				
Expenses				
Employee benefits expense	16,981	49,743	82,094	33,679
Supplies and services	2,026	24,953	1,445,031	5,105
Depreciation and amortisation expense	52,667	6,249	200,145	46,856
Finance costs	-	-	65,788	-
Accommodation expenses	363	1,244	47,043	309
Grants and subsidies	-	-	-	-
Other expenses	598	964	660	811
Total cost of services	**72,635**	**83,153**	**1,840,761**	**86,760**
Income				
Commonwealth grants	-	89	10,976	-
Other income	12,138	5,083	17,313	16,624
Total income	**12,138**	**5,172**	**28,289**	**16,624**
Net cost of services	**60,497**	**77,981**	**1,812,472**	**70,136**
Income from State Government				
Service appropriation	8,894	67,624	141,201	25,790
Income from other public sector entities	80,047	1,133	1,744,344	69,437
Services received free of charge	14	15,645	200	63
Royalties for Regions Fund	-	-	-	-
Total income from State Government	**88,955**	**84,402**	**1,885,745**	**95,290**
Surplus/(deficit) for the period	**28,458**	**6,421**	**73,273**	**25,154**

	3. Corporate Support - Transitional Arrangements	3. Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation	Shared Cost Allocation - Housing Authority	Shared Cost Allocation - Housing Authority	Total	
	2026 ($000)	2025 ($000)	2026 ($000)	2025 ($000)	2026 ($000)	2025 ($000)
Cost of services						
Expenses						
Employee benefits expense	7,604	86,141	186,408	-	293,087	169,563
Supplies and services	6,227	1,428,384	26,040	-	1,479,324	1,458,442
Depreciation and amortisation expense	84	200,726	-	-	252,896	253,831
Finance costs	-	65,841	-	-	65,788	65,841
Accommodation expenses	46	40,358	-	-	47,452	41,911
Grants and subsidies	-	-	-	-	-	-
Other expenses	490	959	(291)	-	1,457	2,734
Total cost of services	**14,451**	**1,822,409**	**212,157**	**-**	**2,140,004**	**1,992,322**
Income						
Commonwealth grants	-	11,408	-	-	10,976	11,497
Other income	197	56,090	857	-	30,505	77,797
Total income	**197**	**67,498**	**857**	**-**	**41,481**	**89,294**
Net cost of services	**14,254**	**1,754,911**	**211,300**	**-**	**2,098,523**	**1,903,028**
Income from State Government						
Service appropriation	1,026	126,668	-	-	151,121	220,082
Income from other public sector entities	214	1,714,647	210,243	-	2,034,848	1,785,217
Services received free of charge	2	702	-	-	216	16,410
Royalties for Regions Fund	-	52	-	-	-	52
Total income from State Government	**1,242**	**1,842,069**	**210,243**	**-**	**2,186,185**	**2,021,761**
Surplus/(deficit) for the period	**(13,012)**	**87,158**	**(1,057)**	**-**	**87,662**	**118,733**

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

Services for the 2024-25 financial year relate to the former Department of Finance .

Services for the 2025-26 financial year relate to the Department of Housing and Works following the Public Sector Reform (PSR) effective 1 July 2025.

The actuals and comparatives are not directly comparable due to the transfer of functions to other State entities as a result of the PSR.

Notes to the financial statements

2.3 Schedule of assets and liabilities by service

As at 30 June 2026

	1. Development and Management of State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts	1. Revenue Assessment and Collection, and Grants and Subsidies Administration	2. Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation	2. Development and Management of Common Use Contract Arrangements, State Fleet Leasing and Disposal, and Providing Facilitation Service for Agency Specific Contracts
	2026 ($000)	2025 ($000)	2026 ($000)	2025 ($000)
Assets				
Current assets	38,251	66,011	260,478	93,855
Non-current assets	468,561	238,975	2,677,770	478,600
Total assets	**506,812**	**304,986**	**2,938,248**	**572,455**
Liabilities				
Current liabilities	(12,608)	(19,686)	(394,420)	(21,407)
Non-current liabilities	(1,048)	(2,862)	(1,300,054)	(2,072)
Total liabilities	**(13,656)**	**(22,548)**	**(1,694,474)**	**(23,479)**
NET ASSETS	**493,156**	**282,438**	**1,243,774**	**548,976**

	3. Corporate Support - Transitional Arrangements	3. Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation	Shared Cost Allocation - Housing Authority	Shared Cost Allocation - Housing Authority	Total	
	2026 ($000)	2025 ($000)	2026 ($000)	2025 ($000)	2026 ($000)	2025 ($000)
Assets						
Current assets	802	204,324	2,344	-	301,875	364,190
Non-current assets	20,176	2,404,901	7,128	-	3,173,635	3,122,476
Total assets	**20,978**	**2,609,225**	**9,472**	**-**	**3,475,510**	**3,486,666**
Liabilities						
Current liabilities	(2,092)	(411,535)	(41,622)	-	(450,742)	(452,628)
Non-current liabilities	(349)	(1,381,978)	(9,507)	-	(1,310,958)	(1,386,912)
Total liabilities	**(2,441)**	**(1,793,513)**	**(51,129)**	**-**	**(1,761,700)**	**(1,839,540)**
NET ASSETS	**18,537**	**815,712**	**(41,657)**	**-**	**1,713,810**	**1,647,126**

Services for the 2024-25 financial year relate to the former Department of Finance.

Services for the 2025-26 financial year relate to the Department of Housing and Works following the Public Sector Reform (PSR) effective 1 July 2025. The actuals and comparatives are not directly comparable due to the transfer of functions to other State entities as a result of the PSR.

Notes to the financial statements

3. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Department'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 Department in achieving its objectives and the relevant notes are:

	Notes
Employee benefits expenses	3.1(a)
Employee related provisions	3.1(b)
Other expenditure	3.2

3.1(a) Employee benefits expenses

	2026 ($000)	2025 ($000)
Employee benefits	262,009	152,283
Termination benefits	-	417
Superannuation - defined contribution plans	31,078	16,863
Total employee benefits expenses	**293,087**	**169,563**
Add: AASB 16 Non-monetary benefits (not included in employee benefits expense)	536	610
Less: Employee contributions (per the statement of comprehensive income)	(97)	(101)
Net employee benefits expenses	**293,526**	**170,072**

The Department is the legal employer of all the Public Sector CSA Agreement 2024 employees from the Department and Housing Authority in accordance with the Public Sector Commission Employee Disposition Notice following on from the Public Sector Reform 2025.

Employee benefits include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as medical care, housing, cars and free or subsidised goods or services) for employees. The employee benefits include the Department's employees providing services to Housing Authority.

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

Superannuation is the amount recognised in profit or loss of the Statement of comprehensive income comprising of employer contributions paid to the Gold State Super (concurrent contributions), West State Super, GESB Super or other superannuation funds.

AASB 16 non-monetary benefits are non-monetary employee benefits predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 which are excluded from the employee benefits expense.

Employee contributions are contributions made to the Department by employees towards employee benefits that have been provided by the Department. This includes both AASB 16 and non-AASB 16 employee contributions.

Notes to the financial statements

3.1(b) Employee related provisions

	2026 ($000)	2025 ($000)
Current		
Employee-benefits provisions		
Annual leave	26,818	17,310
Long service leave	27,469	18,163
Superannuation	7,296	-
Deferred salary scheme	417	88
Purchased leave	59	114
	62,059	**35,675**
Other provisions		
Employment on-costs	1,965	60
Total current employee related provisions	**64,024**	**35,735**
Non-current		
Employee-benefits provisions		
Long service leave	13,822	9,286
	13,822	**9,286**
Other provisions		
Employment on-costs	560	15
Total non-current employee related provisions	**14,382**	**9,301**
Total employee related provisions	**78,406**	**45,036**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current as there is no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2026 ($000)	2025 ($000)
Within 12 months of the end of the reporting period	18,140	11,046
More than 12 months after the end of the reporting period	8,678	6,264
	26,818	**17,310**

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long service leave liabilities are unconditional long service leave provisions and are classified as current liabilities as the Department does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Department has the right to defer the settlement of the liability until the employee has completed the requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2026 ($000)	2025 ($000)
Within 12 months of the end of the reporting period	11,687	7,858
More than 12 months after the end of the reporting period	29,605	19,591
	41,291	**27,449**

Notes to the financial statements

The provision for long service leave is calculated at present value as the Department does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, to the estimated future cash outflows.

Superannuation provision relates to employer-financed defined benefits due to membership of the Pension Scheme and transferred benefits in Gold State Super (GSS) for staff providing services to Housing Authority. Under the Pension Scheme, the employer-financed benefit is a pension benefit payable on retirement, death or invalidity, or a lump sum benefit on resignation. Under the transferred benefits in GSS, the members receive a lump sum benefit at retirement, death or invalidity which is related to their salary during their employment and indexed during any deferral period after leaving public sector employment.

The provision is the present value of expected future payments calculated by external actuaries based on appropriate Commonwealth Government bond rate, salary increase rate, pension increase rate and CPI. Funding requirements are based on invoices provided to the Department by GESB that represent the cost of the benefits paid to members during the reporting period.

Defined benefit superannuation plans	**Pension Scheme 2026 ($000)**	**Pre-transfer GSS benefit 2026 ($000)**
Carrying amount at the start of period	7,542	522
Interest cost	281	19
Net actuarial losses/(gains) recognised	(269)	2
Benefits paid	(802)	-
Carrying amount at end of period	**6,752**	**543**

Deferred salary scheme liabilities are classified as current where there is no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2026 ($000)	**2025 ($000)**
Within 12 months of the end of the reporting period	-	-
More than 12 months after the end of the reporting period	417	88
	417	**88**

Employment on-costs involve settlements of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance premiums, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses', note 3.3 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Department's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Employment on-costs provision	**2026 ($000)**	**2025 ($000)**
Carrying amount at start of period	75	64
Additional provisions recognised	6,288	15
Payments/other sacrifices of economic benefits	(3,838)	(4)
Carrying amount at end of period	**2,525**	**75**

Key sources of estimation uncertainty - long service leave

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

Several estimates and assumptions are used in calculating the Department's long service leave provision. These include:

- *expected future salary rates;*
- *discount rates;*
- *employee retention rates; and*
- *expected future payments.*

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

Notes to the financial statements

3.2 Other expenditure

	2026 ($000)	2025 ($000)
Supplies and services		
Managed contracts	1,411,558	1,396,814
Service Delivery Agreement Expenses - Housing Authority	24,750	-
Communications	164	123
Consultants and contractors	35,397	51,808
Consumables	298	490
Repairs and maintenance	373	261
Travel	220	339
Legal costs	243	781
Other	6,321	7,826
Total supplies and services expenses	**1,479,324**	**1,458,442**
Accommodation expenses		
Repairs and maintenance buildings	44,979	39,650
Cleaning and security[a]	2,443	2,234
Rental	30	27
Total accommodation expenses	**47,452**	**41,911**
Other expenses		
Minor equipment	1,578	1,382
Expected credit losses expense	1	5
Employment on-costs	(1,073)	14
Audit fees	514	791
Miscellaneous	437	495
Loss on termination	-	47
Total other expenses	**1,457**	**2,734**
Total other expenditure	**1,528,233**	**1,503,087**

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred.

Service delivery agreement expenses represent overhead costs incurred by Housing Authority on behalf of the Department and are recouped through the shared costing model between the entities. Effective from 1 July 2025, a shared cost model for overhead cost allocations between the Department of Housing and Works and Housing Authority was introduced.

Accommodation expenses include rental, repairs, maintenance, cleaning and security costs. Rental expenses include residential short-term leases with a lease term of 12 months or less and low-value leases with an underlying value of $5,000 or less, and variable lease payments recognised in the period in which the event or condition that triggers those payments occurs.

Repairs and maintenance, cleaning and security costs are recognised as expenses as incurred.

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

Minor equipment relates to purchases of equipment less than $5,000 in value.

Expected credit losses is recognised for movement in allowance for impairment of trade receivables. Please refer to note 6.1.1 for more details.

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at note 3.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Audit fees are expenses paid to the Office of the Auditor General for audit services.

Notes to the financial statements

4. Our funding sources

How we obtain our funding

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

	Notes
Income from State Government	4.1
Commonwealth grants	4.2
Other income	4.3

4.1 Income from State Government

	2026 ($000)	2025 ($000)
Appropriation received during the period		
- Service appropriation	151,121	220,082
Total service appropriation received	**151,121**	**220,082**
Income received from other public sector entities during the period		
- Government office accommodation	346,271	328,744
- Managed building works	1,353,928	1,343,077
- Vehicle fleet lease rental	78,734	67,702
- Fees	43,489	41,003
- Service delivery agreement revenue - Housing Authority	210,243	-
- Other	2,183	4,691
Total income from other public sector entities	**2,034,848**	**1,785,217**
Resources received from other public sector entities during the period		
- State Solicitor's Office	201	1,501
- Landgate	15	14,728
- Department of Treasury and Finance	-	144
- Department of Education	-	37
Total resources received	**216**	**16,410**
Royalties for Regions Fund:		
- Regional Infrastructure and Headworks Fund	-	52
Total Royalties for Regions Fund	**-**	**52**
Total income from State Government	**2,186,185**	**2,021,761**

Service Appropriations are recognised as income at the fair value of consideration received in the period in which the Department gains control of the appropriated funds. The Department gains control of the appropriated funds at the time those funds are deposited in the bank account or credited to the holding account held at the Department of Treasury and Finance.

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

Service delivery agreement revenue from Housing Authority relates to recoupable expenses for services rendered to Housing Authority and includes employee benefits expenses and overhead charges. Refer to Note 3.2.

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.

The Regional Infrastructure and Headworks Fund 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 Agency receives the funds.

Notes to the financial statements

Summary of consolidated account appropriations
For the year ended 30 June 2026

	2026 Budget ($000)	2026 Section 25 Transfers ($000)	2026 Additional Funding* ($000)	2026 Revised Budget ($000)
Delivery of Services				
Item 86 Net amount appropriated to deliver services	160,241	(12,289)	(619)	147,333
Amount Authorised by Other Statutes:				
- *Salaries and Allowances Act 1975*	1,002	-	265	1,267
Total appropriations provided to deliver services	**161,243**	**(12,289)**	**(354)**	**148,600**
Capital				
Item 153 Capital appropriations	-	-	99	99
Total appropriations	**161,243**	**(12,289)**	**(255)**	**148,699**

	2026 Actual ($000)	2026 Variance ($000)
Delivery of Services		
Item 86 Net amount appropriated to deliver services	149,854	2,521
Amount Authorised by Other Statutes:		
- *Salaries and Allowances Act 1975*	1,267	-
Total appropriations provided to deliver services	**151,121**	**2,521**
Capital		
Item 153 Capital appropriations	99	-
Total appropriations	**151,220**	**2,521**

* Additional funding includes supplementary funding and new funding authorised under section 27 of the *Financial Management Act 2006* and amendments to standing appropriations.

Notes to the financial statements

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the most recent determination, as quantified in the 2025-26 Budget Statements, the Department retained $41.481 million in 2026 ($89.294 million in 2025) from the following:

(i) Commonwealth specific purpose grants;
(ii) other departmental revenue.

4.2 Commonwealth grants

	2026 ($000)	2025 ($000)
Recurrent grants	10,976	11,497
Total Commonwealth grants	**10,976**	**11,497**

Commonwealth funding is received for undertaking agreed maintenance and outgoings for buildings and for administering taxes on Christmas and Cocos Keeling islands.

4.3 Other income

	2026 ($000)	2025 ($000)
Recoups	13	2,857
Government vehicle schemes	75	68
Gain on termination	-	12,991
Employee contributions[(a)]	928	101
Other[(b)]	4,897	11,815
	5,913	**27,832**
Net proceeds from disposal of non-current assets		
Motor vehicles	43,853	42,072
Carrying amount of non-current assets disposed		
Motor vehicles	31,746	28,835
Net gains on disposal of non-current assets	**12,107**	**13,237**
Revaluation gain	12,485	36,728
Other gains/(losses)	**12,485**	**36,728**
Total other income	**30,505**	**77,797**

(a) Income received by the Department from subleasing of right-of-use assets relates to lease payments received from operating leases. The Department has leased a number of right-of-use assets from the Government Regional Officer Housing (GROH), which it subleases out to employees at a subsidised rate. Information on the Department's leasing arrangements with GROH can be found in note 3.1(a).

(b) In 2026, the Department received $2.7 million insurance claim from Vero Insurance in relation to a Health service redevelopment project. The 2025 amount includes a one-off $4.025 million received from bank guarantee bonds.

Gains and 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

This section includes information regarding the key assets the Department 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:

	Notes
Property, equipment, plant and vehicles	5.1
Right-of-use assets	5.2
Intangible assets	5.3

Notes to the financial statements

5.1 Property, equipment, plant and vehicles

Year ended 30 June 2026	Land	Buildings	Leasehold improvements	Office equipment and plant	Computer equipment
	($000)	($000)	($000)	($000)	($000)
1 July 2025					
Gross carrying amounts	258,207	196,827	254,263	462	186
Accumulated depreciation	-	(13,035)	(149,357)	(282)	(186)
Carrying amount at start of period	**258,207**	**183,792**	**104,906**	**180**	**-**
Additions	-	-	-	6	-
Transfers[c]	-	-	20,813	-	-
Other disposals	-	-	-	(32)	-
Revaluation increments[d]	49,262	20,671	-	-	-
Depreciation	-	(5,359)	(19,130)	(49)	-
Carrying amount at 30 June 2026	**307,469**	**199,104**	**106,590**	**105**	**-**
Gross carrying amount	307,469	216,188	275,076	289	186
Accumulated depreciation	-	(17,084)	(168,486)	(184)	(186)

Year ended 30 June 2026	Office fitout	Motor vehicles[a]	Motor vehicles leased out[b]	Work in progress	Total
	($000)	($000)	($000)	($000)	($000)
1 July 2025					
Gross carrying amounts	220,719	2,332	432,717	24,532	1,390,245
Accumulated depreciation	(145,594)	(864)	(125,463)	-	(434,781)
Carrying amount at start of period	**75,125**	**1,468**	**307,254**	**24,532**	**955,464**
Additions	-	819	117,767	5,047	123,639
Transfers[c]	3,856	(393)	(829)	(24,667)	(1,220)
Other disposals	-	(264)	(31,308)	-	(31,604)
Revaluation increments[d]	-		-	-	69,933
Depreciation	(6,372)	(66)	(52,589)	-	(83,565)
Carrying amount at 30 June 2026	**72,609**	**1,564**	**340,295**	**4,912**	**1,032,648**
Gross carrying amount	224,560	2,107	474,855	4,912	1,505,642
Accumulated depreciation	(151,951)	(543)	(134,560)	-	(472,994)

(a) Motor vehicles owned and used by the Department.
(b) Motor vehicles on operating leases to public sector entities. See note 7.7 Maturity analysis of lease receipts.
(c) Work in Progress was transferred to Leasehold Improvements for $20,812,427 and to Office Fitout for $3,855,196. $1,222,399 of motor vehicles were transferred to agencies through finance lease arrangements.

(d) Revaluation increment is recorded in the asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement of the same class of assets previously recognised as an expense.

Notes to the financial statements

Year ended 30 June 2025	Land	Buildings	Leasehold improvements	Office equipment and plant	Computer equipment
	($000)	($000)	($000)	($000)	($000)
1 July 2024					
Gross carrying amounts	155,631	164,619	252,670	433	186
Accumulated depreciation	-	(8,496)	(129,882)	(291)	(186)
Carrying amount at start of period	**155,631**	**156,123**	**122,788**	**142**	**-**
Additions	-	-	-	90	-
Transfers[c]	-	1,230	1,593	-	-
Other disposals	-	-	-	-	-
Revaluation increments[d] & [e]	102,576	30,941	-	-	-
Depreciation	-	(4,502)	(19,475)	(52)	-
Carrying amount at 30 June 2025	**258,207**	**183,792**	**104,906**	**180**	**-**
Gross carrying amount	258,207	196,827	254,263	462	186
Accumulated depreciation	-	(13,035)	(149,357)	(282)	(186)

Year ended 30 June 2025	Office fitout	Motor vehicles[a]	Motor vehicles leased out[b]	Work in progress	Total
	($000)	($000)	($000)	($000)	($000)
1 July 2024					
Gross carrying amounts	203,718	2,503	401,310	26,345	1,207,415
Accumulated depreciation	(137,768)	(793)	(122,483)	-	(399,899)
Carrying amount at start of period	**65,950**	**1,710**	**278,827**	**26,345**	**807,516**
Additions	-	66	104,726	18,228	123,110
Transfers[c]	17,218	59	(2,021)	(20,041)	(1,962)
Other disposals	-	(100)	(28,532)	-	(28,632)
Revaluation increments[d] & [e]	-	-	-	-	133,517
Depreciation	(8,043)	(267)	(45,746)	-	(78,085)
Carrying amount at 30 June 2025	**75,125**	**1,468**	**307,254**	**24,532**	**955,464**
Gross carrying amount	220,719	2,332	432,717	24,532	1,390,245
Accumulated depreciation	(145,594)	(864)	(125,463)	-	(434,781)

(a) Motor vehicles owned and used by the Department.
(b) Motor vehicles on operating leases to public sector entities. See note 7.7 Maturity analysis of lease receipts.
(c) Work in Progress was transferred to Leasehold Improvements for $1,593,409 and to Office Fitout for $17,217,542. $1,961,698 of motor vehicles were transferred to agencies through finance lease arrangements.
(d) The revaluation increments are mainly driven by the implementation of AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*.
(e) Revaluation increment is recorded in the asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement of the same class of assets previously recognised as an expense.

Notes to the financial statements

Initial recognition

Items of property, equipment and plant 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, equipment and plant 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 are carried at fair value less accumulated depreciation and accumulated impairment losses.

Equipment, plant and vehicles are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Landgate). The effective date was at 1 July 2025, with valuations performed during the year ended 30 June 2026 and recognised at 30 June 2026.

In addition, for buildings under the current replacement cost basis, estimated professional and project management fees are included in the valuation of current use assets.

These valuations are undertaken annually to ensure that the carrying amount of the assets does not differ materially from their fair value at the end of the reporting period.

Significant assumptions and judgements: The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Notes to the financial statements

5.1.1 Depreciation and impairment

Charge for the period

Depreciation	Notes	2026 ($000)	2025 ($000)
Office fitout	5.1	6,372	8,043
Vehicles	5.1	52,655	46,013
Buildings	5.1	5,359	4,502
Leasehold improvements	5.1	19,130	19,475
Office equipment and plant	5.1	49	52
Total depreciation for the period		**83,565**	**78,085**

As at 30 June 2026 there were no indications of impairment to property, equipment, plant and vehicles.

All surplus assets at 30 June 2026 have either been classified as assets held for distribution to owners or have been written-off.

Useful lives

All property, equipment, plant and vehicles 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:

Asset	Useful life: years
Buildings	30 to 40 years
Heritage assets	100 years
Office equipment and plant	3 to 5 years
Software[(a)]	3 to 13 years
Office fitout and leasehold improvements	3 to 25 years or remaining lease term, whichever is lower
Motor vehicles	1 to 6 years

(a) Software that is integral to the operation of related hardware.

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

Office fitout and 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

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 or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

Notes to the financial statements

As the Department is a not-for-profit agency, 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 had 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 declining replacement costs.

5.2 Right-of-use assets

Year ended 30 June 2026	**Commercial buildings ($000)**	**Residential buildings ($000)**	**Total ($000)**
At 1 July 2025			
Gross carrying amounts	2,044,996	1,453	2,046,449
Accumulated depreciation	(871,548)	(228)	(871,776)
Carrying amount at start of period	**1,173,448**	**1,225**	**1,174,673**
Additions	108,958	443	109,401
Disposals	-	(374)	(374)
Gain on Disposals	49	-	49
Depreciation	(168,726)	(488)	(169,214)
Carrying amount at 30 June 2026	**1,113,729**	**806**	**1,114,535**
Gross carrying amount	2,118,337	1,366	2,119,703
Accumulated depreciation	(1,004,608)	(561)	(1,005,169)

Year ended 30 June 2025	**Commercial buildings ($000)**	**Residential buildings ($000)**	**Total ($000)**
At 1 July 2024			
Gross carrying amounts	2,007,963	833	2,008,796
Accumulated depreciation	(722,281)	(490)	(722,771)
Carrying amount at start of period	**1,285,682**	**343**	**1,286,025**
Additions	55,873	1,589	57,462
Disposals	(47)	(127)	(174)
Depreciation	(168,060)	(580)	(168,640)
Carrying amount at 30 June 2025	**1,173,448**	**1,225**	**1,174,673**
Gross carrying amount	2,044,996	1,453	2,046,449
Accumulated depreciation	(871,548)	(228)	(871,776)

Notes to the financial statements

Initial recognition

At the commencement date of the lease, the Department recognises right-of-use assets are measured 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.

This includes leased assets other than investment property Right-of-use assets, which are measured in accordance with AASB 140 *Investment Property.*

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

Commercial Buildings relating to Government office accommodation are recognised as a right-of-use asset irrespective of the lease term in accordance with AASB 16 *Leases*. With the exception of Commercial Buildings the Department has elected not to recognise short term leases that have terms of 12 months or less or low value leases of up to $5,000. Lease payments made relating to short term and low value leases are expensed in the financial year they occur.

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 Department 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 5.1.1.

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

	2026 ($000)	2025 ($000)
Depreciation expenses of right-of-use assets	169,214	168,640
Lease interest expense	58,083	58,075
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	-	-
Low-value leases	-	-
Gains or losses arising from sale and leaseback transactions	-	-

The total cash outflow for leases in 2026 was $240,376,835 (2025: $236,106,579). As at 30 June 2026 there were no indications of impairment to right-of-use assets.

The Department has leases for office and residential accommodations.

The Department has also entered into Memorandum of Understanding Agreements (MOU) with agencies across the sector for the leasing of office accommodation. These rental arrangements are not recognised as leases under AASB 16 because of substitution rights held by the Department and are accounted for as revenue over time.

The Department 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.

The Department measures concessionary leases at cost at inception. During the financial year there were no rental charges for these category of leases. The Department has concessionary leases as part of its government office accommodation portfolio. The lease terms are varied and are for land and buildings utilised by government agencies to further their operational objectives.

Notes to the financial statements

5.3 Intangible assets

Year ended 30 June 2026	Licences ($000)	Computer Software ($000)	Work in Progress ($000)	Total ($000)
1 July 2025				
Gross carrying amount	13,720	240,392	4,293	258,405
Accumulated amortisation	(13,720)	(209,256)	-	(222,976)
Carrying amount at start of period	**-**	**31,136**	**4,293**	**35,429**
Transfer to other agencies[a]	-	(30,233)	(4,293)	(34,526)
Amortisation expense	-	(117)	-	(117)
Carrying amount at 30 June 2026	**-**	**786**	**-**	**786**

Year ended 30 June 2025	Licences ($000)	Computer Software ($000)	Work in Progress ($000)	Total ($000)
1 July 2024				
Gross carrying amount	13,720	235,586	5,150	254,456
Accumulated amortisation	(13,720)	(202,150)	-	(215,870)
Carrying amount at start of period	**-**	**33,436**	**5,150**	**38,586**
Additions	-	-	3,949	3,949
Transfers	-	4,806	(4,806)	-
Amortisation expense	-	(7,106)	-	(7,106)
Carrying amount at 30 June 2025	**-**	**31,136**	**4,293**	**35,429**

(a) The transfer of intangible assets relates to the restructuring of administrative arrangements from 1 July 2025 to the Department of Treasury and Finance.

Initial recognition

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

Acquired and internally generated intangible assets costing $5,000 or more, which meet the recognition criteria of AASB 138.57 Intangible Assets (as noted above) are capitalised.

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

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

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

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

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.

Notes to the financial statements

5.3.1 Amortisation and impairment
Charge for the period

	2026 ($000)	2025 ($000)
Computer software	117	7,106
Total amortisation for the period	**117**	**7,106**

As at 30 June 2026 there were no indications of impairment to intangible assets.

The Department 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 of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Department 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:

Asset	Useful life: years
Computer software[(a)]	3 to 13 years
Licences	up to 10 years

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

Computer software
Software that is an integral part of the related hardware is recognised as part of the tangible asset. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

Licences
Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Impairment of intangible assets
Intangible assets with indefinite 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 5.1.1

Notes to the financial statements

6. Other assets and liabilities

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

6.1 Receivables

Current	Note	2026 ($000)	2025 ($000)
Trade receivables		44,381	84,988
Allowance for impairment of trade receivables	6.1.1	(3)	(2)
Accrued revenue		1,791	-
GST receivable		8,236	11,119
Trust account[(a)]		1,986	1,644
Total current		**56,391**	**97,749**
Non-current			
Accrued salaries account[(b)]		10,303	4,620
Total non-current		**10,303**	**4,620**
Total receivables		**66,694**	**102,369**

(a) Relates to funds held in trust by the Department's corporate property manager for management of rental services.

(b) Funds transferred to Treasury for the purpose of meeting the 27th pay in a reporting period that generally occurs every 11 years. This account is classified as non-current except for the year before the 27th pay year.

Trade receivables are initially recognised at their transaction price or, for those receivables that contain a significant financing component, at fair value. The Department holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The Department recognises a loss allowance for expected credit losses (ECLs) on a receivable not held at fair value through profit or loss. The ECLs based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. Individual receivables are written off when the Department has no reasonable expectations of recovering the contractual cash flows.

For trade receivables, the Department recognises an allowance for ECLs measured at the lifetime expected credit losses at each reporting date. The Department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to note 3.3 for the amount of ECLs expensed in this financial year.

Accrued salaries account contains amounts paid annually into the Treasurer's special purpose account. It is restricted for meeting the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

Notes to the financial statements

6.1.1 Movement in the allowance for impairment of trade receivables

	2026 ($000)	2025 ($000)
Reconciliation of changes in the allowance for impairment of trade receivables		
Opening balance	2	1
Expected credit losses expense	1	5
Amounts written off during the period	-	(4)
Allowance for impairment at end of period	**3**	**2**

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(c) 'Financial instruments disclosures'.

The Department does not hold any collateral as security or other credit enhancements for trade receivables.

6.2 Amounts receivable for services (Holding Account)

	2026 ($000)	2025 ($000)
Current	540	540
Non-current	1,012,437	949,420
Total amounts receivable for services at end of period	**1,012,977**	**949,960**

Amounts receivable for services represent the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

The amounts receivable for services are financial assets at amortised cost, and are not considered impaired (i.e. there is no expected credit loss of the holding accounts).

6.3 Contract assets

Reconciliation of changes in contract assets	2026 ($000)	2025 ($000)
Opening balance	116,769	73,118
Additions	53,561	116,769
Revenue recognised in the reporting period	(116,769)	(73,118)
Total contract assets at end of period	**53,561**	**116,769**
Current	53,561	116,769
Non-current	-	-

Where the Department transfers either goods or services to a customer before the payment is due or before the customer provides consideration, then these are classified as contract assets. Contract assets exclude any amounts presented as a receivable.

6.4 Other assets

	2026 ($000)	2025 ($000)
Current		
Prepayments	13,071	9,176
Other	47	76
Total current	**13,118**	**9,252**
Non-current		
Prepayments	-	27
Total non-current	**-**	**27**
Total other assets at end of period	**13,118**	**9,279**

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 extending beyond that period.

Notes to the financial statements

6.5 Payables

	2026 ($000)	2025 ($000)
Current		
Trade payables	868	1,204
Accrued salaries	1,486	4,101
Accrued expenses	88,378	150,195
Other	358	67
Total current	**91,090**	**155,567**
Non-current		
Accrued expenses	297	297
Total non-current	**297**	**297**
Total payables at end of period	**91,387**	**155,864**

Payables are recognised at the amounts payable when the Department 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 settlement is generally within 20 days.

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

6.6 Other provisions

		2026 ($000)	2025 ($000)
Current			
Make good	6.6.1	2,004	859
South West Native Title Settlement		-	-
Total current		**2,004**	**859**
Non-current			
Make good	6.6.1	766	1,935
Restoration costs[(a)]	6.6.2	837	807
Total non-current		**1,603**	**2,742**
Total other provisions at end of period		**3,607**	**3,601**

(a) This provision is for the rehabilitation of the Mt Walton East Intractable Waste Disposal Facility site.

6.6.1 Make good (restoration) provision

Some leased premises are required to be restored to their original condition at the end of their respective lease terms. A provision needs to be recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs are capitalised as part of the cost of leasehold improvements or right-of-use assets and are amortised over the shorter of the lease term and the useful life of the assets.

Under certain lease agreements with landlords, the Department has a legal or constructive obligation to dismantle and restore office accommodation.

A restoration provision is recognised when:

- there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of restoring the leased premises to original condition.

Notes to the financial statements

The provision for future make good costs is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date [based on current legal and other requirements and technology]. Future make good costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

As at 30 June 2026, the anticipated timing of payments for make good are as follows:

	($000)
Within 1 year	2,004
Later than 1 year and not later than 5 years	766
	2,770

6.6.2 Provision for restoration

The Department has a legal or constructive obligation to decommission the Mt Walton East Intractable Waste Disposal Facility and restore the site for future land use.

A provision for restoration is recognised when:

- there is a present obligation as a result of intractable waste disposal activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of decommissioning and rehabilitating the site to a standard suitable for future land use. An environmental analysis to provide a quantifiable estimate of the amount required to rehabilitate the Mt Walton East intractable waste disposal site was obtained for the 2025-26 financial year. Calculations performed in assessing the restoration costs provisions incorporates a number of key estimates. Calculation of the provision will be conducted annually and adjusted using the most up-to-date information available. Please see note 8.2 'Contingent assets and liabilities'.

6.6.3 Movements in provision

	2026 ($000)	2025 ($000)
Movements in each class of provision during the period, are set out below		
Make good provision		
Carrying amount at start of period	2,794	2,751
Additional/(reversals of) provisions recognised	(49)	14
Payments	(14)	(34)
Unwinding of the discount	39	63
Carrying amount at end of period	**2,770**	**2,794**
Restoration costs provision		
Carrying amount at start of period	807	789
Unwinding of the discount	30	18
Carrying amount at end of period	**837**	**807**
South West Native Title Settlement		
Carrying amount at start of period	-	6,436
Payments	-	(6,500)
Unwinding of the discount	-	64
Carrying amount at end of period	**-**	**-**

Notes to the financial statements

6.7 Contract liabilities

Reconciliation of changes in contract liabilities	2026 ($000)	2025 ($000)
Opening balance	19,846	24,507
Additions	45,260	19,846
Revenue recognised in the reporting period	(19,846)	(24,507)
Total contract liabilities at end of period	**45,260**	**19,846**
Current	45,260	19,846
Non-current	-	-

Contract liabilities, classified as amounts due to customers for services yet to be provided, primarily relate to when the Department has received consideration in advance of satisfying the performance obligation. Refer to note 4.1 for details of the revenue recognition policy.

The Department expects to satisfy the performance obligations unsatisfied at the end of the reporting period within the next 12 months.

6.8 Other liabilities

	2026 ($000)	2025 ($000)
Current		
Unearned revenue	3,509	9,760
Lease incentives(a)	2,850	3,350
Total current	**6,359**	**13,110**
Total other liabilities at end of period	**6,359**	**13,110**

(a) Lease incentives that the Department has received from lessors are normally taken into account in the measurement of the associated right-of-use assets. However, where the lease has not commenced, a lease incentive received is shown as a liability until the commencement of the lease, at which time it is taken up in the measurement of the associated right-of-use asset.

7. Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Department.

	Notes
Borrowings	7.1
Lease liabilities	7.2
Finance lease receivables	7.3
Finance costs	7.4
Cash and cash equivalents	7.5
Reconciliation of cash	7.5.1
Reconciliation of net cost of services to net cash flows used in operating activities	7.5.2
Capital commitments	7.6
Maturity analysis of lease receipts	7.7

Notes to the financial statements

7.1 Borrowings

	2026 ($000)	2025 ($000)
Current		
Heritage Maintenance Payments	7,833	7,550
Total current	**7,833**	**7,550**
Non-current		
Heritage Maintenance Payments	53,458	53,657
Total non-current	**53,458**	**53,657**
Total borrowings at end of period	**61,291**	**61,207**

Borrowings refer to interest bearing liabilities.

Interest bearing financial liabilities are classified at amortised cost and are initially recognised at fair value of the consideration received less directly attributable transactions costs.

Subsequent to initial recognition the borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised or through the amortisation process.

The Department has not designated any financial liabilities as at fair value through profit or loss.

7.2 Lease liabilities

	2026 ($000)	2025 ($000)
Current	234,782	219,961
Non-current	1,240,608	1,320,915
	1,475,390	**1,540,876**

Initial measurement

At the commencement date of the lease, the Department recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Department uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Department 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); and
- payments for penalties for terminating a lease, where the lease term reflects the Department exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term 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 Department 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 Department in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 5.2.

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.

Notes to the financial statements

Additional information on leases:
The Department of Housing and Works on behalf of the Minister for Works (responsible for administering the *Public Works Act 1902*) is responsible for procuring and managing government office accommodation for all government agencies in accordance with government policy and associated standards and guidelines.

The property leases are non-cancellable and have terms up to 25 years, with rent generally payable monthly in advance. Depending on the terms and conditions of the lease, rent review provisions exist that generally result in rental increases throughout the lease terms.

7.3 Finance lease receivables

The Department leases vehicles to Western Australian State Government agencies and entities. The majority of leases are operating leases, the balance are finance leases.

At balance date, the term of existing finance lease contracts typically varies between two to ten years. A contract is subject to a fixed market rate of interest set at the time the contract is established. All contracts contain a renewal option and are secured by the underlying vehicles. Residual values are guaranteed by the relevant contracting agency or the entity.

	2026 ($000)	2025 ($000)
Gross investment in finance lease contracts	3,797	3,633
Less: Unearned finance income	(36)	(32)
Net investment in finance lease contracts	**3,761**	**3,601**
Less: Unguaranteed residual values of the finance leases at the balance date	-	-
Present value of the future minimum lease payment receivables	**3,761**	**3,601**
Accumulated allowances for unallocated minimum lease payment receivables	-	-
As at balance date, the gross investment and present value of receivables relating to the future minimum lease payments under non-cancellable finance lease arrangements were distributed as follows:		
Within 1 year	835	757
Later than 1 year and not later than 5 years	2,487	2,519
Later than 5 years	439	325
Present value of finance lease receivables	**3,761**	**3,601**
Included in the financial statements as:		
Current	835	758
Non-current	2,926	2,843
Total finance lease receivables at end of period	**3,761**	**3,601**

Finance lease rights are initially recognised, at the commencement of the lease term, as assets equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

Notes to the financial statements

7.4 Finance costs

	2026 ($000)	2025 ($000)
Finance costs		
Interest on Heritage Maintenance payments	7,634	7,607
Lease interest expense	58,083	58,075
Total interest expenses	**65,717**	**65,682**
Other finance costs		
Unwinding of discounts applied to provisions	71	159
Total finance costs expensed	**65,788**	**65,841**

'Finance cost' includes costs incurred in connection with the borrowing of funds and includes interest on short term and long term borrowings, the interest component of lease liability repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

7.5 Cash and cash equivalents

7.5.1 Reconciliation of cash

	2026 ($000)	2025 ($000)
Cash at bank	169,710	138,095
Cash on hand	-	2
Restricted cash and cash equivalents	7,720	1,025
Total cash and cash equivalents at end of period	**177,430**	**139,122**

Restricted cash and cash equivalents	2026 ($000)	2025 ($000)
Current		
Indian Ocean Territories Trust Fund[(a)]	7,720	1,025

(a) Funds held predominantly for undertaking agreed maintenance and outgoings for buildings on Christmas and Cocos Keeling islands.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash, and which are subject to insignificant risk of changes in value.

Notes to the financial statements

7.5.2 Reconciliation of net cost of services to net cash flows used in operating activities

	Notes	2026 ($000)	2025 ($000)
Net cost of services		(2,098,523)	(1,903,028)
Non-cash items			
Depreciation and amortisation expense	5.1, 5.2 & 5.3	252,896	253,831
Expected credit losses expense	3.2	1	5
Services received free of charge	4.1	215	16,410
Gain on revaluation increment	4.3	(12,485)	(36,728)
Net gain on disposal of property, equipment, plant and vehicles	4.3	(12,107)	(13,237)
(Increase)/decrease in assets			
Receivables[(a)]		10,688	(217)
Increase/(decrease) in liabilities			
Current payables[(a)]		(31,077)	58,038
Accrued salaries		3,499	941
Restoration costs		-	(6,500)
Employee benefits		(19,129)	6,563
Net GST receipts/(payments)[(b)]		(11,904)	(1,517)
Change in GST in receivables/payables[(c)]		12,357	2,774
Net cash used in operating activities		**(1,905,569)**	**(1,622,665)**

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

7.6 Capital commitments

	2026 ($000)	2025 ($000)
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	85,373	71,866
Later than 1 year and not later than 5 years	176	114
Later than 5 years	-	13
	85,549	**71,993**

7.7 Maturity analysis of lease receipts

	2026 ($000)	2025 ($000)
Maturity analysis of lease receipts are the undiscounted lease receipts to be received[(a)]		
Within 1 year	73,774	60,155
Later than 1 year and not later than 2 years	53,246	43,021
Later than 2 years and not later than 3 years	38,195	31,141
Later than 3 years and not later than 4 years	22,332	20,085
Later than 4 years and not later than 5 years	9,913	9,992
Later than 5 years	2,560	2,398
	200,020	**166,792**

(a) Relates to collections from motor vehicle leases. See note 5.1 Motor vehicles leased out.

Notes to the financial statements

8. Risks and Contingencies

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

8.1 Financial risk management

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables, payables, Western Australian Treasury Corporation (WATC)/bank borrowings, finance leases, and Treasurer's advances. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than Government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department is exposed to liquidity risk through its trading in the normal course of business.

The Department has appropriate procedures to manage cash flows including drawdown of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

The Department has a facility agreement in place with the Western Australian Treasury Corporation (WATC) to borrow up to $250,000,000 to meet State Fleet contractual requirements, purchase vehicles and provide working capital.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks. The Department's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations.

All borrowings are due to the WATC and are repayable at fixed rates with varying maturities. Other than as detailed in the interest rate sensitivity analysis table at note 8.1(e), the Department is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings other than the Treasurer's advance (non-interest bearing), WATC borrowings and finance leases (fixed interest rate).

Notes to the financial statements

(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:

	2026 ($000)	2025 ($000)
Financial assets		
Cash and cash equivalents	169,710	138,097
Restricted cash and cash equivalents	7,720	1,025
Financial assets at amortised cost - receivables[a]	58,458	91,250
Finance lease receivables	3,761	3,601
Financial assets at amortised cost - amounts receivable for services	1,012,977	949,960
Total financial assets	**1,252,626**	**1,183,933**
Financial liabilities		
Financial liabilities at amortised cost - payables[b]	91,388	155,864
Financial liabilities at amortised cost - Heritage Maintenance Payments	61,291	61,207
Lease liabilities	1,475,390	1,540,876
Total financial liabilities	**1,628,069**	**1,757,947**

(a) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

(c) Credit risk exposure

The following table details the credit risk exposure on the Department's trade receivables using a provision matrix.

		Days past due				
	Total ($000)	Current ($000)	<30 days ($000)	30-60 days ($000)	61-90 days ($000)	>91 days ($000)
30 June 2026						
Expected credit loss rate		0%	0%	0%	0%	0.30%
Estimated total gross carrying amount at default	**44,381**	33,269	9,616	313	160	1,023
Expected credit losses	**(3)**	-	-	-	-	(3)
30 June 2025						
Expected credit loss rate		0%	0%	0%	0%	0.61%
Estimated total gross carrying amount at default	**84,988**	78,228	6,341	109	2	308
Expected credit losses	**(2)**	-	-	-	-	(2)

Notes to the financial statements

(d) Liquidity risk and Interest rate exposure

The following table details the Department'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.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Carrying amount ($000)	Interest rate exposure: Fixed interest rate ($000)	Variable interest rate ($000)	Non-interest bearing ($000)	Nominal amount ($000)
2026						
Financial assets						
Cash and cash equivalents		169,710	-	-	169,710	169,710
Restricted cash and cash equivalents		7,720	-	-	7,720	7,720
Receivables[(a)]		58,458	-	-	58,458	58,458
Finance lease receivables	4.27	3,761	3,761	-	-	4,194
Amounts receivable for services		1,012,977	-	-	-	1,012,977
		1,252,626	**3,761**	**-**	**235,888**	**1,253,059**
Financial liabilities						
Payables	-	91,388	-	-	91,388	91,388
Heritage Maintenance Payments	12.46	61,291	61,291	-	-	137,608
Lease liabilities[(b)]	3.87	1,475,390	1,475,390	-	-	1,756,615
		1,628,069	**1,536,681**	**-**	**91,388**	**1,985,611**

Maturity dates

	Up to 1 month ($000)	1-3 months ($000)	3 months to 1 year ($000)	1-5 years ($000)	More than 5 years ($000)
2026					
Financial assets					
Cash and cash equivalents	169,710	-	-	-	-
Restricted cash and cash equivalents	-	7,720	-	-	-
Receivables[(a)]	48,155	-	-	10,303	-
Finance lease receivables	85	165	727	2,740	477
Amounts receivable for services	-	-	69	276	1,012,632
	217,950	**7,885**	**796**	**13,319**	**1,013,109**
Financial liabilities					
Payables	91,091	-	-	297	-
Heritage Maintenance Payments	647	1,293	5,893	34,384	95,391
Lease liabilities[(b)]	20,122	40,095	179,639	823,006	693,754
	111,860	**41,388**	**185,532**	**857,687**	**789,145**

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).
(b) Lease liabilities primarily relate to leased office accommodation.

Notes to the financial statements

(d) Liquidity risk and Interest rate exposure (cont.)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Carrying amount ($000)	Interest rate exposure Fixed interest rate ($000)	Variable interest rate ($000)	Non-interest bearing ($000)	Nominal amount ($000)
2025						
Financial assets						
Cash and cash equivalents	-	138,097	-	-	138,097	138,097
Restricted cash and cash equivalents	-	1,025	-	-	1,025	1,025
Receivables[(a)]	-	91,250	-	-	91,250	91,250
Finance lease receivables	4.14	3,601	3,601	-	-	3,994
Amounts receivable for services	-	949,960	-	-	949,960	949,960
		1,183,933	**3,601**	**-**	**1,180,332**	**1,184,326**
Financial liabilities						
Payables	-	155,864	-	-	155,864	155,864
Heritage Maintenance Payments	12.46	61,207	61,207	-	-	145,158
Lease liabilities[(b)]	3.75	1,540,876	1,540,876	-	-	1,862,858
		1,757,947	**1,602,083**	**-**	**155,864**	**2,163,880**

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).
(b) Lease liabilities primarily relate to leased office accommodation.

Maturity dates

	Up to 1 month ($000)	1-3 months ($000)	3 months to 1 year ($000)	1-5 years ($000)	More than 5 years ($000)
2025					
Financial assets					
Cash and cash equivalents	138,097	-	-	-	-
Restricted cash and cash equivalents	-	1,025	-	-	-
Receivables[(a)]	86,630	-	-	4,620	-
Finance lease receivables	76	152	663	2,766	337
Amounts receivable for services	-	-	540	2,160	947,260
	224,803	**1,177**	**1,203**	**9,546**	**947,597**
Financial liabilities					
Payables	155,567	-	-	297	-
Heritage Maintenance Payments	623	1,247	5,680	33,141	104,467
Lease liabilities[(b)]	19,771	38,761	165,891	798,417	840,018
	175,961	**40,008**	**171,571**	**831,855**	**944,485**

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).
(b) Lease liabilities primarily relate to leased office accommodation.

Notes to the financial statements

(e) Interest rate sensitivity analysis

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

		-100 basis points		+100 basis points	
	Carrying amount ($000)	Surplus ($000)	Equity ($000)	Surplus ($000)	Equity ($000)
2026					
Financial assets					
Finance lease receivables	3,761	(37.6)	(37.6)	37.6	37.6
Financial liabilities					
Heritage Maintenance Payments	61,291	(612.9)	(612.9)	612.9	612.9
Lease liabilities	1,475,390	(14,753.9)	(14,753.9)	14,753.9	14,753.9
Total increase/(decrease)		**(15,404.4)**	**(15,404.4)**	**15,404.4**	**15,404.4**
2025					
Financial assets					
Finance lease receivables	3,601	(36.0)	(36.0)	36.0	36.0
Financial liabilities					
Heritage Maintenance Payments	61,207	(612.1)	(612.1)	612.1	612.1
Lease liabilities	1,540,876	(15,408.8)	(15,408.8)	15,408.8	15,408.8
Total increase/(decrease)		**(16,056.9)**	**(16,056.9)**	**16,056.9**	**16,056.9**

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.

The Department is involved in matters relating to property contracts associated with Government Office Accommodation arrangement and building works contracts. Claims are generally subject to a period of negotiation and may either be withdrawn, settled, or proceed to an alternative resolution process. At the reporting date, the outcomes of these matters remain uncertain. Where costs are negotiated and claims settled, these are reflected in the financial statements.

Contaminated sites

Under the *Contaminated Sites Act 2003*, the Department is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the *Contaminated Sites Act 2003*, 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 Department may have a liability in respect of investigation or remediation expenses.

The Department has reported two suspected contaminated sites to DWER. The first site has been classified as *possibly contaminated-investigation required*. The Department 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 Department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

The second site has been classified as *contaminated – restricted use*. For this site, a restoration cost provision has been recognised to rehabilitate it to a standard suitable for future land use. Please see note 6.6 'Other provisions'.

Notes to the financial statements

8.3 Fair value measurements

Assets measured at fair value: 2026	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)	Fair value at end of period ($000)
Land (Note 5.1)	-	31,555	275,914	307,469
Buildings (Note 5.1)	-	72,399	126,705	199,104
	-	**103,954**	**402,619**	**506,573**

Assets measured at fair value: 2025	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)	Fair value at end of period ($000)
Land (Note 5.1)	-	27,343	230,864	258,207
Buildings (Note 5.1)	-	62,952	120,840	183,792
	-	**90,295**	**351,704**	**441,999**

Valuation techniques and inputs

Level 2 assets

Fair values of non-current assets held for sale, and market type land and buildings (office accommodation) are derived using the market approach. Market evidence of sales prices of comparable assets in close proximity is used to determine price per square metre.

Level 3 assets

Land assets (High utility land use assets)

High Utility land values are measured by drawing comparison between the subject asset as a going concern and market pricing data of assets having similar utility and service capacity.

The assessed Highest & Best Use Value is based upon comparable utility transactions and is adjusted for valuation deferment recognition. Valuation deferment is the practice of delaying the recognition or calculation of an asset's value until a future date, primarily used to manage uncertainty, account for value over time, restrictions on ownership and current use considerations. The value of the land reflects differences between public and private sector market associated with title conversion, time deferments, and other factors including encumbrances, title status, management orders or lease conditions.

Land assets (Low utility land use assets)

Low Utility land values are applied to land highly encumbered by community service obligations or infrastructure, where the economic highest and best alternate land use is not permitted. Land Values determined under this methodology take into consideration the legal, physical, economic and socio-political factors that inhibit economic highest and best use alternatives.

Fair value measurement of the public sector land draws on the values from the primary real estate market, based on comparable utility with an underlying going concern assumption.

Building assets

Fair value for current use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications, adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

Valuation using current replacement cost utilises the significant Level 3 input of obsolescence estimated by Landgate. The fair value measurement is sensitive to the estimate of obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings.

The Department has not included any professional and project management fees as the buildings valued using the current use type approach are either immaterial in value or heritage listed.

Notes to the financial statements

Fair value measurements using significant unobservable inputs (Level 3)

2026	Land ($000)	Buildings ($000)
Fair value at start of period	230,864	120,840
Revaluation increments recognised in Profit or Loss	-	617
Revaluation increments recognised in Other Comprehensive Income	45,050	8,187
Depreciation expense	-	(2,939)
Fair value at end of period	**275,914**	**126,705**
Total gains or losses for the period included in profit or loss	-	617

2025	Land ($000)	Buildings ($000)
Fair value at start of period	97,513	57,948
Transfers from Level 2	33,328	40,815
Revaluation increments recognised in Profit or Loss	3,234	24,409
Revaluation increments recognised in Other Comprehensive Income	96,789	-
Depreciation expense	-	(2,332)
Fair value at end of period	**230,864**	**120,840**
Total gains or losses for the period included in profit or loss	3,234	24,409

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's guidance deem valuations of land and buildings to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on a current use basis (presumed to be the highest and best use), which recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

9. Other disclosures

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

Notes to the financial statements

9.1 Events occurring after the end of the reporting period

The Department is unaware of any event occurring after reporting date that will materially affect the financial statements.

9.2 Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 9 – Requirement 4 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 9. Where applicable, the Department plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
Operative for reporting periods beginning on/after 1 Jan 2026		
AASB 2024-2	***Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*** This Standard amends AASB 7 and AASB 9 as a consequence of the issuance of *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7) by the International Accounting Standards Board in May 2024. The Department has not assessed the impact of the Standard.	**1 Jan 2026**
AASB 2024-3	***Amendments to Australian Accounting Standards – Annual Improvements Volume 11*** This Standard amends AASB 1, AASB 7, AASB 9, AASB 10 and AASB 107 as a consequence of the issuance of *Annual Improvements to IFRS Standards – Volume 11* by the International Accounting Standards Board in July 2024. The Department has not assessed the impact of the Standard.	**1 Jan 2026**
Operative for reporting periods beginning on/after 1 Jan 2028		
AASB 2014-10	***Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*** This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. There is no financial impact.	**1 Jan 2028**

Notes to the financial statements

AASB 2024-4b	***Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*** This Standard defers (to 1 January 2028) 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. There is no financial impact.	**1 Jan 2028**
AASB 18(NFP/super)	***Presentation and Disclosure in Financial Statements [for not-for-profit and superannuation entities]*** This Standard replaces AASB 101 with respect to the presentation and disclosure requirements in financial statements applicable to not-for-profit and superannuation entities This Standard is a consequence of the issuance of IFRS 18 *Presentation and Disclosure in financial Statements* by the International Accounting Standards Board in April 2024. This Standard also makes amendments to other Australian Accounting Standards set out in Appendix D of this Standard. The Department has not assessed the impact of the Standard.	**1 Jan 2028**

Notes to the financial statements

9.3 Key management personnel

The Department has determined key management personnel to include cabinet ministers and senior officers of the Department. The Department does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances* .

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Department for the reporting period are presented within the following bands:

Compensation band ($)	**2026**	**2025**
1,000,001 - 1,050,000	-	1
500,001 - 550,000	1	-
400,001 - 450,000	1	3
350,001 - 400,000	1	1
300,001 - 350,000	1	1
250,001 - 300,000	2	-
200,001 - 250,000	1	1
100,001 - 150,000	1	2

	2026 ($000)	**2025 ($000)**
Short-term employee benefits	2,144	2,651
Post employment benefits	227	292
Other long term benefits	178	242
Termination benefits	-	285
Total compensation of senior officers	**2,549**	**3,470**

Total compensation includes the superannuation expense incurred by the Department in respect of senior officers.

9.4 Related party transactions

The Department is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Department include:

- all cabinet ministers and their close family members, and their controlled or jointly
- all senior officers and their close family members, and their controlled or jointly
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, the Department is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Significant transactions include:

- managed building works revenue for the planning, delivery, management and maintenance of government buildings (Note 4.1);
- vehicle fleet lease rental revenue from vehicle leasing arrangements (Note 4.1);
- revenue from government office accommodation (Note 4.1);
- Service appropriations (Note 4.1);
- provide vehicle finance leases (Note 7.3);
- remuneration for services provided by the Auditor General (Note 9.6);
- provide corporate services, accommodation leasing and fitout services (Note 9.12);
- Balances transferred under restructure of administrative arrangements (Note 9.8, Note 11.1);

Notes to the financial statements

Material transactions with other related parties
During the year, the Department paid $20,048,560 in employee superannuation contributions to the Government Employees Superannuation Board.

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

9.5 Related and affiliated bodies
The Department has no related or affiliated bodies.

9.6 Remuneration of auditors
Remuneration paid or payable to the Auditor General in respect of the audit for the reporting period is as follows:

	2026 ($000)	2025 ($000)
Auditing the accounts, financial statements, controls, and key performance indicators	315	644

9.7 Non-current assets classified as assets held for sale
The Department does not have non-current assets held for sale.

9.8 Equity

<u>**Contributed equity**</u>	2026 ($000)	2025 ($000)
Balance at start of period	1,106,332	1,086,106
Contributions by owners		
Capital appropriation	99	30,836
Other contributions by owners		
Transfer in from Housing Authority	1,413	-
Digital Capability Fund	-	1,498
Total contributions by owners	**1,512**	**32,334**
Distribution to owners		
Asset Maintenance Fund	-	(108)
State Fleet transfer to consolidated account	-	(12,000)
Total distributions to owners	**-**	**(12,108)**
Restructure of administrative arrangements		
Net liabilities transferred in from Department of Communities	(41,487)	-
Net asset transferred out	(38,452)	-
Total contributed equity at end of period	**1,027,905**	**1,106,332**

<u>**Reserves**</u>	2026 ($000)	2025 ($000)
Balance at start of period	96,789	-
Changes in asset revaluation surplus		
Land	49,262	96,789
Buildings	8,187	-
Total asset revaluation surplus at end of period	**154,238**	**96,789**

Notes to the financial statements

9.9 Special purpose account - administered

	2026 ($000)	2025 ($000)
Departmental Receipts in Suspense - State Revenue [(a)]		
The purpose of the special purpose account is to hold funds pending identification of the purpose of which those monies were received or identification of where those monies are to be credited or paid.		
Balance at the start of period	-	1
Receipts	-	-
Payments	-	-
Balance at end of period	**-**	**1**
Indian Ocean Territories [(a)]		
The purpose of the special account is to hold taxation collections pending transfer to the Commonwealth of Australia in accordance with the Service Level Agreement entered into with the Commonwealth.		
Balance at the start of period	-	251
Receipts	-	3,538
Payments	-	(3,515)
Balance at end of period	**-**	**274**

(a) The two special purpose accounts have been transferred to Department of Treasury and Finance on 1 July 2025 as a result of Public Sector Reform 2025.

9.10 Supplementary financial information

(a) Write-offs

During the financial year, $2.08 million vehicle assets was written off by the Department under the authority of:

	2026 ($000)	2025 ($000)
The accountable authority	2,083	6,681
The Minister	-	5,513
The Treasurer	-	-
	2,083	**12,194**

(b) Write-offs by category

	2026 ($000)	2025 ($000)
Public assets	2,083	2,630
Debts due to the State	-	9,564
	2,083	**12,194**

9.11 Service delivery arrangements Indian Ocean Territories

	2026 ($000)	2025 ($000)
Receipts		
Commonwealth receipts	22,182	11,976
	22,182	**11,976**
Payments		
Consultants and contractors	13,857	10,378
Administration and other costs	1,642	1,120
Payroll Tax and business franchise	-	37
Duties	-	1
Land Tax	-	5
Compliance	-	34
	15,499	**11,575**
Surplus for the period	6,683	401
Balance brought forward	1,037	624
Balance carried forward	**7,720**	**1,025**

Notes to the financial statements

9.12 Resources 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 Department:

	2026 ($000)	2025 ($000)
Child and Adolescent Health Service	238	-
Department of Communities	1,409	980
Department of Creative Industries, Tourism and Sport	195	-
Department of Education	210	205
Department of Energy, Mines, Industry Regulation and Safety	-	609
Department of Health	457	653
Department of Justice	2,107	2,379
Department of Local Government, Industry Regulation and Safety	200	-
Department of Local Government, Sport and Cultural Industries	-	403
Department of Mines, Petroleum and Exploration	64	-
Department of Planning, Lands and Heritage	136	587
Department of Primary Industries and Regional Development	417	692
Department of the Premier and Cabinet	1,696	1,631
Department of Training and Workforce Development	137	330
Department of Transport and Major Infrastructure	385	640
Department of Treasury and Finance	24,535	6,218
Department of Water and Environmental Regulation	190	186
Equal Opportunity Commission	-	126
Housing Authority	91	-
Landgate	451	74
Legal Aid Western Australia	110	-
Office of the Auditor General	-	13
Office of the Director of Public Prosecutions	208	208
Parliamentary Services Department	1,077	847
Public Sector Commission	-	27
State Solicitor's Office	356	355
The Ombudsman	-	13
Western Australia Police Force	386	373
Other Agencies[(a)]	798	893
	35,852	**18,442**

(a) Includes 31 agencies in 2026 and 32 agencies in 2025.

Notes to the financial statements

10. Explanatory Statements

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

	Notes
Explanatory statement for controlled operations	10.1
Explanatory statement for administered items	10.2

10.1 Explanatory statement for controlled operations

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

All variances between annual estimates (original budget) and actual results for 2026, and between the actual results for 2026 and 2025 are shown below. Narratives are provided for major variances which are more than 10% of the comparative and which are also more than 1% of the following (as appropriate):

1) Estimate and actual results for the current year:
   -Total Cost of Services of the annual estimates for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of $2,251,286,000), and
   - Total Assets of the annual estimates for the Statement of financial position (i.e. 1% of $3,429,229,000).
2) Actual results between the current year and the previous year:
   -Total Cost of Services of the previous year for the Statements of comprehensive income and Statement of cash flows (i.e. 1% of $1,992,322,000), and
   - Total Assets of the previous year for the Statement of financial position (i.e. 1% of $3,486,666,000).

10.1.1 Statement of comprehensive income variances

	Variance note	Estimate 2026[(a)] ($000)	Actual 2026 ($000)	Actual 2025 ($000)	Variance between actual and estimate ($000)	Variance between actual results for 2026 and 2025 ($000)
Expenses						
Employee benefits expense	1	129,124	293,087	169,563	163,963	123,524
Supplies and services	2	1,744,583	1,479,324	1,458,442	(265,259)	20,882
Depreciation and amortisation expense		278,508	252,896	253,831	(25,612)	(935)
Finance costs		64,254	65,788	65,841	1,534	(53)
Accommodation expenses		32,353	47,452	41,911	15,099	5,541
Grants and subsidies		-	-	-	-	-
Other expenses		2,464	1,457	2,734	(1,007)	(1,277)
Total cost of services		**2,251,286**	**2,140,004**	**1,992,322**	**(111,282)**	**147,682**
Income						
Commonwealth grants		4,700	10,976	11,497	6,276	(521)
Other income	3	5,953	30,505	77,797	24,552	(47,292)
Total income		**10,653**	**41,481**	**89,294**	**30,828**	**(47,813)**
Net cost of services		**2,240,633**	**2,098,523**	**1,903,028**	**(142,110)**	**195,495**
Income from State Government						
Service appropriation	4	161,243	151,121	220,082	(10,122)	(68,961)
Income from other public sector entities	5	2,102,758	2,034,848	1,785,217	(67,910)	249,631
Resources received		2,000	216	16,410	(1,784)	(16,194)
Royalties for Regions Fund		77	-	52	(77)	(52)
Total income from State Government		**2,266,078**	**2,186,185**	**2,021,761**	**(79,893)**	**164,424**
Surplus/(deficit) for the period		**25,445**	**87,662**	**118,733**	**62,217**	**(31,071)**
Other comprehensive income						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	57,449	96,789	57,449	(39,340)
Total other comprehensive income		-	57,449	96,789	57,449	(39,340)
Total comprehensive income for the period		**25,445**	**145,111**	**215,522**	**119,666**	**(70,411)**

(a) These estimates are published in the State Budget 2025-26, Budget Papers No.2 ‘Budget Statements’.

Notes to the financial statements

Major estimate and actual (2026) variance narratives

1 The higher 2026 actual compared with the Estimate is mainly due to Department of Housing and Works administering Housing Authority employment benefits following the Public Sector Reform. The associated transfer of budget occurred at the 2025-26 Mid-year Review and was therefore not reflected in the 2026 estimate.

2 The lower actual in 2026 compared to the estimate reflects the transfer of the Major Projects function to the Department of Transport and Major Infrastructure (DTMI) under the Public Sector Reform, effective 1 January 2026. As a result, the estimate reflects a full year of expenditure, while actual expenditure is for six months only up to 31 December 2025.

3 The higher actual in 2026 when compared to the estimate is mainly due to the gain on revaluation of the Department's Buildings.

Major actual (2026) and comparative (2025) variance narratives

1 The higher actual result in 2026 compared with 2025 is primarily due to the transfer of Housing Authority employees from the Department of Communities on 1 July 2025 as part of the Public Sector Reform.

3 The higher 2025 actual reflects a revaluation gain on land and buildings along with a gain on termination of accommodation leases relating to the reporting of AASB16 leases.

4 The lower actual in 2026 compared to the 2025 actual is primarily due to Public Sector Reform transfers, including the transfer of Revenue WA and Procurement functions and associated appropriation funding to the Department of Treasury and Finance, and the transfer of Major Projects and associated appropriation funding to the Department of Transport and Major Infrastructure.

5 The increase in 2026 is as a result of higher recovery of costs in line with the increased capital works expenditure managed on behalf of other Government agencies and Service Delivery Agreement revenue from Housing Authority relating to recoup of employee benefits.

Notes to the financial statements

10.1.2 Statement of financial position variances

	Variance note	Estimate 2026[(a)] ($000)	Actual 2026 ($000)	Actual 2025 ($000)	Variance between actual and estimate ($000)	Variance between actual results for 2026 and 2025 ($000)
Assets						
Current Assets						
Cash and cash equivalents		59,973	169,710	138,097	109,737	31,613
Restricted cash and cash equivalents		624	7,720	1,025	7,096	6,695
Receivables		73,200	56,391	97,749	(16,809)	(41,358)
Finance lease receivables		509	835	758	326	77
Amounts receivable for services		540	540	540	-	-
Contract assets	1	73,118	53,561	116,769	(19,557)	(63,208)
Other current assets		9,412	13,118	9,252	3,706	3,866
Total Current Assets		**217,376**	**301,875**	**364,190**	**84,499**	**(62,315)**
Non-Current Assets						
Receivables		3,733	10,303	4,620	6,570	5,683
Finance lease receivables		2,018	2,926	2,843	908	83
Amounts receivable for services		1,013,873	1,012,437	949,420	(1,436)	63,017
Property, equipment, plant and vehicles	2	887,249	1,032,648	955,464	145,399	77,184
Right-of-use assets	3	1,304,980	1,114,535	1,174,673	(190,445)	(60,138)
Intangible assets		-	786	35,429	786	(34,643)
Other non-current assets		-	-	27	-	(27)
Total Non-Current Assets		**3,211,853**	**3,173,635**	**3,122,476**	**(38,218)**	**51,159**
Total Assets		**3,429,229**	**3,475,510**	**3,486,666**	**46,281**	**(11,156)**
Liabilities						
Current Liabilities						
Payables		93,644	91,090	155,567	(2,554)	(64,477)
Borrowings		7,277	7,833	7,550	556	283
Lease liabilities		216,645	234,782	219,961	18,137	14,821
Employee related provisions	4	26,195	64,024	35,735	37,829	28,289
Contract liabilities		24,507	45,260	19,846	20,753	25,414
Other provisions		735	2,004	859	1,269	1,145
Other current liabilities		2,677	6,359	13,110	3,682	(6,751)
Total Current Liabilities		**371,680**	**451,352**	**452,628**	**79,672**	**(1,276)**
Non-Current Liabilities						
Payables		-	297	297	297	-
Borrowings		53,392	53,458	53,657	66	(199)
Lease liabilities	5	1,528,630	1,240,608	1,320,915	(288,022)	(80,307)
Employee related provisions		4,967	14,382	9,301	9,415	5,081
Other provisions		2,805	1,603	2,742	(1,202)	(1,139)
Total Non-Current Liabilities		**1,589,794**	**1,310,348**	**1,386,912**	**(279,446)**	**(76,564)**
Total liabilities		**1,961,474**	**1,761,700**	**1,839,540**	**(199,774)**	**(77,840)**
Net Assets		**1,467,755**	**1,713,810**	**1,647,126**	**246,055**	**66,684**
Equity						
Contributed equity		1,097,769	1,027,905	1,106,332	(69,864)	(78,427)
Reserves		-	154,238	96,789	154,238	57,449
Accumulated surplus/(deficit)		369,986	531,667	444,005	161,681	87,662
Total equity		**1,467,755**	**1,713,810**	**1,647,126**	**246,055**	**66,684**

(a) These estimates are published in the State Budget 2025-26, Budget Papers No.2 ‘Budget Statements’.

Notes to the financial statements

Major estimate and actual (2026) variance narratives

2 The higher actual in 2026 when compared to the estimate is mainly due to the gain on revaluation of the Department's Land and Buildings.

3 The higher estimates when compared to actual anticipates a higher number of new leases to be entered into or renegotiated during the financial year.

4 The higher 2026 actual when compared to the estimate reflects the employee provisions transferred in from the Department of Communities relating to the Housing Authority as a result of the Public Sector Reform effective 1 July 2026.

5 The higher estimates when compared to actual anticipates a higher number of new leases to be entered into or renegotiated during the financial year.

Major actual (2026) and comparative (2025) variance narratives

1 The lower 2026 actual when compared to 2025 reflects a reduction in capital works carried out by the Department as a result of the transfer of the Major Projects function to the Department of Transport and Major Infrastructure from 1 January 2026 as part of the Public Sector Reform initiative.

Notes to the financial statements

10.1.3 Statement of cash flows variances

	Variance note	Estimate 2026[(a)] ($000)	Actual 2026 ($000)	Actual 2025 ($000)	Variance between actual and estimate ($000)	Variance between actual results for 2026 and 2025 ($000)
Cash flows from State Government						
Payments						
Repayments of Treasurer's Advance	1	-	(50,000)	-	(50,000)	(50,000)
Payments to Department of Treasury and Finance		-	(2,242)	-	(2,242)	(2,242)
Receipts						
Receipts of Treasurer's Advance	2	-	50,000	-	50,000	50,000
Service appropriation	3	97,854	88,035	149,421	(9,819)	(61,386)
Capital appropriations	4	2,521	99	32,334	(2,422)	(32,235)
Funds from other public sector entities	5	2,110,306	1,937,509	1,717,427	(172,797)	220,082
Holding account drawdowns		69	69	540	-	(471)
Royalties for Regions Fund		77	-	52	(77)	(52)
Service delivery arrangement	6	-	177,420	6,674	177,420	170,746
Distribution to owners		-	-	(12,108)	-	12,108
Net cash provided by State Government		**2,210,827**	**2,200,890**	**1,894,340**	**(9,937)**	**306,550**
Cash flows from operating activities						
Payments						
Employee benefits	7	(128,834)	(307,350)	(162,119)	(178,516)	(145,231)
Supplies and services	8	(1,755,007)	(1,510,359)	(1,381,709)	244,648	(128,650)
Finance costs		(63,689)	(65,603)	(55,918)	(1,914)	(9,685)
Accommodation		(34,086)	(48,588)	(41,309)	(14,502)	(7,279)
Grants and subsidies		-	-	-	-	-
GST payments on purchases	9	(130,364)	(188,502)	(175,797)	(58,138)	(12,705)
GST payments to taxation authority	10	(3,234)	(22,955)	(7,644)	(19,721)	(15,311)
Payments for restoration		-	-	(6,500)	-	6,500
Other payments		(13,636)	(3,376)	(3,340)	10,260	(36)
Receipts						
Commonwealth grants		4,700	22,182	11,976	17,482	10,206
GST receipts on sales	11	121,830	200,857	178,571	79,027	22,286
GST receipts from taxation authority		12,374	11,051	6,127	(1,323)	4,924
Other receipts		4,968	7,074	14,997	2,106	(7,923)
Net cash provided by/(used in) operating activities		**(1,984,978)**	**(1,905,569)**	**(1,622,665)**	**79,409**	**(282,904)**
Cash flows from investing activities						
Payments						
Purchase of non-current assets		(103,998)	(125,495)	(131,100)	(21,497)	5,605
Receipts						
Other receipts		5,000	-	-	(5,000)	-
Proceeds from sale of non-current assets		30,239	43,864	42,081	13,625	1,783
Net cash provided by/(used in) investing activities		**(68,759)**	**(81,631)**	**(89,019)**	**(12,872)**	**7,388**
Cash flows from financing activities						
Payments						
Principal elements of lease payments		(175,437)	(182,294)	(187,466)	(6,857)	5,172
Payment to accrued salaries account		-	(1,619)	(887)	(1,619)	(732)
Repayment of borrowings		-	(30)	-	(30)	(30)
Receipts						
Finance leases receipts		5,143	884	683	(4,259)	201
Receipts from lease incentives		-	7,677	7,542	7,677	135
Net cash provided by/(used in) financing activities		**(170,294)**	**(175,382)**	**(180,128)**	**(5,088)**	**4,746**
Net increase/(decrease) in cash and cash equivalents		(13,204)	38,308	2,528	51,512	35,780
Cash and cash equivalents at the beginning of the period		82,012	139,122	136,594	57,110	2,528
Cash and cash equivalents at the end of the period		**68,808**	**177,430**	**139,122**	**108,622**	**38,308**

(a) These estimates are published in the State Budget 2024-25, Budget Papers No.2 'Budget Statements'.

Notes to the financial statements

Major estimate and actual (2026) variance narratives

1 The higher actual in 2026 compared to the estimate reflects the repayment of a Treasurer's Advance used to support short term cash flow requirements for the Department's non-residential building construction, maintenance and leased office accommodation activities. The repayment was not included in the 2025-26 Budget estimate.

2 The higher 2026 actual compared to the estimate reflects the receipt of a Treasurer's Advance to support short term cash flow requirements for the Department's non-residential building construction, maintenance and leased office accommodation activities. The receipt was not included in the 2025-26 Budget estimate.

6 The higher 2026 actual compared to the estimates is mainly due to Department of Housing and Works administering Housing employment costs on behalf of Housing Authority following the Public Sector Reform. The associated employment costs have been recovered through Service Delivery Agreement revenue.

7 The higher 2026 actual compared with the estimate is primarily due to the transfer of Housing Authority employees from the Department of Communities on 1 July 2025 as part of the Public Sector Reform. The associated budget transfer occurred at the 2025-26 Mid-year Review and was therefore not reflected in the estimate.

8 The lower actual in 2026 compared to the estimate reflects the transfer of the Major Projects function to the Department of Transport and Major Infrastructure (DTMI) under the Public Sector Reform, effective 1 January 2026. As a result, the estimate included a full year of expenditure, while actual expenditure reflects only six months up to 31 December 2025.

9 The higher 2026 actual is primarily due to higher than forecast GST on payments to contractors. This is mainly due to an increase in capital works expenditure managed on behalf of other Government agencies.

11 The higher 2026 actual when compared to estimate is mainly due to higher GST receipts from customers resulting from an increases in capital works program managed on behalf of other Government agencies.

Major actual (2026) and comparative (2025) variance narratives

1 The higher 2026 actual compared to the 2025 actual reflects the repayment of a Treasurer's Advance used to support short term cash flow requirements for the Department's non-residential building construction, maintenance and leased office accommodation activities.

2 The higher in 2026 actual compared to the 2025 actual reflects the receipt of a Treasurer's Advance to support short term cash flow requirements for the Department's non-residential building construction, maintenance and leased office accommodation activities.

3 The lower 2026 actual compared to the 2025 actual is primarily due to Public Sector Reform transfers, including the transfer of Revenue WA and Procurement functions and associated appropriation funding to the Department of Treasury and Finance, and the transfer of Major Projects and associated appropriation funding to the Department of Transport and Major Infrastructure.

4 The lower 2026 actual compared to the 2025 actual reflects the cessation of fixed term capital funding for the Government Office Accommodation program and the transfer of Revenue WA capital funding to the Department of Treasury and Finance following the Public Sector Reform.

5 The higher 2026 actual is as a result of higher recovery of costs in line with the increased capital works expenditure managed on behalf of other Government agencies.

6 The higher actual result in 2026 compared with 2025 is primarily due to the transfer of Housing Authority employees from the Department of Communities on 1 July 2025 as part of the Public Sector Reform. The associated employment costs have been recouped through Service Delivery Agreement revenue.

7 The higher actual result in 2026 compared with 2025 is primarily due to the transfer of Housing Authority employees from the Department of Communities on 1 July 2025 as part of the Public Sector Reform.

11 The increase in 2026 actual when compared to 2025 is mainly due to higher GST receipts from customers resulting from an increase in the capital works program managed on behalf of other Government agencies.

Notes to the financial statements

10.2 Explanatory statement for administered Items

This explanatory section explains variations in the financial performance of the Department undertaking transactions that it does not control but has responsibility to the government for, as detailed in the administered schedules.

All variances between annual estimates and actual results for 2026, and between the actual results for 2026 and 2025 are shown below.

Narratives are provided for major variances which are more than 10% of the comparative and which are more than 1% of the Total Administered Income in the comparative (i.e. 1% of $39,800,000 for the current year and 1% of $22,472,724,000 for the previous year in the table below).

	Variance note	Estimate 2026[a] ($000)	Actual 2026 ($000)	Actual 2025 ($000)	Variance between estimate and actual ($000)	Variance between actual results for 2026 and 2025 ($000)
INCOME FROM ADMINISTERED ITEMS						
Income	1					
Taxation						
Insurance duty		-	-	1,073,242	-	(1,073,242)
Land tax		-	-	906,912	-	(906,912)
Payroll tax		-	-	5,823,770	-	(5,823,770)
Transfer duty		-	-	3,106,353	-	(3,106,353)
Foreign Buyer Surcharge		-	-	28,709	-	(28,709)
Landholder duty		-	-	263,285	-	(263,285)
Vehicle licence duty		-	-	793,423	-	(793,423)
Other income		-	-	303,917	-	(303,917)
Royalties		-	-	9,806,218	-	(9,806,218)
Other revenue						
Other revenue		39,800	38,879	40,052	(921)	(1,173)
Appropriations						
Administered grants and transfer payments		-	-	206,513	-	(206,513)
First Home Owners Grant Act 2000		-	-	41,774	-	(41,774)
Petroleum (Submerged Lands) Act 1982		-	-	-	-	-
Collections raised on behalf of other agencies		-	-	78,556	-	(78,556)
Total administered income		**39,800**	**38,879**	**22,472,724**	**(921)**	**(22,433,845)**
Expenses	2					
Grants and subsidies						
Administered grants, subsidies and other transfer payments		-	-	206,514	-	(206,514)
First Home Owners Scheme		-	-	41,774	-	(41,774)
Petroleum (Submerged Lands) Act 1982		-	-	-	-	-
Other expenses[b]		39,854	38,879	22,209,574	(975)	(22,170,695)
Collections transferred to other agencies		-	-	78,609	-	(78,609)
Total administered expenses		**39,854**	**38,879**	**22,536,471**	**(975)**	**(22,497,592)**

(a) These estimates were published in the 2025-26 State Budget, Budget Papers No.2 'Budget Statements'.

(b) This category relates to revenue collected by the Department that is then paid on to the Consolidated Account.

Notes to the financial statements

Major actual (2026) and comparative (2025) variance narratives

1 The higher 2025 actual relates to Revenue WA collection of royalties and taxation income. The Revenue WA function was transferred to the Department of Treasury and Finance effective 1 July 2025 following the Public Sector Reform.

2 The higher 2025 actual relates to Revenue WA collection of royalties and taxation income and the subsequent payment to the Government of Western Australia Consolidated Account. The Revenue WA function was transferred to the Department of Treasury and Finance effective 1 July 2025 following the Public Sector Reform.

Notes to the financial statements

11. Restructure of administrative arrangements

This section summarises the assets and liabilities transferred during restructures of administrative arrangments during the reporting period in accordance with AASB 1004.

Restructuring of administrative arrangements (controlled) as at transfer date	11.1
Restructuring of administrative arrangements (administered) as at transfer date	11.2

11.1 Restructuring of administrative arrangements (controlled) as at transfer date and an effective date 1 July 2025 for Department of Treasury and Finance, Department of Communities and 1 January 2026 for Department of Transport and Major Infrastructure.

Any net assets received by, or transferred from, the Department as a result of the administrative restructure are recognised in the financial statements as a contribution by owners or distribution to owners, respectively.

	Transfers In	Transfers Out	
	Department of Communities ($000)	Department of Treasury and Finance ($000)	Department of Transport and Major Infrastructure ($000)
Assets			
Cash and cash equivalents	-	15,600	3,278
Receivables	5716	1,694	-
Property, equipment, plant and vehicles	-	32	-
Intangible assets	-	34,526	-
Total Assets	**5716**	**51,852**	**3,278**
Liabilities			
Payables	-	236	-
Other	-	1,284	-
Employee related provisions	47,202	11,880	3,278
Total Liabilities	**47,202**	**13,400**	**3,278**
Net Transfers in	**(41,487)**	**Net Transfers Out**	**(38,452)**

Notes to the financial statements

11.2 Restructuring of administrative arrangements (administered) as at transfer date and an effective date 1 July 2025 for Department of Treasury and Finance

These balances are not reflected in the Department's financial statements but are provided for information purpose.

	Transfers Out
	Department of Treasury and Finance ($000)
Assets	
Taxation receivable	1,044,290
Royalties receivable	2,572,464
Other receivables	399
Other current assets	13,015
Total Assets	**3,630,168**
Liabilities	
Other payables	13,414
Total Liabilities	**13,414**
Net Transfers Out	**3,616,754**

Key Performance Indicators

Certification of Key Performance Indicators

For the year ended 30 June 2026

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Housing and Works' performance, and fairly represent the performance of the Department for the financial year ended 30 June 2026.

Leon McIvor
Director General
26 August 2026

Key Performance Indicators

Performance Assessment

Outcomes

The Government desired outcomes that the Department works to achieve through its services are:

Government goal	Desired outcomes	Services
Strong and Sustainable Finances: **Responsible, achievable, affordable budget management.**	Value for money from public sector procurement.	1. Development and Management of State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts
	Value for money from the management of the Government's non-residential buildings and public works.	2. Leads the Planning, Delivery, Management and Maintenance of Government Buildings, Projects and Office Accommodation
	Efficient and effective corporate services provided to client agency.[a]	3. Corporate Support – Transitional Arrangements[a]

(a) On 26 June 2026, the Department received a Treasurer's Direction under section 61(1)(b) of the *Financial Management Act 2006*, confirming that it is not required to report key performance indicators for this outcome and service.

Measuring the performance

The Department of Housing and Works measures its performance through statistical information. Statistical indicators are included to help report performance in both outcome and service areas. The use of in-house statistical data complements the survey-based results and adds scope and objectivity to the sources of information used in measuring our performance.

Key Effectiveness Indicators

Outcome 1

Value for money from public sector procurement

This outcome aims to deliver value-for-money procurement services and frameworks across the Western Australian public sector. Value-for-money is a key policy objective and ensures public authorities achieve the best possible outcome for the amount of money spent when purchasing goods and services.

Value-for-money from public sector procurement is considered effective when economies of scale are achieved through the aggregation of the acquisition, fleet management and disposal activities for government's light vehicle fleet.

This approach aims to achieve value-for-money outcome across the Government's fleet expenditure and revenue.

Effectiveness 1.1		2025-26 Actual	2025-26 Budget	2024-25 Actual	2023-24 Actual
Average annual vehicle net capital cost[(a)] Per passenger vehicle	($)	3,575[(1)]	3,200	2,954	2,922
Per commercial vehicle	($)	4,013	4,100	3,781	3,577

(a) This indicator measures the Department's effectiveness in minimising purchase prices and maximising sale proceeds, through pro-active fleet and procurement management. Splitting the measure into two categories minimises fluctuations attributed to a greater or lesser ratio of replacements from either category, allowing for better year to year comparative assessments to be made.

(1) The increase in the 2025-26 actual compared to the previous year and target is due to higher-than-anticipated average purchase prices for new passenger vehicles.

Key Performance Indicators

Key Efficiency Indicators

Service 1

Development and Management of State Fleet Leasing and Disposal and Providing Facilitation Service for Agency Specific Contracts

The Department provides a whole-of-government approach to procurement that efficiently meets the business needs of government agencies, manages risk and delivers value-for-money.

In facilitating the development of client agency contracts and management of State Fleet arrangements, the Department must effectively manage the cost of service delivery to support agencies in achieving value-for-money outcomes.

State Fleet is responsible for managing the government's light vehicle fleet, focusing on strategic procurement, contract management and vehicle lifecycle planning. Through centrally negotiated vehicle contracts, it helps agencies access cost-effective fleet solutions while supporting whole-of-government objectives such as sustainability, efficiency and standardisation. The key performance indicator (KPI) assesses State Fleet's administrative cost efficiency in financing and managing the leasing of government vehicles.

To complement its whole-of-government oversight, the Department also monitors an agency-specific contract KPI to evaluate the operational effectiveness of procurement facilitation services. This KPI provides valuable insights into how efficiently the Department facilitates the development of agency-specific contracts.

Efficiency 1.1		2025-26 Actual	2025-26 Budget	2024-25 Actual	2023-24 Actual
Cost of facilitating the development and management of agency specific contracts as a percentage of the contract award value[(a)]	(%)	1.1[(1)]	1.0	0.9	0.93

(a) This indicator measures how efficient the Department has been in facilitating the development and management of agency specific contracts. This indicator is calculated by dividing the total of direct and overhead costs for the service by the estimated total contract value of facilitated processes through the Tenders WA system. Contracts valued greater than $300 million are excluded from this measure.

(1) The higher 2025-26 actual is predominantly due to the actual value of contracts awarded being lower than anticipated.

Efficiency 1.2		2025-26 Actual	2025-26 Budget	2024-25 Actual	2023-24 Actual
Average administrative cost per vehicle for financing and managing the State Fleet service[(b)]	($)	117[(2)]	118	135[(2)]	122

(b) This indicator measures State Fleet's administrative cost efficiency in financing and managing the leasing of government vehicles.

(2) The decrease in 2025-26 actual compared to 2024-25 actual reflects a one-off increase in State Fleet administration costs in 2024-25, driven by project team costs associated with developing the Electric Vehicle Charging Infrastructure Project (EVCIP) Business Case. As managed vehicle numbers remained relatively stable, these additional costs increased the administration cost per vehicle in 2024-25 only.

Key Effectiveness Indicators

Outcome 2

Value for money from the management of the Government's nonresidential buildings and public works

The Department provides a range of services to deliver the State Government's non-residential building program, which include construction of Government non-residential buildings, management of maintenance for Government buildings, and management of the Government's office accommodation portfolio.

Effectiveness 2.1		2025-26 Actual	2025-26 Budget	2024-25 Actual	2023-24 Actual
Percentage of new building projects, valued over $5 million, delivered within the approved budget [(a)]	(%)	100	100	100	100

(a) This indicator captures projects with an estimated total cost greater than $5 million that reached handover in the financial year. A project is considered handed over when construction has reached practical completion and/or an occupancy permit has been issued (only for new buildings). The calculation compares the anticipated final cost for each project with its current approved budget. Achievement of projects on-budget is an important requirement for client agencies and is a key contributor to value-for-money outcomes. The approved budget is determined by adjusting the original budget by allowable variations requested by the client agency or which fall outside the Department's control, noting the potential delays that can occur within client agencies where additional funding is required to close out a project.

Effectiveness 2.2		2025-26 Actual	2025-26 Budget	2024-25 Actual	2023-24 Actual
Average office accommodation floor space per work point [(b)]	(m^2)	12.51	12.7	12.91	13.03

(b) This indicator refers to the average workspace density across the office accommodation portfolio and calculated at the whole-of-government level (excluding Parliamentary Electorate Offices and Ministerial suites). A work point includes a desk in open plan or an enclosed office or section of a counter or reception at which it would be reasonable to expect one person to carry out ongoing office work.

Key Performance Indicators

Key Efficiency Indicators

Service 2

Leads the planning, delivery, management and maintenance of government buildings, projects and office accommodation

This service leads the planning, delivery and management of a property portfolio that supports the delivery of government services to the community including the delivery of new building works, maintenance programs for existing buildings and office accommodation.

Efficiency 2.1		2025-26 Actual	2025-26 Budget	2024-25 Actual	2023-24 Actual
Percentage of new building projects valued over $5 million, delivered by the approved timeframes[a]	(%)	93	90	92	97

(a) This indicator measures the percentage of projects with current approved budgets greater than $5 million that have been handed over to the client agency in the current financial year. A project is considered handed over when construction has reached practical completion and/or an occupancy permit has been issued (only for new buildings). The approved timeframe is the current approved handover date which is determined by adjusting the initial handover date by allowable variations to the scheduled due date.

Efficiency 2.2		2025-26 Actual	2025-26 Budget	2024-25 Actual	2023-24 Actual
Percentage of high priority breakdown repairs completed within agreed timeframes[b]	(%)	68[1]	75	68	68

(b) This indicator measures the percentage of high priority breakdown repairs attended to within the approved timeframe across the State. Timeframes are determined in accordance with the relevant maintenance frameworks. High priority breakdowns are more time-critical and typically include breakdowns or failures that have an immediate adverse effect on the security, safety and/or health of occupants.

(1) The lower 2025-26 actual compared to the target is mainly due to ongoing market challenges impacting the availability of suppliers, weather events and site access constraints.

Efficiency 2.3		2025-26 Actual	2025-26 Budget	2024-25 Actual	2023-24 Actual
The cost of managing government buildings including the planning, project delivery, and maintenance thereof, as a percentage of services delivered[c]	(%)	6.4[2]	7.0	6.8	7.5

(c) This indicator measures the costs of delivering the Department's Building and Contracts services as a percentage of the Works Program Turnover (WPT) costs. WPT costs include total costs for capital works and maintenance, less depreciation, amortisation, finance costs and recouped salaries costs plus agency recoverable rent and variable outgoings for office accommodation services.

(2) The lower 2025-26 actual compared to the target is due to a higher-than-expected works program turnover for Major Projects without a proportional increase in operational costs.

Key Effectiveness Indicators

Outcome 3

Efficient and effective corporate services provided to client agency.

The Department provides interim corporate support to the Department of Treasury and Finance as a result of Public Sector Reform changes.

On 26 June 2026, the Department received a Treasurer's Direction under section 61(1)(b) of the *Financial Management Act 2006*, confirming that it is not required to report key performance indicators for this outcome and service.

Key Efficiency Indicators

Service 3

Corporate Support – Transitional Arrangements

The Department provides interim corporate support to the Department of Treasury and Finance as a result of Public Sector Reform changes.

No key efficiency indicators are reported for this service, consistent with the Treasurer's Direction noted under Outcome 3 above.

Statutory Information

Additional Reporting

Government policy requirements

Consultant expenditure

No consultants were engaged by the Department during the reporting period.

Work health and safety and injury management

DHW fosters a safe and supportive workplace in line with the *Work Health and Safety Act 2020*.

In 2025-26 the Department:

- Continued to progress the Work Health and Safety (WHS) Uplift Project to fully implement the WHS management system to align with WHS legislative requirements and address specific WHS risks. This included the rollout of a Critical Risk Management Standard.
- Strengthened work health and safety performance through the investigation of reported hazards, incidents, injuries and near misses and implementation of corrective actions and lessons learned to prevent recurrence.
- Ongoing hazard identification, risk assessment and risk control activities were undertaken to manage workplace risks, support compliance with legislative requirements and drive continuous improvement in health, safety and wellbeing. This included targeted initiatives to prevent and mitigate psychosocial hazards across our workplaces.
- Delivered injury management and return to work support for employees recovering from both work related and non-work related injuries or illnesses.
- Performed ergonomic assessments for workstations and office set ups to reduce injury risks.
- Delivered a comprehensive health and wellbeing program.
- Ensured our staff completed mandatory and refresher training for WHS, psychosocial hazards and mental health awareness, including providing WHS training for managers and supervisors.
- Maintained a network of Health and Safety Representatives, First Aid Officers and Emergency Wardens across our locations.

- Conducted quarterly WHS Committee meetings to ensure comprehensive involvement and consultation across the department.
- Delivered the Employee Assistance Program and Manager Assist Program services, supporting the mental health, wellbeing and capability of employees and people leaders.

Indicator	Results – Current Reporting Year 2025-26*	Target	Comments about targets
1. Number of fatalities	Zero (0)	Zero (0)	Achieved
2. Incidence of work related injury or illness	15.85	Reduce by 2% per year and 15% by 2033 compared with 2023	See footnote.
3. Incidence rate of serious claims with one or more weeks' lost time	3.25	Reduce by 2.5% per year and 20% by 2033 compared with 2023	See footnote.
4. Incidence rate of claims resulting in permanent impairment	2.03	Reduce by 2% per year and 15% by 2033 compared with 2023	See footnote.
5. Incidence rate of work-related respiratory disease	Zero (0)	Reduce by 2.5% per year and 20% by 2033 compared with 2023	N/A
6. Managers and supervisors trained in: a) work health and safety as relevant to the PCBU's risk profile; and	78%	Greater than or equal to 80% of cohort trained within last two (2) years	Target not achieved due to new managers commencing at the department in late Q4.
b) injury management	78%	Greater than or equal to 80% of cohort trained within last five (5) years	Target not achieved due to new managers commencing at the department in late Q4.
7. Percentage of workers returned to work on full duties and hours within: a) 13 weeks; and	67%	No target for 13 weeks	N/A
b) 26 weeks	86%	Greater than or equal to 70% returned to work within 26 weeks	Achieved
8. Agency has a WHS management system that has been independently assessed in last five years	Yes	Yes	Achieved

Statutory Information

Indicator	Results – Current Reporting Year 2025-26*	Target	Comments about targets
9. Consultative systems: a) Number of health and safety representatives 1. in total; 2. who have attended HSR training; 3. shown as a percentage of workers; 4. shown as a ratio to the number of workplaces occupied by the Agency; and b) Name/s of health and safety committees and sub-committees	a) 1. 32 2. 23 3. 1.4% 4. 1:1 HSRs per workplace b) Work Health and Safety Committee Executive Health and Safety Committee Operational Health and Safety Committee Local Health and Safety Committees	No target – intended for agency trend information	

* 2025-26 is the first reporting year for the Department of Housing and Works, following formation on 1 July 2025 due to Public Sector Reform.

WA Multicultural Policy Framework

DHW continued to implement the former Department of Finance's Multicultural Framework 2021–2025 under an approved 12-month extension while consideration is given to the future DHW multicultural approach. As a newly established agency, DHW focused on fostering an inclusive workplace and ensuring its services remained responsive to the diverse needs of Western Australians.

During 2025–26, our achievements included:

- Recognising Harmony Week through internal communications and awareness activities that promoted inclusion, belonging and respect across the Department.
- Maintaining corporate membership with Diversity Council Australia, providing employees and leaders with access to contemporary diversity and inclusion resources, learning opportunities and evidence-based guidance to support inclusive workplace practices.
- Progressing implementation planning for the Social Housing Waitlist Reform, which aims to deliver a more transparent, equitable and consistent approach to assessing housing need across Western Australia.
- Continuing to deliver housing programs and initiatives across Western Australia including those in regional communities.
- Continuing to make interpreter and translation services available where required to support equitable access to housing information and services.
- As of March 2026, exceeded the Public Sector Commission aspirational employee representation target, with 21.1 per cent representation of culturally and linguistically diverse employees (PSC target: 15.5%).
- Achieved an Equity Index score of 97.9 for culturally and linguistically diverse employees.

Workforce inclusiveness requirements

The DHW has focused on building strong foundations to support a diverse, inclusive and respectful workplace. During 2025–26, DHW maintained continuity with existing diversity and inclusion (D&I) frameworks while commencing development of a future D&I Plan.

The following was achieved in 2025-26 to increase awareness, understanding and recognition of diversity across the workforce:

- A suite of D&I initiatives to support staff and strengthen engagement.
- Launch of a 2026 D&I calendar, recognising key cultural, diversity and social events across the workforce.
- Expansion of the Aboriginal Employee Network, to support broader workforce participation.
- Establishment and continuation of working groups (e.g. Reconciliation Action Plan, Disability Access and Inclusion Plan) to strengthen inclusive practices.
- Continuing to be a corporate member of Diversity Council of Australia, providing employees with access to resources, learning opportunities and events that support inclusive practices. These resources are actively promoted including through activities aligned to key Days of significance.
- Participation in National Sorry Day, recognised with a minute silence and staff attendance at the Wellington Square commemorative event, marking the start of National Reconciliation Week.
- Partnership with the Department of Workforce Training and Development to acknowledge IDAHOBIT Day and spotlight the lesbian, gay, bisexual, transgender, intersex, queer and asexual plus (LGBTIQA+) Inclusion Strategy 2025-2035.

Other Legal Requirements

Advertising, market research, polling and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, the agency incurred the following expenditure in advertising, market research, polling, direct mail and media advertising.
Total expenditure for 2025-26 being $114,955.

Agency/Organisation	Amount $
Advertising Agencies	
Initiative Media	30,925
Linkedin Singapore Pte Ltd	10,600
Initiative	927
ReconciliationWA	550
Indigenous Employment	505
Indigenous X Pty Ltd	254
Koori Mail	150
Meta	16
Market Research Organisations	
Thinkfield	71,028
Polling Organisations	nil
Direct Mail Organisations	nil
Media Advertising Organisations	nil
Total Expenditure	**114,955**

Statutory Information

Disability access and inclusion plan outcomes

The DHW 2023-2027 Disability Access and Inclusion Plan (DAIP) provides a framework to meet our obligations and for identifying ways we can further improve access and inclusion for our staff, customers, and stakeholders within the Western Australian community.

In 2025-26:

- DHW progressed a range of targeted workforce and workplace initiatives that supported improved access and inclusion, including:
  - Eight targeted recruitment processes were completed, using exemptions under the *Equal Opportunities Act 1984*.
  - Our partnership with JobAccess supported the implementation of workplace adjustments and employee education on inclusive environmental modifications, including the introduction of dimmable lighting at the DHW Djookanup office.
  - A review of the *Reasonable Workplace Adjustment* guidelines and *Staff Passport* to better support neurodiverse employees and promote a more inclusive and accessible workplace.
  - Continued collaboration with Diversity Council Australia to provide employees with access to specialist resources and expertise.
- Disability Access and Inclusion Plan (DAIP) Working Group met regularly to plan and deliver initiatives to increase awareness of access and inclusion and employee engagement.
  Key initiatives included:
  - Delivery of two Connecting Across Diversity workshops, including an online session to support regional employees, increasing understanding of inclusive language and improving collaboration with people with disability.
  - Publication of educational communications for staff on topics such as non-visible disabilities.
  - Celebrating events including the International Day of People with Disability.
- Prioritised accessibility in the redevelopment of our intranet and update of information on the website. Progress includes the introduction of best-practice content standards, an accessibility resource hub, and targeted training to build staff capability in delivering inclusive digital content.

Compliance with public sector standards and ethical codes

In 2025-26, DHW launched its new Code of Conduct. This marked a significant milestone for the Department, establishing clear expectations for employee behaviour within a contemporary framework that supports ethical decision-making, integrity, and accountability. The Code also provides a strong foundation for the ongoing development of future policies, guidelines, and training initiatives, ensuring a consistent and proactive approach to ethical governance.

Throughout the year, DHW delivered mandatory Accountable and Ethical Decision Making training to staff across all divisions, reinforcing a strong culture of ethical practice and informed decision-making.

During 2025-26:

- 343 recruitment processes were successfully completed, with 9,071 applications received.
- Four Breach of Standard claims relating to the Employment Standard were received. Two were subsequently withdrawn by the claimant; two were referred to the Public Sector Commission and subsequently not upheld.
- Two formal grievances were reported. One matter has been finalised, and one remains under review.
- One Breach of Standard claim relating to the Grievance Resolution Standard was received and could not be resolved with the claimant.
- 23 cases of non-compliance with the Code of Ethics/Code of Conduct were reported and investigated, of which 13 remain in progress. Two cases were substantiated.

Recordkeeping plans

DHW reviewed its Recordkeeping Plan in the past year, which was approved by the State Records Office in May 2026.

As part of the plan, the Department will review and further develop its policies and procedures relating to language control, preservation, retention and disposal. DHW will also review recordkeeping practices for information assets resulting from the establishment of the Department under the recent Public Sector Reform initiative.

Unauthorised use of credit cards

DHW uses credit cards as a purchasing tool to reduce the cost of invoice payments. There is a strong control framework in place to support the use of purchasing cards including supervisor approval of all transactions.

Processes are in place to ensure the early detection of inadvertent/accidental personal misuse of purchasing cards, and timely repayment of associated costs.

The total credit card expenses for DHW, this financial year, accumulated to $1.4 million of which $390.80 was identified as not related to Departmental operations. These transactions were inadvertently made by thirteen employees.

The matters were not referred for disciplinary action as the Chief Finance Officer noted the transactions were inadvertent/accidental personal use. All but one of the transactions of personal use has been settled. Recovery of the outstanding transaction is underway. The total amount represents 0.03 per cent of our total purchasing card transactions completed during the financial year.

The table below details the personal expenditure using government-issued credit cards in 2025–26.

Measure	2025-26
Number of instances in which Western Australian Government Purchasing Cards were used for personal use	15
Aggregate amount of personal use expenditure for the reporting period	$390.80
Aggregate amount of personal use expenditure settled by the due date	$350.82
Aggregate amount of personal use expenditure settled after the due date	0
Aggregate amount of personal use expenditure remaining unpaid at the end of the reporting period	$39.98
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	0

Government of **Western Australia**
Department of **Housing and Works**

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