



Marshall and Katie
- Merredin

Country Housing Authority Annual Report 2025 - 2026

Administered on behalf of
Country Housing Authority by

Keystart.

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Executive Summary

Keystart has been established as a Government Trading Enterprise (GTE) under the *Keystart Act 2024*, resulting in the consolidation of the operations of multiple related entities including the Country Housing Authority (Authority) into a single GTE with its own enabling legislation.

The operations of the Authority, including its assets and liabilities, were transferred to Keystart on 1 July 2025.

As a result of the restructure, the Authority finished operations on 30 June 2025 and the *Country Housing Act 1998* was repealed on 19th March 2026.

The *Financial Management Act 2006* requires the appointed reporting officer to prepare and submit a final report to the Minister for the period 1st July 2025 to the abolition date.

Pursuant to directions made by the Treasurer under Part 5, Division 3, section 68(1) of the *Financial Management Act 2006* (FMA):

- Ms Nicole Brown, Chief Financial Officer of Keystart is appointed as reporting officer

Further, in accordance with Part 5, Division 3, section 68(4), 70(1) of the *FMA* the final report:

- includes financial statements referred to in section 61(1)(a) of the *FMA*;
- excludes information referred to in sections 61(1)(b) to (f) of the *FMA*; and
- is prepared for the period from 1 July to the abolition date (19th March, 2026)



Auditor General

INDEPENDENT AUDITOR'S REPORT

2026

Country Housing Authority

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Country Housing Authority (Authority) which comprise:

- the statement of financial position as at 19 March 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 1 July 2025 to 19 March 2026
- 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 Authority for the period 1 July 2025 to 19 March 2026 and the financial position as at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), 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.

Emphasis of Matter - Basis of accounting

I draw attention to Note 1 of the financial statements which describes the basis of accounting and that the financial statements have been prepared on a non-going concern basis following the abolition of the Authority on 19 March 2026 and the additional reasons set out therein. My opinion is not modified in respect of this matter.

Responsibility of the Reporting Officer for the financial statements

The Authority ceased to exist under the Financial Management Act 2006 on 19 March 2026 following its abolition. The Treasurer appointed a Reporting Officer under section 68 of the Act who was responsible for the preparation and fair presentation of the financial statements in

accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions that are free from material misstatement, whether due to fraud or error.

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

As the Authority was dormant for the period 1 July 2025 to 19 March 2026, no work was performed on the audit of controls. Consequently, I could not fulfill my responsibility as required by the Auditor General Act 2006.

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.

Report on the audit of the key performance indicators

Opinion

As the Authority was dormant for the period 1 July 2025 to 19 March 2026, no work was performed on the audit of key performance indicators. Consequently, I could not fulfill my responsibility as required by the Auditor General Act 2006.

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 Authority'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.

My independence and quality management relating to the report on financial statements

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

Other information

The Reporting Officer is responsible for the other information. The other information is the information in the entity's annual report for the period 1 July 2025 to 19 March 2026, but not the financial statements and my auditor's report.

My opinions on the financial statements does 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 my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Matters relating to the electronic publication of the audited financial statements

This auditor's report relates to the financial statements of the Authority for the period 1 July 2025 to 19 March 2026 included in the annual report on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements 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 are concerned with the inherent risks arising from publication on a website, they are advised to contact the Authority to confirm the information contained in the website version.



Tim Sanya
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
26 September 2026

**CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE PERIOD 1 July 2025 to 19 MARCH 2026**

The accompanying financial statements of the Country Housing Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the period 1 July 2025 to 19 March 2026 and the financial position as at 19 March 2026.

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

A handwritten signature in black ink, appearing to read 'Brown', with a stylized 'N' and 'B'.

Nicole Brown
Reporting Officer

25 September 2026

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JULY 2025 to 19 MARCH 2026

		1 July 2025 to 19 March 2026 \$'000	30 June 2025 \$'000
	Note		
INCOME			
Revenue			
Interest revenue	4	-	1,475
Total Income		-	1,475
EXPENSES			
Board member fees	5	-	76
Administration expense	6	-	185
Credit loss expense/(recovery)	7	-	10
Other expenses	8	-	133
Total Expenses		-	404
PROFIT FOR THE PERIOD		-	1,071
OTHER COMPREHENSIVE INCOME			
Items that will not be classified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	1,071

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

STATEMENT OF FINANCIAL POSITION AS AT 19 MARCH 2026

		19 March 2026 \$'000	30 June 2025 \$'000
	Note		
ASSETS			
Current Assets			
Cash and cash equivalents	11 (a)	-	9,668
Receivables	9 (a) i)	-	245
Loans and advances	9 (a) ii)	-	4,164
Total Current Assets		-	14,077
Non-Current Assets			
Loans and advances	9 (a) ii)	-	8,977
Total Non-Current Assets		-	8,977
TOTAL ASSETS		-	23,054
LIABILITIES			
Current Liabilities			
Payables	9 (b) i)	-	117
Total Current Liabilities		-	117
TOTAL LIABILITIES		-	117
NET ASSETS		-	22,937
EQUITY			
Contributed equity	10	-	13,000
Retained earnings	10	-	9,937
TOTAL EQUITY		-	22,937

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JULY 2025 to 19 MARCH 2026**

	Contributed Equity \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2024	13,000	9,182	22,182
Profit for the period	-	1,071	1,071
Total comprehensive income for the period	-	1,071	1,071
Distribution to the Treasurer	-	(316)	(316)
Balance at 30 June 2025	<u>13,000</u>	<u>9,937</u>	<u>22,937</u>
Balance at 1 July 2025	13,000	9,937	22,937
Distribution to owner - Net assets transferred under RoAA at 1 July 2025	(13,000)	(9,937)	(22,937)
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
Distribution to the Treasurer	-	-	-
Balance at 19 March 2026	<u>-</u>	<u>-</u>	<u>-</u>

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

STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JULY 2025 to 19 MARCH 2026

		1 July 2025 to 19 March 2026 \$'000	30 June 2025 \$'000
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Interest received		-	1,496
Loan repayments received		-	2,935
Payments			
Finance costs		-	-
Supplies and services		-	(379)
New loans advanced		-	(3)
Net cash provided by operating activities		-	4,049
CASH FLOWS FROM FINANCING			
Repayment of borrowings		-	(5)
Net cash used in financing activities		-	(5)
CASH FLOWS TO STATE GOVERNMENT			
Distribution to the Treasurer		-	(316)
Net cash used by State Government		-	(316)
Net increase in cash and cash equivalents		-	3,728
Cash and cash equivalents at 1 July 2025		9,668	5,940
Distribution to owner - transfer of Cash and cash equivalents under RoAA as at 1 July 2025		(9,668)	-
CASH AND CASH EQUIVALENTS ASSETS AT THE END OF THE PERIOD	11 (a)	-	9,668

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 19 MARCH 2026

1. Basis of preparation

The Authority is a statutory authority under the *Country Housing Act 1998* and is controlled by the State of Western Australia. The Authority's principal place of business is 502 Hay Street, Subiaco WA 6008. The Authority is a not-for-profit entity, as profit is not its principal objective.

The Authority's primary objective is to lend to farmers, pastoralists, rural businesses and local government residing and operating in rural and remote Western Australia for affordable housing, where home loan finance options are otherwise limited.

Effective 1 July 2025, a Statutory Transfer Order (STO) was issued by the Minister of Housing to transfer all assets, liabilities, functions, and operations of the Authority to Keystart, a Government Trading Enterprise (GTE) established under the *Keystart Act 2024*. This was undertaken to consolidate the operations of multiple related entities including the Country Housing Authority into a single GTE with its own enabling legislation. The transfer to Keystart was undertaken at book value for nil consideration and the net value of transferred assets and liabilities has been recognised directly in equity as a net distribution to owners.

As a result of the restructure, the Country Housing Authority was abolished effective 19 March 2026 and no longer exists as a legal entity under the *Country Housing Act 1998*.

Statement of compliance

These financial statements have been prepared in accordance with the Financial Management Act 2006 and the Treasurer's direction issued under sections 68(4) and 70(1) following the abolition of the Country Housing Authority. The final report comprises only the financial statements required by section 69(1)(a) of the Act and covers the period from 1 July 2025 to the Authority's abolition date.

1. Basis of preparation (continued)

Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

As the Western Australia government enacting legislation to create Keystart via an STO became effective from 1 July 2025, all assets, liabilities, functions, and operations of the Authority transferred to Keystart and the Authority ceased operations. The transfer was treated as a Restructure of Administrative Arrangements (RoAA) under AASB 1004. The *Country Housing Act 1998* was repealed on 19 March 2026. Consequently, the financial statements for the period 1 July 2025 to 19 March 2026 have been prepared on a non-going concern basis following the restructure and subsequent abolition of the Authority.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at Note 2 'Judgements Made by Management in Applying Accounting Policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at Note 3 'Key sources of estimation uncertainty'.

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

2. Judgements Made By Management In Applying Accounting Policies

Impairment of financial assets

Considerable judgement is exercised in determining the extent of the loan loss provision (impairment) for financial assets assessed for impairment both individually and collectively. The loan loss provision for financial assets is based on assumptions about risk of default and expected loss rates. The Authority uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Authority's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Changes in such judgements and analyses may lead to changes in the loan loss provisions over time. The key judgement areas are the assumptions used to measure expected credit losses, including the use of forward-looking and macro-economic information for individual and collective impairment assessment.

2. Judgements Made By Management In Applying Accounting Policies (continued)

Individually assessed loans (Stage 3): Individual provisions are calculated as the current balance of the loan and any administration costs less the latest property valuation (within last 6 months). All stage 3 accounts are therefore individually assessed for provisioning purposes.

Collectively assessed loans (Stages 1 to 2): For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Expected future cash flows in a portfolio of financial assets that are collectively evaluated for impairment, are estimated on the basis of the contractual cash flows of the assets in the portfolio and historical loss experience for assets with credit risk characteristics similar to those in the portfolio. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The outcome of the models reflects forward looking and macro-economic information.

The following criteria and definitions are applied for impairment:

- **The criteria for identifying a significant increase in credit risk**

When determining whether the credit risk on a financial asset has increased significantly, Management considers reasonable and supportable information available to compare the risk of default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial asset.

A financial asset moves from Stage 1 to Stage 2 when there is a significant increase in credit risk since initial recognition. A framework was established that incorporates quantitative and qualitative information to identify this on an asset level applying a relative assessment. Each financial asset is assessed at the reporting date on the triggers for significant increase in credit risk. Management assesses significant increase in credit risk using:

- hardship status; and
- 30 days or more past due as back stop for Stage 1 to Stage 2 transfers.

- **The definition of default**

Judgement is exercised in management's evaluation of whether there is objective evidence that an impairment loss on an asset has been incurred. Significant judgement is required in assessing evidence of credit-impairment and estimation of the amount and timing of future cash flows when determining expected credit losses.

The Authority defines a financial instrument as in default, which is aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

2. Judgements Made By Management In Applying Accounting Policies (continued)

Quantitative criteria

The customer is more than 90 days past due on its contractual payments, and/or the Authority considers the customer unlikely to make its payments in full without recourse action on the Authority's part, such as taking formal possession of any collateral held.

Qualitative criteria

The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

- The customer is deceased
- The customer is insolvent
- It is becoming probable that the customer will enter bankruptcy

The criteria above have been applied to all financial instruments held by the Authority and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Authority's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period of three months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

3. Key Sources Of Estimation Uncertainty

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

Impairment of loans and advances

The Authority determines whether loans and advances are impaired on an ongoing basis. This requires an estimation of the value of the future cash flows. The policy for the assessment of impairment of loans and advances is disclosed in Note 10.

	2026 \$'000	2025 \$'000
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4. Interest Revenue

Interest on loans and advances	-	1,108
Interest on bank account	-	367
	<u>-</u>	<u>1,475</u>

Revenue is recognised as the interest accrues using the effective interest rate method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets (except for financial assets that have subsequently become credit-impaired (or 'Stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost).

5. Board Member Fees and Employee Benefits Expenses

Board member fees	-	70
Superannuation - defined contribution plans	-	6
	<u>-</u>	<u>76</u>

6. Administration Expense

Administration fee *	-	185
	<u>-</u>	<u>185</u>

* A contractual agreement whereby Keystart Loans Ltd managed the Authority for a fee. The agreement ended when the Authority ceased operations on 1 July 2025. The fee in FY2025 was based on \$1,250 per loan managed and \$5,100 per loan approved for the year.

7. Credit loss expense/(recovery)

Credit loss expense/(recovery)	-	10
	<u>-</u>	<u>10</u>

8. Other Expenses

External audit fees	-	46
Other	-	87
	<u>-</u>	<u>133</u>

9. Financial Instruments

The Authority has two categories of financial instruments:

- (i) Loans and Receivables*
- (ii) Non-Trading Financial Liabilities (Payables)*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Authority commits to purchase or sell the asset.

At initial recognition, the Authority measures a financial asset or financial liability at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at (FVTPL), are expensed in profit or loss. Immediately after initial recognition, an ECL allowance is recognised for financial assets measured at amortised cost, as described in Note 2, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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

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

a) Financial assets

Classification and subsequent measurement

The Authority has applied AASB 9 and classifies its cash and bank balances, receivables and loans and advances at amortised cost.

Subsequent measurement of financial assets depends on:

- The Authority's business model for managing the asset; and
- The cash flow characteristics of the asset.

9. Financial Instruments (continued)

Business model: the business model reflects how the Authority manages the financial assets in order to generate cash flows. That is, whether the Authority's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Authority in determining the business model for a group of assets includes past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Authority's business model for the mortgage loan book is to hold to collect contractual cash flows.

Cash flow characteristics: Where the business model is to hold financial assets to collect contractual cash flows or to collect contractual cash flows and sell, the Authority assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Authority considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at (FVTPL).

i) Receivables

	2026 \$'000	2025 \$'000
Interest receivable	-	245
	<u>-</u>	<u>245</u>

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for ECL is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

ii) Loans and advances

Current

Loans	-	4,201
Provision for impairment of loans	-	(37)
	<u>-</u>	<u>4,164</u>

Non-current

Loans	-	8,977
	<u>-</u>	<u>13,141</u>

9. Financial Instruments (continued)

At initial recognition, loans and advances are measured at fair value. Transaction costs are included in the measurement of all loans and advances. Subsequent measurement is at amortised cost using the effective interest rate method.

The Authority has formal processes in place to assess the credit worthiness of its clients including credit checks with credit reporting agencies. Fully performing receivables are considered to be good quality when taking into consideration the security being held against the outstanding amount.

Reconciliation of changes in the allowance for impairment of loans and advances:

	2026 \$'000	2025 \$'000
Balance at 1 July	37	27
Distribution to owner - transfer of allowance for impairment of loans and advances and receivables under RoAA as at 1 July 2025	(37)	-
Credit loss/(recovery) on financial assets	-	10
Balance at end of period	-	37

The collective provision for impairment of loans and advances includes all loans that are not individually impaired. Loans are assessed individually when they are in arrears for more than 90 days, assigned as financial hardship for more than 90 days or repossessed loans.

Loans that are past due, but not individually impaired are not considered to be at significant risk as collateral security is held under mortgage to secure these advances.

Financial Hardship Scheme

This scheme is offered to clients who require assistance because of changes in their financial situation. In most cases, assistance is granted for short terms of up to six months. The four loans with a total loan amount of \$324,000 in the Financial Hardship Scheme at 30th June 2025, transferred to Keystart.

Repossessed Loans

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

Repossessed collateral is sold at the best possible market price, with any surpluses being returned to the customers concerned. Any shortfalls are written-off against the provision. At the end of the current financial period, there were no Repossessed Loans.

9. Financial Instruments (continued)

Collateral held

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

The terms and conditions associated with the use of collateral are such that should a customer breach the terms and conditions of their mortgage, the Authority (as of 1st July 2025, Keystart) has the facility to recover all or part of the outstanding exposure by exercising its rights under the mortgage, including the power of sale and exercising any rights available under law.

Write-off

The Authority writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Authority's recovery method is taking possession of collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Authority may write-off financial assets that are still subject to enforcement activity. The Authority still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

b) Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

	2026 \$'000	2025 \$'000
i) Payables		
Administration expenses	-	71
Audit fees	-	46
	<u>-</u>	<u>117</u>

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

Fair Value

The fair value of the financial liabilities traded in active markets is based on quoted market prices at the statement of financial position date. If the market for a financial liability is not active, the Authority establishes fair value by using valuation techniques, such as discounted cash flow analysis.

10. Equity

	2026 \$'000	2025 \$'000
Contributed equity		
Balance at 1 July	13,000	13,000
Distribution to owner - Net assets transferred under RoAA at 1 July 2025	(13,000)	-
Balance at the end of the period	<u>-</u>	<u>13,000</u>

The Authority was established on 1 July 1998 by the amalgamation of the former Rural Housing Authority and the ICEHA. The fair value of assets and liabilities transferred were recognised as an injection of equity totalling \$13,000,000 by the State Government.

Retained earnings		
Balance at 1 July	9,937	9,182
Distribution to owner - transfer of Retained earnings under RoAA at 1 July 2025	(9,937)	-
Distribution to the Treasurer	-	(316)
Result for the period	<u>-</u>	<u>1,071</u>
Balance at the end of period	<u>-</u>	<u>9,937</u>

On 1 July 2025 the equity balance in the Authority as reflected by the Net Assets were transferred to Keystart as part of the restructure. Refer to Note 20.

11. Notes to the Statement of Cash Flows

(a) Cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	9,668	9,668
Distribution to owner - transfer of Cash and cash equivalents under RoAA at 1 July 2025	(9,668)	-
Balance at the end of the year	<u>-</u>	<u>9,668</u>

Cash and cash equivalents (and restricted cash and cash equivalents) 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 an insignificant risk of changes in value, and bank overdrafts.

(b) Non-cash financing and investing activities

During the year there were no assets/liabilities transferred from other government agencies not reflected in the Statement of Cash Flows.

12. Distribution of surplus

Distributions of surplus to the Treasurer are made in accordance with the *Country Housing Act 1998*. They are disclosed as cash flows to State Government in the Statement of Cash Flows.

13. Contingent Liabilities and Contingent Assets

The Authority has no contingent liabilities or assets.

14. Events Occurring after the Balance Sheet Date

No event after the reporting date has occurred which would cause the financial statements to be misleading.

15. Initial application of Australian Accounting Standards

The Authority adopted AASB 2026-1 *Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements – January 2026*. The adoption of this standard had no significant impact on the Authority.

16. Related Party Information

(a) All Ministers and their close family members, and their controlled or jointly controlled entities.

(b) The board members of the Authority during the period ended 19 March 2026 were:

	APPOINTED	CEASED
G Yates	August 2015	March 2026
C Prodonovich	August 2015	March 2026
D Lynch	August 2011	March 2026
S Cameron	October 2014	March 2026

Significant transactions with government related entities

The Housing Authority acts as settlement agents for the Authority. Fees are incurred by the customer and are paid at arm's length and provided at commercial rates. There is no cost to the Authority.

The Authority transacts with certain Western Australian State Government authorities, agencies and government trading enterprises. All transactions with related parties are made on normal terms and conditions and are settled in cash. Unless stated below all outstanding balances are unsecured.

In 2010, the Authority entered into a contractual agreement with Keystart Loans Ltd (KLL), whereby KLL managed the Authority for a fee. KLL was a related party of the Authority by nature of common directors on the board of both entities and reporting to the Minister of Housing. The management fee charged by KLL during FY2025 was \$185,000. This relationship ceased on 1 July 2025, following the restructure, with no management fee charged during the period 1 July 2025 to 19 March 2026.

The Office of the Auditor General (OAG) audits the financial statements of the Authority. Following the restructure, all costs for services provided by the OAG will be charged to Keystart under the terms of the STO.

16. Related Party Information (continued)

On 1 July 2025 the equity balance in the Authority as reflected by the Net Assets were transferred to Keystart as part of the restructure. Refer to Note 20.

Significant transactions with other related parties

The Authority had no material related party transactions with Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.

17. Compensation of Key Management Personnel

The Authority has determined that key management personnel include Ministers and board members of the Authority. However, the Authority is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the *Annual Report on State Finances*.

(a) Remuneration of members of the Accountable Authority

The numbers of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year fall within the following bands are:

	2026 No's	2025 No's
\$ 0 - \$50,000	4	4
	\$'000	\$'000
Short term employee benefits	-	70
Post employment benefits	-	6
The total remuneration of members of the Authority	-	76

Post-employment benefits represent the superannuation expense incurred by the Authority in respect of members of the Accountable Authority. Some members are appointed to the board as part of their public sector duties and are paid by other government agencies.

The Authority paid \$nil benefits to members during FY2026.

(b) Remuneration of senior officers

During the financial year, there were no employees.

18. Remuneration of the Auditor

Remuneration payable to the OAG for the financial year is as follows:

	2026 \$'000	2025 \$'000
Auditing the accounts, financial statements and performance indicators	-	46

19. Supplementary Financial Information

(a) Write offs

During the year no public property was written off by the Minister.

(b) Losses through theft, default and other causes

No loans were written off during FY2026 (refer Note 9).

20. Administrative Restructure

Keystart was established under the Keystart Act 2024, consolidating the operations of the Authority and other related entities. As part of this consolidation, all assets and liabilities (including contracts with internal and external stakeholders) have been appropriately transferred to Keystart effective 1 July 2025.

Effective 1 July 2025, a Statutory Transfer Order was issued by the Minister for Housing to transfer all assets, liabilities, functions, and operations of CHA into Keystart.

The transfer was treated as a Restructure of Administrative Arrangements (RoAA) under AASB 1004 involving the transfer of assets and liabilities from the Authority. The transfer was undertaken for nil consideration, and the net value of transferred assets and liabilities was recognised directly in equity as distribution to owners.

Assets and liabilities were taken up by Keystart at book value (as directed under the STO), with the transferred assets and liabilities recognised from the date of the RoAA as summarised below:

Class of Asset/Liability	Amount \$'000
Cash and cash equivalents	9,668
Receivables	245
Loans and receivables	13,141
Payables	(117)
Net assets transferred to Keystart	22,937

21. Explanatory Statement

This statement provides the details of any major variations between estimates and actual results for the period ended 19 March 2026 and between the actual results for FY2025 and period ended 19 March 2026. Major variations for the Statement of Comprehensive Income and Statement of Cash flows are considered to be those greater than 10% and greater than a dollar aggregate of 1% multiplied by Total Cost of Services when compared with the estimate or prior period actuals. Major variances for the Statement of Financial Position are considered to be those greater than 10% and greater than a dollar aggregate of 1% of Total Assets when compared with the estimate or prior period actuals (variances relating to cash assets, receivables, payables, contributed equity and accumulated surplus are excluded from the definition).

STATEMENT OF COMPREHENSIVE INCOME

	Variance note	Unaudited Estimate 2026	Actual 2026	Actual 2025	Variance between actual and estimate	Variance between actual results for 2026 and 2025
		\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Interest revenue	(a)	-	-	1,475	-	(1,475)
Total Income		-	-	1,475	-	(1,475)
Expenses						
Board member fees		-	-	76	-	(76)
Administration expense	(a)	-	-	185	-	(185)
Credit loss expense/(recovery)	(a)	-	-	10	-	(10)
Other expenses	(a)	-	-	133	-	(133)
Total Expenses		-	-	404	-	(404)
PROFIT FOR THE PERIOD		-	-	1,071	-	(1,071)

Major actual (FY2026) and comparative (FY2025) variance narratives:

- (a) The operations of the Authority, including its assets and liabilities, were transferred to Keystart on 1 July 2025.

21. Explanatory Statement (continued)

	Variance note	Unaudited Estimate 2026	Actual 2026	Actual 2025	Variance between actual and estimate	Variance between actual results for 2026 and 2025
		\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets						
Cash and cash equivalents		-	-	9,668	-	(9,668)
Receivables		-	-	245	-	(245)
Loans and advances	(a)	-	-	4,164	-	(4,164)
		-	-	14,077	-	(14,077)
Non-Current Assets						
Loans and advances	(a)	-	-	8,977	-	(8,977)
		-	-	8,977	-	(8,977)
TOTAL ASSETS		-	-	23,054	-	(23,054)
Current Liabilities						
Payables		-	-	117	-	(117)
		-	-	117	-	(117)
TOTAL LIABILITIES		-	-	117	-	(117)
NET ASSETS		-	-	22,937	-	(22,937)

Major actual (FY2026) and comparative (FY2025) variance narratives:

- (a) The operations of the Authority, including its assets and liabilities, were transferred to Keystart on 1 July 2025.

21. Explanatory Statement (continued)

	Variance note	Unaudited Estimate 2026	Actual 2026	Actual 2025	Variance between actual and estimate	Variance between actual results for 2026 and 2025
		\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Interest received	(a)	-	-	1,496	-	(1,496)
Loan repayments received	(a)	-	-	2,935	-	(2,935)
Finance costs	(a)	-	-	-	-	-
Supplies and services		-	-	(379)	-	379
New loans advanced	(a)	-	-	(3)	-	3
		-	-	4,049	-	(4,049)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings	(a)	-	-	(5)	-	5
		-	-	(5)	-	5
CASH FLOWS TO STATE GOVERNMENT						
Distribution to the Treasurer	(a)	-	-	(316)	-	316
		-	-	(316)	-	316
		-	-	3,728	-	(3,728)

Major actual (FY2026) and comparative (FY2025) variance narratives:

- (a) The operations of the Authority, including its assets and liabilities, were transferred to Keystart on 1 July 2025.

CONTACT INFORMATION

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