



Annual Report 2024-25

 HomeStart



Government of
South Australia

Acknowledgement of Country

HomeStart respectfully acknowledges the Traditional Owners of the lands across South Australia, and we pay our respects to Elders, past, present, and emerging.

As an organisation dedicated to creating home ownership for South Australians, we recognise and respect the First Nations people as the traditional custodians of the land and we honour their cultural heritage, beliefs, and the enduring spiritual relationship that exists between Aboriginal people and Country.

Our offices are located on the lands of the Kurna peoples.

Letter of transmittal



Government of
South Australia

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22 September 2025

The Hon. Tom Koutsantonis MP
Treasurer of South Australia
Parliament House
North Terrace
Adelaide SA 5000

Dear Treasurer,

HomeStart's 2024–25 Annual Report

I am pleased to present a summary of HomeStart's achievements over the 2024–25 financial year.

HomeStart provided a record \$1.4 billion in new loans to 2,923 home buyers, bringing the total number of South Australians helped by HomeStart to more than 91,000.

This is my final report as Chair of the HomeStart Board. It has been a privilege to support HomeStart in its purpose to help more people into home ownership in more ways.

Should you have any questions about the report, I would be pleased to provide you with further information.

Yours sincerely,

Jim Kouts | Chair

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Message from the Chair

Jim Kouts



Strong institutions play a critical role in the economic development of the state and HomeStart continues to have a formidable capacity to deliver both for its customers and the South Australian community. As I step down as Chair, my final report gives me pause to reflect on the long-term achievements of this most beloved and respected South Australian institution.

Emerging from the global financial crisis in 2010, the value of HomeStart's new lending was \$472 million. The business rebounded through the next decade and faced the challenge of COVID head on. With low interest rates not seen since the 1960s, one could ask why we needed an institution such as HomeStart when mainstream finance was readily available.

Yet, as housing affordability has since worsened, HomeStart has played a significant role in helping South Australians buy a home when they couldn't access mainstream finance - and this past financial year has been no different.

Amid one of the most challenging housing markets, this year we provided \$1.4 billion in new loans. Of utmost importance, 2,923 loans were delivered seamlessly. HomeStart's pre-tax underlying profit of \$48.1 million and headline profit of \$65.1 million were both higher than the prior year. Since 2010, our portfolio value has risen from \$1.7 billion to \$3.6 billion.

In 2010, we returned \$20.8 million to the State Government and in 2024-25 we contributed \$100.6 million. This brings our total contribution since HomeStart's inception to more than \$1.1 billion, which is vital for the state economy.

Most importantly, throughout its 35-year history, HomeStart has helped more than 91,000 South Australians into home ownership. We have stood true to our values, remained committed to our purpose, and made the dream of home ownership a reality for more people in more ways.

Today, we are in the midst of a complex housing market where the interest rate cycle has reversed, cost-of-living pressures continue, housing supply remains a challenge and house prices continue to rise.

The scale and complexity of HomeStart's role has grown significantly and our financials paint a picture of sound long-term decisions.

HomeStart proudly delivers on its purpose within a commercial framework. While our offering to customers is unique and flexible, we uphold responsible lending practices. Good corporate governance is critical to this balance. HomeStart's governance model continues to underpin its organisational success.

Our results demonstrate the increasing community need for HomeStart's support. Significant economic challenges remain ahead. As South Australia responds to the national housing crisis through the State Government's Housing Roadmap, it will be critical that the independence of HomeStart's framework allows it to continue to deliver on its remit.

Among the ingredients of a strong organisation is a sustainable policy on dividends and capital and the maintenance of a skilled Board.

As I conclude my term as Chair, HomeStart has farewelled two highly-capable business people in long-serving Deputy Chair Chris Ward and Board Member Sue Edwards. I offer my personal thanks - and that of the entire Board - for their outstanding contributions to HomeStart.

I have served 12 years as Chair of HomeStart's Board after an apprenticeship as Deputy Chair. As my stewardship of HomeStart comes to completion, I thank the various Ministers and Treasurers and their teams who have supported the business.

HomeStart is all about people - the people of South Australia, our diverse customers, and our passionate HomeStart team. I would particularly like to acknowledge the considered leadership of CEO Andrew Mills and his executive team, his predecessors, and the entire HomeStart workforce, who have been relentlessly committed to breaking down barriers to home ownership for South Australians.

Owning a home is important to financial security and it has been an absolute privilege to help tens of thousands of South Australians to achieve their home ownership dream.



Jim Kouts | Chair

Message from the CEO

Andrew Mills



The dream of buying a home remains a challenge, and HomeStart's results tell a compelling story of delivering for the community in a time of genuine need. Economic forces in the past year included cost-of-living pressures, South Australian house prices reaching unprecedented levels, and a turning point in the interest rate cycle. Through these conditions, HomeStart's strengths facilitated another year of record lending.

In the 2024-25 financial year, HomeStart proudly helped 2,923 home buyers – including 1,803 first home buyers – into home ownership. A significant portion of lending supported new housing supply, with 1,424 construction-related loans. Our overall lending value was a record \$1.4 billion.

Our results continue to prove shared equity's important role as a means of helping people into home ownership. We provided a record 1,170 additional loans through our Shared Equity Option, a 32% increase on the previous year. More than 40% of new customers benefited from shared equity.

Importantly, 173 customers paid out the shared equity portion of their loan, most commonly by refinancing to another lender. HomeStart's model recognises that once customers have built equity, refinancing can be a positive next step, and several initiatives were introduced this year to better inform customers about refinancing pathways.

Total discharges reached a record \$826 million, up 93%, with 88% of this total due to refinancing. Many customers expressed pride in "paying it forward", knowing their repayments would help other South Australians into home ownership.

Portfolio credit quality remained strong through the year and our 90-day arrears rate remained low at 0.33%.

At an operational level, we launched a new loan origination system, and I wish to thank all involved in this long and complex project.

Significant improvements in service to borrowers and brokers has been achieved as a result, with substantial improvement in our 'time to yes' measure, as well as introducing digital loan application capability. Many home buyers prefer to use mortgage brokers, who play an important role in helping us reach more South Australians. In the past financial year, 79% of new lending occurred via brokers, an increase of 9%.

This year's results are a reflection of our employees, and I thank the entire HomeStart team for their hard work, commitment to our purpose, and care for our customers and each other. We have built an environment where people feel they can speak up, illustrated by the 91% participation rate in our engagement survey, and a further lift in our engagement scores.

As we look towards another challenging year, I thank the Treasurer and his team for their continued support of HomeStart. I also thank my Executive team for their leadership and support, and join our Chair in thanking outgoing Deputy Chair Chris Ward and Board Member Sue Edwards for their valued contribution to the HomeStart Board. Lastly, I would like to acknowledge and thank Chair Jim Kouts for his outstanding service to the Board, and particularly as Chair since 2013.

Each day we are privileged to be a part of another South Australian home buyer's story. Behind every loan are the hopes and dreams of people who want to own a home. We are fortunate to be a part of their journey. All who work within and in partnership with HomeStart should be proud of the difference we make for so many South Australians. More than 91,000 South Australians have now had a home to call their own, thanks to HomeStart. We look forward to helping many more in the coming years.



Andrew Mills | Chief Executive Officer

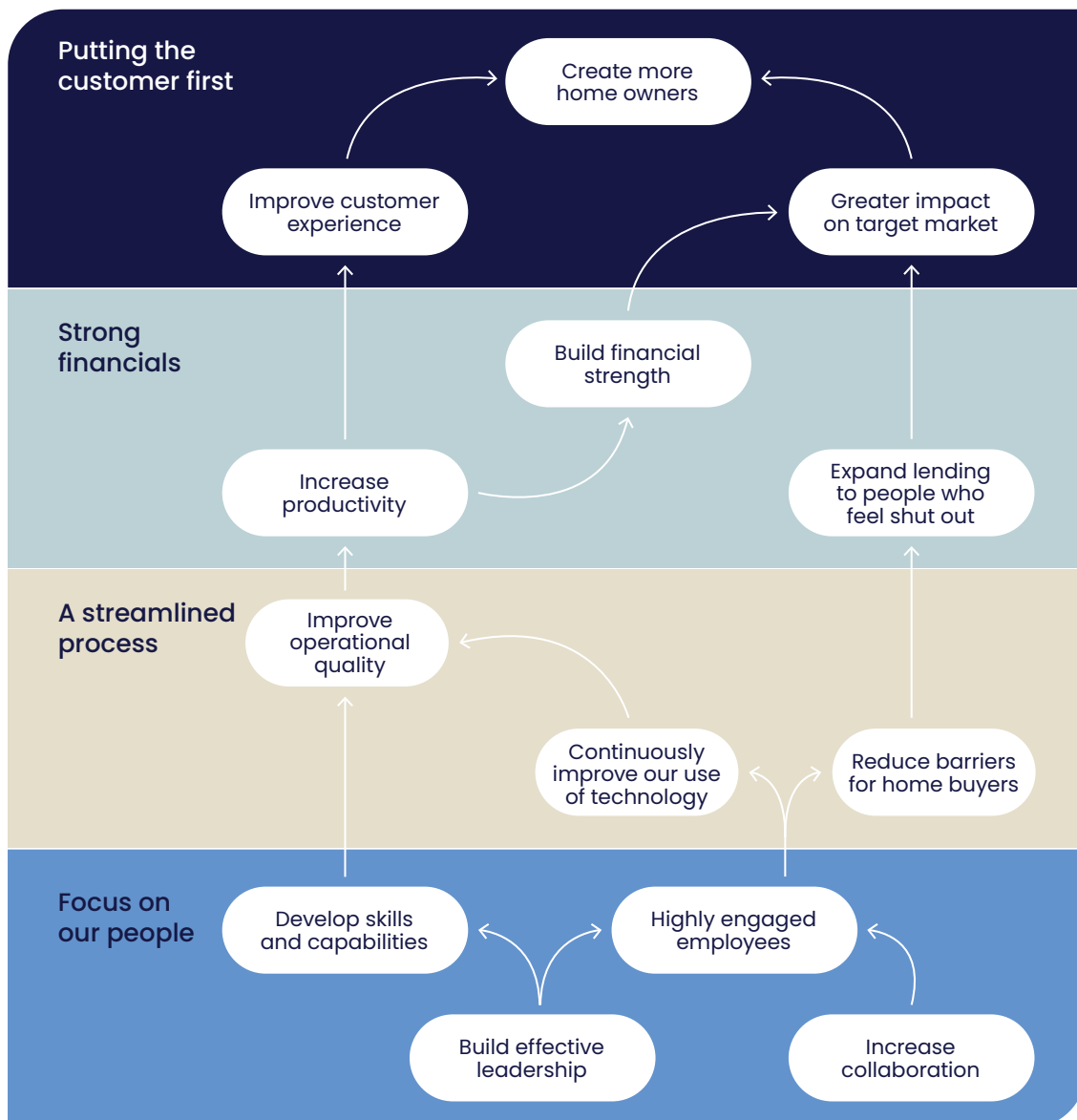
Strategic Plan 2024-27

The HomeStart Strategic Plan for 2024-27 reinforces the strong sense of determination that exists within HomeStart to open doors for those who feel shut out.

Through this plan, we aim to help create thousands of new home owners, enabling more South Australians to achieve their goals and aspirations.

A year into the plan, we are making significant progress, including delivering record lending in 2024-25.

The strategy map illustrates our strategic priorities, with our people as the foundation of everything we do.



Our values Opportunity Determination Openness Simplicity

2024-25 highlights

As HomeStart concluded the first financial year of our three-year strategic plan, we remained centred on making home ownership a reality for more people in more ways.

Strong outcomes were realised across all four key areas of strategic perspectives during the year – Customer, Financial, Process and People.

Customer



2,923 New loans



49% New loans were construction-related



1,803 First home buyers



\$494,335 Average loan value

Financial



\$48.1M Underlying profit



\$3.6BN Portfolio



\$1.4BN Total lending



\$100.6M Contributed to State Government

Process



2,858 Loans discharged



\$826M Loans repaid by customers discharging



79% Loans via Brokers



0.33% 90-day arrears rate

People



91% Participation in employee engagement survey



55% Female employees



0 Lost time injury days



100% Employees had a performance development discussion recently

HomeStart's role

Helping deliver on housing affordability

A statutory corporation under the Urban Renewal (HomeStart Finance) Regulations 2020, HomeStart reports to the South Australian Treasurer, the Hon. Tom Koutsantonis MP.

HomeStart is empowered to:

- Facilitate home ownership in South Australia by lending and providing other forms of financial assistance, including finance on concessional or special terms for low to moderate income earners.
- Provide, market, and manage home finance products and facilitate alternative schemes to encourage home ownership, including mortgage relief schemes and facilitate finance to develop community housing and aged care residential facilities.

We are helping more South Australians into their own home sooner and boosting their borrowing power through our innovative loans.

This year, we have helped 2,923 home buyers, including 1,803 first home buyers.

Supporting housing supply

HomeStart is also supporting housing supply through construction-related lending.

In 2024–25, we provided a record 1,424 construction-related loans allowing customers to build or buy a newly built home.

This not only increased housing supply, but also helped ease pressure on the rental market by supporting renters to buy their own home.

In 2024–25, about 600 customers moved from private rental into newly built homes, freeing up approximately 50 rental properties each month.

Refinancing is part of the journey

We celebrate every step our customers take on their home ownership journey, including when they refinance or move on. This shows we have helped them achieve home ownership and supported them to take the next step as their circumstances change.

In 2024–25, an increasing number of HomeStart customers were able to refinance after building equity in their home and growing their financial confidence.

Over the year, 2,858 loans were discharged, returning \$826 million that can now provide opportunities for new HomeStart customers, with refinancing accounting for 88% of these discharges.



“ HomeStart provides an essential opportunity for home ownership in SA. With housing costs increasing so significantly compared to income, having this option to obtain a mortgage with an achievable deposit ...makes such a difference. ”

– HomeStart Customer

HomeStart's customers

Opening doors

Prospective home buyers and renters across the state are finding it increasingly difficult to secure affordable housing with the cost-of-living pressures. At HomeStart, we continue to evolve our low deposit home loans to help open doors for South Australians who feel shut out of the housing market, supporting more people into home ownership at different stages of life and in a variety of situations.

In 2024-25:



62% of our customers were first home buyers



The median gross household income was **\$99,878**



72% of all construction-related loans were taken out by first home buyers



The average price of a metro property purchased through HomeStart was **\$606,824**



64% of our customers were aged between 18 and 39



The average price of a regional property purchased through HomeStart was **\$487,365**



51% were single



12% were single parents



41% of properties were purchased in northern Adelaide



54% moved from private rental

19% in southern Adelaide

27% in regional areas

// HomeStart do all they can to help customers with every stage of their lives...Great place where the customer is in front focus. //

- HomeStart Customer



HomeStart's loans

Home loans

With rising house prices continuing to make it difficult to save for a deposit, HomeStart settled 2,923 loans, helping more South Australians into home ownership. The Graduate Loan and HomeStart Loan were key contributors to this total.

Graduate Loan

The Graduate Loan is available to customers with a Certificate III or higher and can be used to buy or build a home, with deposits starting from 2%.

FY 2024-25

1,111

Graduate Loans

\$647M

Graduate Loans value

SINCE INCEPTION

10,164

Total Graduate Loans

HomeStart Loan

The HomeStart Loan allows customers to buy or build a home, with deposits starting from 5%.

FY 2024-25

1,657

HomeStart Loans

\$719M

HomeStart Loans value

SINCE INCEPTION

30,824

Total HomeStart Loans

Total loans (2,923) include 1,657 HomeStart Loans, 1,111 Graduate Loans and 155 other loan types.

Helping people buy and build new homes

Of the Graduate Loans and HomeStart Loans settled during the year, many were taken up by customers choosing to build or buy newly constructed homes. These loans were supported by construction loan features and builder partner incentives. State government grants and stamp duty concessions were also available to eligible first home buyers.

Construction-related lending

Our construction loans are designed to make building a home possible with flexible repayment options.

FY 2024-25

1,424

Loans for construction related purposes

\$625M

Construction related loans value

SINCE INCEPTION

9,766

Total construction related loans



Repayment Safeguard

A unique benefit of all HomeStart loans is the Repayment Safeguard. It sets our customers' repayments at an affordable level from the start of the loan.

The repayments are then only adjusted once every 12 months in line with inflation, not when interest rates change. The certainty of our Repayment Safeguard makes it easier for customers to budget and manage finances once a home is purchased.



HomeStart offers a range of additional loans that can be taken out at the same time as a home loan to increase buying power and manage upfront costs without increasing repayments. These options make home ownership more achievable for South Australians.

Additional loans to boost buying power

Shared Equity Option

HomeStart's Shared Equity Option allows customers to borrow up to 25% of the purchase price as an interest-free and repayment-free loan, whether buying or building a home. In return, HomeStart takes a share of any capital gain or loss when the property is sold.

FY 2024-25

1,170

Shared Equity Option Loans

\$157M

Shared Equity Loans value

SINCE INCEPTION

4,114

Total shared equity loans

Advantage Loan

The Advantage Loan increases low-to-moderate income earners' buying power without increasing monthly repayments.

FY 2024-25

79

Advantage Loans

\$2.5M

Advantage Loans value

SINCE INCEPTION

14,689

Total Advantage Loans

Additional loan for upfront costs

Starter Loan

The Starter Loan helps customers cover upfront costs such as stamp duty, establishment fees, or other related expenses. It provides up to \$10,000 with no interest charged or repayments required for the first 7 years.

FY 2024-25

385

Starter Loans

\$3.2M

Starter Loans value

SINCE INCEPTION

2,142

Total Starter Loans

Home equity options for seniors

Seniors Equity

Allows customers aged 60 and above to access part of their home's equity with a 'no negative equity' guarantee through our reverse mortgage.

FY 2024-25

146

Seniors Equity Loans

\$20M

Seniors Equity Loans value

SINCE INCEPTION

3,361

Total Seniors Equity Loans

// HomeStart provides loan options towards home ownership that suit different financial needs and obligations. Very favourable and accommodating. //

– HomeStart Customer



Customer and community impact

Customer experience

77% Customer Experience Score



74% Broker Satisfaction Score



37% Improvement in Time to Yes (YoY)



36 Net Promoter Score



Community engagement

Seminars

HomeStart provides free educational seminars to help participants gain the knowledge, tools, and confidence to begin their journey towards buying or building a home.

Home Buyer Ready program

Home Buyer Ready provides information to help customers get started to buy or build their own home, such as how to budget and save for a deposit, understand the costs involved, how to work out how much they can borrow and what their repayments might be.

7 Home Buyer Seminars



2,812 Users



393 Attendees



679 Modules completed



Community partnerships



Member and Community Partner



Fashion and Costume Parade Naming Rights Partner



Naming Rights Partner for Family Zone and Presenting Partner for Free CBD Shuttle

The Advertiser
Teen Parliament 2025

Scholarship Sponsor

Donations

HomeStart proudly partnered with Habitat for Humanity SA, volunteering our time and contributing \$6,016 to help create safer spaces for those in need. In total, we donated \$7,266 during FY 2024–25, demonstrating our commitment to building stronger communities.

Learning and growth

Continuous professional development

At HomeStart, we believe our people are our greatest assets. That's why we invest in continuous learning and development to help our team grow, thrive, and deliver the best outcomes for our customers.

Through our employee surveys, we know that employees value HomeStart's collaborative culture, health and wellbeing program, high levels of engagement, and commitment and passion to help customers.

In 2024-25, we supported continuous professional development through a variety of programs, resources and systems.

Our workforce

- HomeStart's workforce is 55% female and 45% male.
- The executive team consists of 40% female and 60% male leaders.
- 9% of employees are employed part-time.
- 37% of employees were born overseas.

Professional development achievements

- 4,000+ hours dedicated to training.
- 29% of staff are trained or accredited in Mental Health First Aid (MHFA).
- 100% of leaders completed Psychosocial Hazards training.

Change management program

The Executive Team and senior leaders participated in Reframe Change, a development program to shift how we see change. The program marked a new approach to change management, maturing how we identify and manage change in the business. With this strong foundation, Reframe Change will be embedded into team operations through a Change Management Framework in 2026.

Learning and performance management systems

The rollout of new learning management and performance management systems brought significant improvements to how we oversee and deliver learning and manage performance across the organisation. Customisable reporting tools offer timely and targeted insights, with automated notifications delivered directly to leaders for action. Regular compliance training is being delivered through the platform and includes monthly cybersecurity training, which ensures ongoing awareness of cyber risks.

We continued to leverage the newly implemented Performance Management System and Learning Management System with all employees now engaging in systematic and regular check-ins to discuss performance, behavioural and developmental objectives and opportunities.

New employee engagement system

HomeStart transitioned measurement of employee engagement to Gallup, which allowed leaders to manage participation from their desktops. There were two surveys during the year. The participation rate for the latest survey was 91%, which was well above our target of 80%. There has been an overall increase in the Engagement Index of more than 9%.

To further support engagement, in addition to our 30 day onboarding survey, we have implemented 60 and 90 day onboarding surveys. This is an opportunity for employees to reflect on their first three months and share impressions from a new starter to an integrated team member. Insights from the survey will help to inform ongoing improvements to our onboarding program.

Training and development expenditure

HomeStart invested \$432,119 in training and developing its people over the course of the year equating to 2.29% of salary expenditure.

Performance

As of June 30, 2025, 100% of employees had a performance development discussion in the preceding six months.

Organisation chart



Our Board



Jim Kouts | Chair

Jim Kouts has significant commercial, strategic and governance experience across a range of national and state based private and government sector organisations. He is a former senior national executive having worked for two global energy groups for close to 20 years. Jim is Deputy Chair and Non-Executive Director of the Adelaide Economic Development Agency, and a Non-Executive Director of Business Events Adelaide (BEA). Until recently he was Chair of BEA. He is also a Non-Executive Director of the Adelaide Venue Management Corporation and a long-term strategic adviser to both Adelaide Airport Limited and Flinders Port Holdings. Jim was appointed Chair of HomeStart in December 2013, having previously been Deputy Chair.



Chris Ward | Deputy Chair

Chris Ward is a professional Non-Executive Director, having had more than 30 years of broad executive experience, primarily in banking and finance. He is an Advisory Board Chair to two private companies. Chris is a former Non-Executive Director, Chair of the Risk and Audit Committee, and member of the Remuneration Committee at the South Australian Film Corporation, a former Non-Executive Director of the Australian Dance Theatre and was an Executive Partner at UniSA. Chris was appointed to the HomeStart Board in June 2012, appointed Deputy Chair in December 2013 and was Chair of the Asset and Liability Committee (ALCO). Chris completed his term on the Board in June 2025.



Andrew Seaton | Board Member

Andrew Seaton is Managing Director and Chief Executive of Australian Naval Infrastructure. He has extensive finance, strategy, commercial and project management experience, having worked in banking, natural resources and defence industries for more than 35 years. Andrew previously held the roles of Chief Financial Officer at Santos Limited, Vice-President Investment Banking with Merrill Lynch and Client Director with NAB. He is a Non-Executive Director of ASX-listed Strike Energy Ltd. Andrew was appointed to the HomeStart Board in 2019 and is the Chair of the Audit and Risk Committee.



Shanti Berggren | Board Member

Shanti Berggren is the General Counsel and Executive Director of Legal Services at the University of Adelaide. She is a commercial lawyer who has worked in private practice and in-house roles in Los Angeles, Singapore, and Sydney. She is also a Director of the Adelaide Football Club. Shanti was appointed to the HomeStart Board in March 2017.

Our Board



Sue Edwards | Board Member

Sue Edwards is a chartered accountant and is currently a Director of Mitolo Family Farms and Executive Officer of the Mitolo Family Office. She is a former Partner at Deloitte where she specialised in providing business advice, including strategy, finance and taxation, and is a former treasury manager. Sue Edwards was appointed to the HomeStart Board in December 2010. Sue completed her term on the Board in December 2024.



Stella Thredgold | Board Member

Stella Thredgold brings extensive experience from her career as an experienced ASX 100 C-Suite executive with national responsibilities specialising in the banking, superannuation and finance industry. She consults and advises on leading organisations through change with experience in delivering complex transformations relating to strategy, risk and compliance, customer experience, technology, people, organisational culture, digital transformations and corporate governance. Stella is also a Non-Executive Director of Discovery Parks, and Slater & Gordon. Stella was appointed to the HomeStart Board in February 2024.



Richard Bryant | Board Member

Richard Bryant brings with him more than 40 years of leadership experience in the property, construction, and engineering sectors, holding high-level strategic and general management roles. His career has seen him establish and oversee businesses throughout Australia, where he has applied his considerable expertise in formulating and implementing business strategies, organisational structures, staffing, and operational systems. Additionally, Richard has contributed his leadership to various board roles within both the commercial and not-for-profit sectors. Richard was appointed to the HomeStart Board in May 2024.

Board attendance data

Board attendance

	Eligible to attend	Meetings attended
Jim Kouts	11	11
Chris Ward	11	11
Andrew Seaton	11	11
Shanti Berggren	11	11
Sue Edwards	6	6
Stella Thredgold	11	10
Richard Bryant	11	10

Asset and Liability Committee attendance

	Eligible to attend	Meetings attended
Chris Ward	11	11
Shanti Berggren	11	11
Sue Edwards	6	6
Stella Thredgold (Alternate)	5	5

Audit and Risk Committee attendance

	Eligible to attend	Meetings attended
Andrew Seaton	7	7
Stella Thredgold	7	6
Richard Bryant	7	7

Our Executive team



Andrew Mills | Chief Executive Officer

Andrew Mills became Chief Executive Officer in January 2022, having previously held senior executive positions across the organisation over the past decade. He possesses strong financial and business acumen and has been a key contributor to the success of HomeStart, fostering strong relationships within the organisation and externally.

Andrew brings a unique focus on product innovation, digital transformation and organisational development, which is instrumental in leading HomeStart through this challenging time in the housing market. His commitment to help more South Australians into home ownership is coupled with a belief that HomeStart can continue to play a key role in the economic and social prosperity of the State.



Vas Iannella | Chief Customer Officer

Vas Iannella joined HomeStart in May 2020 as Chief Customer Officer, bringing more than 15 years of experience in retail and commercial banking. Throughout her career, Vas has been instrumental in transforming customer experiences and aligning people, processes and technology to deliver exceptional outcomes.

At HomeStart, she leads the organisation's customer-focussed functions, including marketing and communication, customer support, and strategic partnerships. Vas also plays a key role in shaping HomeStart's organisational strategy and driving innovation to ensure the business continues to meet the evolving needs of South Australians.



Simon Olifent | Chief Financial Officer

Simon Olifent joined HomeStart as Chief Financial Officer in January 2024. He was previously at Westpac in Sydney where he worked in senior finance roles for more than 13 years, including Finance Director for the past four years. Prior to his banking experience, he was a Senior Manager of Audit and Transaction Services at global professional services firm PwC, based in Sydney and Adelaide.



Ryan Officer | Chief Risk Officer

Ryan Officer joined HomeStart as Chief Risk Officer in October 2021. He has held roles across multiple facets of the banking sector with experience in business and retail banking in both sales and risk management. In this role, Ryan has oversight of credit and operational risk and compliance, legal, information services and products.



Vanessa Charlesworth | People and Capability Leader

Vanessa Charlesworth joined HomeStart in 2010. She has worked as an HR professional for more than 25 years in the health and finance industries. At HomeStart, she uses her professional skills and knowledge to assist and guide the organisation strategically on a broad range of matters across a range of disciplines including employee relations, talent management, work health and safety, learning and development, recruitment and remuneration.

Corporate governance

HomeStart Finance is a statutory corporation operating under the Urban Renewal (HomeStart Finance) Regulations 2020. HomeStart falls under the Ministerial responsibility of the Treasurer, the Hon. Tom Koutsantonis MP in the South Australian Government. HomeStart's approach to corporate governance is guided by legislation, State Government guidelines issued by the Department of Premier and Cabinet, Treasurer's Instructions issued by the Department of Treasury and Finance, ASIC, and principles of best practice.

Board of management

HomeStart is administered by a seven-member Board of Management (the Board). Board members are appointed by the Governor, on the advice of the Chief Executive of the Department of Premier and Cabinet, for a term not exceeding three years, and are entitled to such remuneration, allowances and expenses as determined by the Governor. The members who held office during 2024-25 are identified on pages 16 to 17. Board member remuneration information is provided in Note 8 of the financial statements.

Board members are independent of the organisation and chosen for their expertise and skills in matters related, or complementary to, HomeStart's business. The Board is responsible to the Treasurer for overseeing HomeStart's business operations, with a focus on corporate accountability, strategic planning, monitoring, policy development and protecting the State Government's financial and other interests in the organisation.

A Department of Treasury and Finance appointed observer is invited to each Board meeting. The following committees of the Board operate under individual charters and assist the Board in discharging particular functions. Committee members are selected for their expertise and independence.

Audit and Risk Committee

This committee is chaired by Andrew Seaton and membership includes two other Board members. Management personnel and representatives of the Auditor-General and internal auditors also attend meetings.

The Audit and Risk Committee's primary responsibilities are:

- Monitoring risk management processes and status of risks and internal controls.
 - Reviewing the financial reporting process and outputs.
 - Reviewing compliance with relevant laws and regulations.
 - Monitoring the internal and external audit functions.
 - Monitoring internal control processes.
 - Approving changes to the risk management framework.
 - To operate in a commercial manner and manage risk prudently.
-

Asset and Liability Committee (ALCO)

This committee was chaired by Chris Ward until 27 June 2025 followed by Stella Thredgold for the remainder of the financial year. The committee includes two other Board members plus the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Other management personnel and representatives from the South Australian Government Financing Authority (SAFA) also attend.

The HomeStart Board has established ALCO to:

- Ensure HomeStart's asset and liability risks are managed in a prudent manner; and
 - Maintain sound, prudent financial asset and liability management frameworks and controls that result in the long-term financial viability of HomeStart.
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Business planning, monitoring and accountability

The Board, in conjunction with Management, establishes and reviews strategic directions and objectives for the business on an annual basis, considering external environmental factors, commercial best practice and internal goals.

These activities enable HomeStart to fulfil its purpose and deliver its long-term goals in alignment with government objectives, targets and policy directions.

The Board uses a balanced scorecard quarterly to measure progress against strategic objectives. The individual subcommittees of the Board provide feedback on activities undertaken in discharging the duties under their respective charters.

HomeStart incorporates appropriate risk management standards and practices into all significant new business activities or initiatives, in line with the South Australian Government's Risk Management Policy Statement.

The Board assesses the performance of the CEO on a regular basis against current strategic and business objectives.

Board member benefits

During or since the 2024-25 financial year, no Board member has received or become entitled to receive a personal benefit (other than a remuneration benefit included in Note 8 to the financial statements) because of a contract made with HomeStart by:

- The Board member.
 - Any organisation of which the Board member is a member.
 - Any entity in which the Board member has a substantial financial interest.
 - An associate of the Board member.
-

Executive appointment and remuneration

Responsibility for the appointment of the CEO rests with the Board. Responsibility for executive appointments rests with the CEO. Details of executive remuneration are set out in Note 7 to the financial statements.

Risk management

HomeStart has an enterprise-wide approach to managing risks to ensure they are identified and managed at all levels of our operations.

While oversight of risk management remains the primary responsibility of the Board, each committee has specific roles and responsibilities in relation to risk management. The Audit and Risk Committee monitors all operational risks, including a regular review of the areas of highest risk. The Asset and Liability Committee (ALCO) monitors all credit and market risks.

Risk management is an integral part of everyday work and is supported by:

- An Assurance Framework that outlines how risk is managed at HomeStart.
 - A Risk & Compliance Management Policy that provides the roles and responsibilities for each of the three lines; employees, Risk Assurance, and independent assurance such as Internal Audit.
 - A Risk Appetite Statement summarising HomeStart's tolerance against various risk indicators.
 - Identification, assessment (using AS/NZS ISO 31000:2018) and recording of risks and controls through a risk management system.
 - Continuous monitoring and reassessment of risks and internal controls, prompted by our risk management system's interactive email capability and through regular discussion at executive and team level.
 - Organisation-wide feedback on existing and emerging risks.
 - Comprehensive reporting to Executive Committee, Audit and Risk Committee and Board.
-

Strategic risk

Discussion and assessment of risks and opportunities form part of our strategic and business planning process to enable us to prioritise objectives, maximise outcomes and mitigate threats. Our planning considers our external environment, market context, ministerial and government objectives as well as internal capabilities.

Risk and control self-assessments are conducted for each division against the strategy to ensure current risks are captured and monitored or mitigated.

Credit risk

Credit risk is inherent in HomeStart's core function of lending. Lending policies are founded on sound credit risk management and behavioural intelligence, which is incorporated into each stage of a customer's loan application and ongoing loan management.

Analysis is underpinned by credit risk systems that have been developed using a combination of theory and experience, drawn from the behaviour of our customer base.

Regular and comprehensive reporting and monitoring is provided to ALCO, Audit and Risk Committee and Board.

Market risk

A comprehensive set of policies govern HomeStart's funding and interest rate risk management activities. These policies are monitored by ALCO at its monthly meetings and regularly by the Chief Financial Officer. HomeStart's funding is entirely sourced from the South Australian Government via the South Australian Government Financing Authority (SAFA), so the exposure to market risk is limited to SAFA's exposure.

Operational risk

Operational risks are those inherent in the day-to-day functions of HomeStart. The risk management system facilitates a comprehensive assessment, communication and monitoring framework for these risks. Management regularly reviews its risk profiles to ensure appropriate internal controls are in place and operating effectively. Any incidents that occur are recorded against the relevant risk and are investigated and mitigated where possible, within set timeframes dependent on the risk rating.

Information security risk management

HomeStart has a Cyber Security Program to safeguard against information security risks as outlined in the standard ISO/IEC 27001:2013 Information Security Management. The program includes a suite of policies specific to information security.

Compliance, internal control and assurance

HomeStart's organisational compliance framework supports the identification and assessment of our legal obligations and management and monitoring of our compliance responsibilities on an ongoing basis.

This framework is reviewed on a regular basis to reflect any relevant legislative changes or any organisational structure and subsequent role changes.

HomeStart's Board is responsible for ensuring robust and effective internal controls exist to minimise the risks inherent in our business. Internal controls are regularly reviewed in line with the Assurance Framework and Control Testing Methodology to ensure their effectiveness and to identify any assurance gaps and areas of improvement.

An Anti-Money Laundering and Counter Terrorism Financing Program is in place with suspicious matters reported to the Australian Transaction Reports and Analysis Centre (AUSTRAC).

While internal fraud is a risk that HomeStart is exposed to in various areas of the business, no inappropriate activity has been identified.

Strategies to prevent fraud are in place at all levels of our operations including:

- A register of delegations.
 - An internal audit program.
 - Segregation of duties.
 - Dual controls in appropriate areas.
 - Internal policies, procedures, monitoring, and reconciliation.
 - Regular and ongoing compliance training for all employees.
 - A Fraud and Corruption Control Plan.
 - Public Interest Disclosure process.
 - A strong internal culture and organisational values.
-

Internal and external audit

External audit is undertaken by the Audit Office of South Australia and an Independent Auditors Report is provided to the Board. The report for this financial year can be found on page 61.

Deloitte conducted the operational internal audit function for 2024-25 which was based on a three-year rolling audit plan.

Statutory information

Freedom of Information Act 1991 – Information Statement

HomeStart Finance is a statutory corporation, established under the Urban Renewal Act 1995 and is governed by the Urban Renewal (HomeStart Finance) Regulations 2020, to facilitate home ownership opportunities for South Australians, with a particular focus on low-to moderate income households. HomeStart operates in a commercial manner to achieve financial and other performance benchmarks that are established and agreed with the State Government.

Policy documents

The following policy documents are held by HomeStart and are available on request, free of charge:

- HomeStart home loan brochures.
- HomeStart guide to fees and charges.
- HomeStart Privacy Policy.
- HomeStart Credit Reporting Policy.
- HomeStart Annual Report.
- HomeStart Target Market Determinations.

Copies of these documents can be accessed from homestart.com.au or by contacting the Freedom of Information Officer on (08) 8203 4750.

Access to personal information

Customers are entitled to obtain access to their personal information held by HomeStart in accordance with the Freedom of Information Act 1991. HomeStart may deny a request for access if required, obliged or authorised to do so under any applicable law, including the Freedom of Information Act 1991. Any request for access to personal information must be in writing and must be sent to the Freedom of Information Officer.

HomeStart will respond to all requests for information under the Freedom of Information Act 1991 within 30 days of receipt of the request. Fees and charges may be payable.

Public Interest Disclosure Act 2018

No public interest information has been disclosed to a responsible officer of HomeStart under the Public Interest Disclosure Act 2018 (SA).

Proactive disclosures

HomeStart provides proactive disclosures of information on its website.

Work Health & Safety (WHS)

HomeStart is dedicated to maintaining a safe, injury-free workplace and fostering high employee engagement. We consistently meet key Work Health and Safety (WHS) legislation requirements and keep our WHS Manual up-to-date with legislative changes and regular reviews. Our robust Safety Management System systematically manages safety risks, enhances safety practices, demonstrates corporate due diligence, and strengthens our overall safety culture.

Activities that support a safe work environment include:

- Regular training sessions on emergency procedures.
- Ongoing education for new employees.
- Onsite refresher and/or training of Mental Health First Aid Officers.
- First Aid Officers training.
- Emergency evacuation drills.
- Annual influenza vaccination program.
- Skin check program.
- Provision of online training; mandatory and optional opportunities.
- Choice of Employee Assistance Program providers.
- Undertaking risk assessment and hazard identification by way of worksite inspections across all locations.
- Ergonomic assessments in the workplace and work from home environments.
- The Healthy Body and Mind hub with monthly newsletters, webinars, live classes, resources, etc.
- Healthy Minds Wellbeing Index measured.
- Implementation of wellbeing initiatives that promote physical and mental wellbeing.
- Ongoing maintenance of facilities and equipment.

There were no WHS prosecutions, notices or corrective actions during 2024-25.

Public complaints

Complaints received through the Australian Financial Complaints Authority

Collections	0
Policy	2
Service	3
Collections Policy Service Complaints lodged with State Ombudsman	0

Complaints direct to HomeStart

Collections	4
Policy	14
Service	45
Communication/Privacy	4
Other	0
Total complaints	72

HomeStart is committed to conducting its business in accordance with the law as well as best practice and Australian Standards. Consistent with this commitment, HomeStart's Complaints Management Policy is guided by AS/NZS ISO 10002-2022 Guidelines for complaints management in organisations and ASIC's Regulatory Guide 271 – Internal Dispute Resolution.

A customer complaint register provides valuable information and feedback to ensure policies and procedures remain current.

Consultancy expense

Consultant	Purpose of consultancy	Number	Cost \$'000
Total consultancies below \$10,000	Process optimisation	1	1
Total consultancies \$10,000 and above			
Brett & Watson Pty Ltd	Actuarial Reviews	1	26
Deloitte Touche Tohmatsu	Treasury Management System	1	77
Total consultancies		3	104

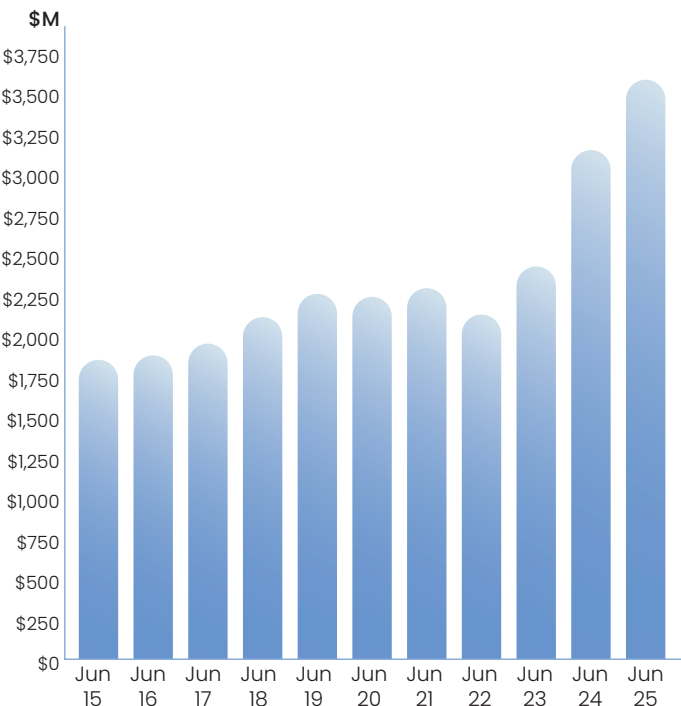
Financials

HomeStart achieved an underlying profit before tax of \$48.1M in 2024-25, up from \$39.5M in the previous year, reflecting strong portfolio growth and a higher net interest margin. The buoyant property market underpinned significant realised and unrealised gains on HomeStart's shared equity portfolio. Once unrealised gains and loan provisioning changes were included, HomeStart achieved a headline profit before tax of \$65.1M (\$49.3M, 2023-24).

HomeStart continued to provide substantial payments to the Government, amounting to \$100.6M for the year, and \$1.1BN since inception in 1989. HomeStart ended the year in a strong financial position, with excellent underlying profitability, sound credit and a pipeline of growth. Combined with the organisational focus of delivering social obligations to our customers within a commercial framework and prudent risk management, HomeStart continues to ensure long-term value for all. HomeStart received a Community Service Obligation (CSO) reimbursement of \$9.1M in 2024-25 (\$8.8M, 2023-24) recognising the cost of providing our non-commercial activities. HomeStart's debt funding from the South Australian Government Financing Authority (SAFA) was \$3.3BN against a borrowing limit of \$3.7BN, with the Treasurer approving an increase to the limit during the year (2023-24 limit of \$3.4BN).

Gross loan portfolio size

The gross loan portfolio increased during 2024-25 to \$3.6BN (\$3.1BN, 2023-24)



Asset and liability management

The gross loan portfolio increased during 2024-25 to \$3.6BN (\$3.1BN, 2023-24). While interest rates have fallen from their peak, market conditions remained challenging with elevated interest rates, rising house prices and cost of living pressures. This drove increased demand for HomeStart's unique product offering. HomeStart delivered \$1.4BN of new lending during the year (\$1.2BN, 2023-24), which was a record level. The value of loans refinanced to other lenders has increased significantly this year to record levels, as customers benefit from the equity generated from strong property price growth and reductions in interest rates.

Funding

HomeStart's lending is financed by its capital base and borrowings from SAFA. A global approach to treasury risk management continues to be applied, whereby risks are amalgamated from all activities and managed on a consolidated basis, taking advantage of offsetting risks. HomeStart's Asset and Liability Committee (ALCO) reviews HomeStart's Treasury policies and compliance with them.

Provisioning

HomeStart has recognised specific and collective provisions of \$33.4M (\$26.8M, 2023-24) against its loan portfolio, which is an increase on the prior year in line with growth in the loan portfolio.

Credit performance across the portfolio continued to be very strong. HomeStart's customers are protected against increases in interest rates by the Repayment Safeguard, which means that loan repayments increase at or around the rate of inflation, rather than increasing in line with interest rates. This aspect of HomeStart's loan products has helped to keep credit performance at a strong level.

Consistent with industry practice and the forward-looking nature of Australian Accounting Standards Board (AASB) 9 Financial Instruments, HomeStart retained a conservative posture in relation to provisioning for future bad and doubtful debts. This position reflects the general uncertainty surrounding the outlook for economic conditions in the coming year, with cost-of-living pressures expected to continue to present challenges for borrowers.

Management believes the sum of its specific and collective provisions constitutes adequate provisioning to meet potential loan losses in the future.

Financial indicators	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Headline profit (\$M)	15.6	17.0	20.3	18.9	23.3	31.2	49.6	55.7	37.7	49.3	65.1
Net interest margin (%)	1.0	1.1	1.3	1.2	1.3	1.9	2.2	2.2	1.8	2.3	2.5

Balance sheet strength	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital (\$M)	173.2	157.3	165.4	162.2	159.2	158.4	161.6	185.4	181.6	169.0	160.0
Provisions (\$M)	18.0	17.3	18.2	17.5	18.6	23.4	20.6	19.7	20.6	26.8	33.4
Gross loan portfolio (\$M) ¹	1,840.2	1,867.7	1,939.7	2,103.1	2,245.7	2,227.5	2,280.5	2,119.4	2,415.1	3,131.0	3,563.7

¹ Gross loan portfolio excludes Wyatt, Starter and SEO Construction products which are administered by HomeStart on behalf of the Wyatt Trust and South Australian Housing Authority (SAHA).

Financial contributions to the State Government

\$1.1BN paid to the State Government since inception

Payment type (\$M)	1995-2015 ¹	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Guarantee fee	241.2	26.5	28.0	28.6	29.7	27.5	22.9	19.7	18.0	23.3	31.6	497.0
SAFA ² admin fee	14.2	1.0	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.5	1.7	26.5
Tax equivalent	67.3	4.9	5.2	6.2	6.0	9.0	11.0	16.0	16.8	12.9	19.1	174.4
Dividends	86.9	7.1	7.1	9.1	14.8	22.3	26.2	46.4	26.1	32.9	48.2	327.1
Interim (special) dividend	47.3	20.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	77.3
Total paid	456.9	59.5	41.3	55.0	51.7	60.0	61.3	83.4	62.1	70.6	100.6	1,102.4

¹ no payments made prior to 1995 | ² South Australian Government Financing Authority.

Contributions reflect cash payments made to the State Government during the year, and exclude any CSOs received from the State Government.

Certification of financial statements

For the year ended 30 June 2025

We certify that the:


- financial statements of HomeStart:
 - are in accordance with the accounts and records of HomeStart Finance
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of HomeStart Finance at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by HomeStart Finance for the financial year over its financial reporting and its preparation of financial statements have been effective.

Signed in accordance with a resolution of the Board members.



Jim Kouts
Chair

16 September 2025



Andrew Mills
Chief Executive Officer

16 September 2025



Simon Olifent
Chief Financial Officer

16 September 2025

HomeStart Finance
Statement of Comprehensive Income
For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Interest income	4	245,195	192,402
Interest expense	4	(138,944)	(104,408)
Net interest income	4	106,251	87,994
Other income	5	41,635	30,221
Broker fees		(5,757)	(4,725)
Employee related expenses	6	(18,976)	(17,507)
Bad and impaired loans income/(expense)	10	(6,687)	(6,117)
Depreciation, amortisation and impairment expense	11	(9,786)	(6,797)
Other expenses	12	(9,214)	(10,432)
Profit before income tax equivalents and government guarantee fee expenses		97,466	72,637
Government guarantee fee	9	(32,356)	(23,302)
Profit before income tax equivalents		65,110	49,335
Income tax equivalents expense	2.2	(19,533)	(14,801)
Profit after income tax equivalents		45,577	34,534
<u>Other Comprehensive Income</u>			
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met</i>			
Change in fair value of derivatives		(8,913)	(12,634)
Total other comprehensive income		(8,913)	(12,634)
Total comprehensive result		36,664	21,900

The accompanying notes form part of these financial statements. The profit after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

HomeStart Finance
Statement of Financial Position
As at 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Assets			
Cash and cash equivalents	30.1	3,778	3,295
Financial investments	14	25	1,669
Derivative financial instruments	31.2.2	-	6,126
Loans and advances	15	3,519,818	3,079,070
Other financial assets	16	732	1,042
Intangible assets	17	2,448	7,797
Property, plant and equipment	18	3,610	4,802
Other assets	19	634	868
Total assets		3,531,045	3,104,669
Liabilities			
Payables	21	10,178	7,562
Derivative financial instruments	31.2.2	2,915	-
Short-term borrowings	22	925,754	474,889
Employee related liability	23	3,275	2,969
Income tax equivalents payable	24.1	5,735	5,271
Provision for dividend	24.2	1,595	4,219
Long-term borrowings	22	2,418,662	2,419,557
Other liabilities	25.1	2,844	21,202
Total liabilities		3,370,958	2,935,669
Net assets		160,087	169,000
Equity			
Reserves	26	(2,787)	6,126
Retained earnings		162,874	162,874
Total equity		160,087	169,000

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

HomeStart Finance
Statement of Changes in Equity
For the year ended 30 June 2025

Notes	Retained earnings \$'000	Derivatives valuation reserve \$'000	Total Equity \$'000
Balance at 30 June 2023	162,874	18,760	181,634
Profit after income tax equivalent for 2023-24	34,534	-	34,534
Change in fair value of derivatives	-	(12,634)	(12,634)
Total comprehensive result for 2023-24	34,534	(12,634)	21,900
<u>Transactions with SA Government as owner</u>			
Dividends paid/payable	(34,534)	-	(34,534)
Interim dividend paid	-	-	-
Balance at 30 June 2024	162,874	6,126	169,000
Profit after income tax equivalent for 2024-25	45,577	-	45,577
Change in fair value of derivatives	-	(8,913)	(8,913)
Total comprehensive result for 2024-25	45,577	(8,913)	36,664
<u>Transactions with SA Government as owner</u>			
Dividends paid/payable	(45,577)	-	(45,577)
Interim dividend paid	-	-	-
Balance at 30 June 2025	162,874	(2,787)	160,087

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

HomeStart Finance
Statement of Cash Flows
For the year ended 30 June 2025

Cash flows from operating activities

	Notes	\$'000 2025	\$'000 2024
Cash inflows			
Interest received on cash		226	221
Interest received on loans and advances		243,692	189,318
Fees and commissions received		5,803	1,376
Bad debts recovered		64	74
Community Service Obligation subsidy received from SA Government		9,094	8,767
Other receipts		6,309	3,185
Cash generated from operating activities		265,188	202,941
Cash outflows			
Employee related expenses payments		(18,671)	(16,674)
Payments for supplies and services		(12,091)	(14,514)
Payments to brokers		(7,592)	(7,531)
Borrowing costs paid		(137,087)	(102,875)
Government guarantee fee paid		(31,582)	(22,956)
Tax equivalent paid		(19,070)	(12,909)
Cash used in operating activities		(226,093)	(177,459)
Net cash (used in)/provided by operating activities	30.2	39,095	25,482

Cash flows from investing activities

Cash inflows			
Shared appreciation components of Breakthrough Loan repaid	32.4	1,550	1,866
Shared appreciation components of Shared Equity Option Loan repaid	32.4	14,981	4,579
Customer loans repaid		905,234	547,149
Cash generated from investing activities		921,765	553,594
Cash outflows			
Purchase of property, plant and office and computer equipment		-	(133)
Purchase of software		(3,181)	(2,905)
Shared appreciation component of Shared Equity Option Loan settled	32.4	(138,174)	(78,148)
Customer loans settled		(1,220,726)	(1,138,896)
Cash used in investing activities		(1,362,081)	(1,220,082)
Net cash (used in)/provided by investing activities		(440,316)	(666,488)

Cash flows from financing activities

Cash inflows			
Proceeds from borrowings		900,800	771,164
Cash generated from financing activities		900,800	771,164
Cash outflows			
Dividends paid to SA Government		(48,201)	(32,892)
Repayment of leases		(895)	(847)
Repayment of borrowings		(450,000)	(100,000)
Cash used in financing activities		(499,096)	(133,739)
Net cash (used in)/provided by financing activities	30.3	401,704	637,425
Net (decrease)/increase in cash and cash equivalents		483	(3,581)
Cash and cash equivalents at the beginning of the period		3,295	6,876
Cash and cash equivalents at the end of the period	30.1	3,778	3,295

The accompanying notes form part of these financial statements.

HomeStart Finance
Notes to and forming part of the Financial Statements
For the year ended 30 June 2025

NOTE 1 About HomeStart Finance

1.1 About HomeStart Finance

HomeStart was established under the *Urban Renewal (HomeStart Finance) Regulations 2020* as a for-profit State Government organisation. It is subject to the control and direction of the Treasurer of South Australia under Part 3 of the *Urban Renewal Act 1995*.

HomeStart is an individual entity. HomeStart does not control any investee, has no joint arrangements and no interest in unconsolidated structured entities.

HomeStart's reason for being is to make home ownership a reality for more people in South Australia in more ways.

HomeStart Loans

HomeStart provides home loans to South Australians and has products designed to assist low to moderate income households and other needs groups to help achieve our objectives.

HomeStart Loans are the primary loan product and the outstanding value of the product as at 30 June 2025 was \$3.007 billion (\$2.700 billion, 2023-24).

In addition, HomeStart offers a range of shared equity products and the outstanding value as at 30 June 2025 was \$347.5 million (\$202.1 million, 2023-24).

HomeStart also offers a Seniors Equity (reverse mortgage) product and the outstanding value as at 30 June 2025 was \$117.5 million (\$106.0 million, 2023-24).

Subsidies

HomeStart provides subsidised Advantage Loans of up to \$70,000 to lower income earners.

As at 30 June 2025, the weighted average interest rate applying to Advantage Loans was 2.11% (2.46%, 2023-24). The outstanding value of Advantage Loans at 30 June 2025 was \$65.5 million (\$70.6 million, 2023-24).

For the year ended 30 June 2025, HomeStart received a Community Service Obligation (CSO) subsidy payment of \$4.6 million (\$5.4 million, 2023-24) from the Department of Treasury and Finance for Advantage Loan subsidies provided.

HomeStart also provided a \$5 million subsidised construction loan to Young Women's Christian Association of Australia (YWCA) in support of housing for customers experiencing domestic violence. The loan is fully drawn as at 30 June 2025. No repayments are due until October 2025. The loan is interest-free, and the CSO subsidy payment received was \$0.24 million for the year ended 30 June 2025.

NOTE 2 Material accounting policies

2.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- Section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

HomeStart has applied Australian Accounting Standards that are applicable to for-profit entities, as HomeStart is a for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes are rounded to the nearest thousand dollars (\$'000), except when otherwise indicated.

2.2 Taxation

In accordance with Treasurer's Instruction 22 Tax Equivalent Payments, HomeStart is required to pay to the SA Government an income tax equivalent amount. The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profit method. This requires that the corporate income tax rate be applied to the profit. The current income tax liability relates to the income tax expense outstanding for the current period. HomeStart is also liable for payroll tax, fringe benefits tax and goods and services tax (GST).

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

HomeStart, being a provider of financial services, is classified as an input taxed entity for GST purposes and consequently absorbs GST costs passed on by suppliers. Reduced input tax credits can only be claimed on a very limited number of input costs.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

2.3 Income

2.3.1 Interest income – non-subsidised loans

Interest income is recognised as it accrues using the effective interest rate method, except for impaired loans where interest income is recognised as it is recovered (as described in note 2.3.3).

2.3.2 Interest income – subsidised loans

Where HomeStart provides subsidised loans, such as Advantage Loans, EquityStart Loans and community loans such as to YWCA at rates lower than market interest rates, the initial recognition of these loans at fair value may result in a loss that is recognised in the Statement of Comprehensive Income, the loss being the difference between the amount disbursed and the fair value. Fair value is measured by discounting the expected cash flows using a market interest rate.

Interest income on these subsidised loans is brought to account using the effective interest rate method at a rate of interest, based on South Australian Government Financing Authority (SAFA) bonds of the following maturities:

- seven years for Advantage Loans; and
- ten years for EquityStart Loans.

2.3.3 Interest income – impaired loans

HomeStart ceases accruing interest income on loans when it considers that it is unable to recover that interest income from either the customer or from the sale of the security. Interest on these loans is only brought to account when realised or when loans are returned to accruing status.

A loan is no longer considered impaired if all arrears have been eliminated and HomeStart judges that the customer is capable of servicing their future obligations under the facility, or when it otherwise becomes adequately secured.

2.3.4 Loan origination fees received or receivable

Loan origination fees are recognised over the estimated life of loans in the portfolio using the effective interest rate method.

The average life of loans in the originated loan portfolio used for loan fee income recognition is reviewed periodically to ensure the amortisation methodology is appropriate.

2.3.5 Government grants

Grants from the SA Government are recognised at their fair value where there is reasonable assurance that the grant will be received and HomeStart will comply with all attached conditions.

Government grants are recognised as revenue in the Statement of Comprehensive Income over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses.

2.3.6 Investment income

For financial assets measured at fair value through profit or loss (FVTPL), changes in fair value (both realised and unrealised) are recognised in the profit or loss as they occur.

2.3.7 Net gain/loss from disposal of non-financial assets

Net gain or loss from disposal of non-financial assets is recognised when control of the asset has passed to the buyer and is determined by comparing the proceeds on sale with the carrying amount. The gains or losses arising from disposal of non-financial assets are recognised on a net basis as income or an expense.

2.3.8 Other income

Other income is recognised when earned or recovered and is measured at the fair value of the consideration received or receivable.

2.4 Expenses

2.4.1 Government guarantee fee

The government guarantee fee is expensed as it accrues at the rate imposed by the Department of Treasury and Finance.

2.4.2 Loan origination fees paid or payable

Loan origination fees are recognised over the estimated life of loans in the portfolio using the effective interest rate method.

The average life of loans in the originated loan portfolio used for loan origination expense recognition is reviewed periodically to ensure the amortisation methodology is appropriate.

2.4.3 Employee related expenses

Employee related expenses include costs related to employment including wages, salaries, superannuation, non-monetary benefits and leave entitlements. The expenses are recognised in the period in which services are rendered by the employees.

2.4.4 Leases

At inception of a contract, HomeStart assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, HomeStart uses the definition of a lease in AASB 16 *Leases*.

HomeStart recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

HomeStart Finance
Notes to and forming part of the Financial Statements
For the year ended 30 June 2025

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using HomeStart's incremental borrowing rate, published by the Department of Treasury and Finance and reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The *Treasurer's Instructions (Accounting Policy Statements)* specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in HomeStart's accounting policies as follows:

- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15,000 or less, nor short-term leases, being those with a lease term of 12 months or less, nor leases of intangible assets;
- HomeStart, in the capacity of a lessee, does not include non-lease components in lease amounts;
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable HomeStart to further its objectives; and
- right-of-use assets are subsequently measured applying a cost model.

Make good provision

At the expiration of the lease of its office accommodation, HomeStart is required in accordance with the lease agreement to return the premises to its original condition ('make good'). The costs involved in doing so have been included in the cost of HomeStart's right-of-use assets. This amount has been calculated as an estimate of future costs.

2.5 Assets

Assets are classified in the Statement of Financial Position by their nature and in an order that reflects their relative liquidity. Assets have not been offset unless required or permitted by a specific accounting standard.

Current and non-current classes are not generally presented separately.

2.5.1 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to cash and which are subject to insignificant risk of changes in value.

2.5.2 Financial assets

During the current and comparative financial years HomeStart had the following financial assets:

- cash and cash equivalents (refer to note 2.5.1);
- loans and advances at amortised cost (refer to note 2.5.3.1);
- investments at amortised cost - cash management funds (refer to note 2.5.2.1);
- loans and advances at fair value through profit or loss - Shared Equity loans (Breakthrough and Shared Equity Option) (refer to note 2.5.3.2);
- loans and advances at fair value through profit or loss - Seniors Equity loans (refer to note 2.5.3.2); and
- derivative financial instruments (refer to note 2.5.5).

Initial measurement and classification

Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and HomeStart's business model for managing them.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- financial assets at amortised cost (debt instruments); or
- financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

HomeStart measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

If financial assets do not meet the above criteria, they are measured at fair value through profit or loss.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Other than the shared equity loans (Breakthrough and Shared Equity Option loans) and Seniors Equity loans, all HomeStart loans are classified and measured at amortised cost. Refer to note 2.5.3.1.

Business model assessment

HomeStart makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to HomeStart's Management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment as to whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are defined as SPPI, HomeStart considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, HomeStart considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit HomeStart's claim to cash flows from specified assets; and
- features that modify consideration for the time value of money - e.g. periodic reset of interest rates.

Interest rates on certain retail loans made by HomeStart are based on standard variable rates (SVRs) that are set at the discretion of HomeStart. SVRs are generally based on a central bank rate and also include a discretionary spread. In these cases, HomeStart will assess whether the discretionary feature is consistent with the SPPI criterion by considering a number of factors, including whether:

- the borrowers are able to prepay their loans without significant penalties;
- the market competition ensures that interest rates are consistent across lenders; and
- any regulatory or customer protection framework is in place that requires lenders to treat customers fairly.

All of HomeStart's retail loans contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income (OCI), as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

The net gain or loss includes any increase/decrease in the value of the financial asset, any dividend or interest earned on the financial asset.

Derivatives assets are also categorised as financial assets at fair value through profit or loss unless they are effective hedges of cash flows.

The two shared equity loan products (Breakthrough and Shared Equity Option) and Seniors Equity loans are required to be measured at fair value through profit or loss under AASB 9 as the contractual terms of the loans do not give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Refer to note 2.5.3.2.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after HomeStart changes its business model for managing financial assets.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from HomeStart's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- HomeStart has transferred contractual rights to receive cash flows of the financial asset and substantially all the risks and rewards of ownership.

2.5.2.1 Financial investments

The investments in SAFA cash management funds are measured at amortised cost as the cash flows from the investment represent SPPI and the investment is held with the objective to collect contractual cash flows.

2.5.3 Loans and advances

2.5.3.1 Loans and advances at amortised cost

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These loans and advances meet the SPPI test and are held within a business model with the objective to collect contractual cash flows and are therefore measured at amortised cost.

Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the origination of the loan or advance. These costs are amortised over the estimated life of the loan. Subsequently, loans and advances are measured at amortised cost using the effective interest rate method, net of any allowance for expected credit losses.

Subsidised Loans

For subsidised loans, fair value may be less than their face value. If this is the case, on settlement of subsidised loans, an initial loss is recognised as an expense, being the difference between the face and fair values, which is then recognised as income over the expected life of the loan using the effective interest rate method. The loans are measured at amortised cost.

Effective interest rate

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the loan or advance to the net carrying amount of the loan or advance. When estimating the future cash flows, HomeStart considers all contractual terms of the loan or advance excluding any future credit losses. Included in this calculation are all fees paid or received that are integral to the contract.

Impairment - Loans and advances

HomeStart recognises loss allowances for expected credit losses ("ECL") on loans and advances at amortised cost.

HomeStart estimates ECL through modelling the probability of default, loss given default and exposure at default, as follows:

- Stage 1 - Performing - This category includes financial instruments that have not experienced a significant increase in credit risk since their origination. For these financial instruments an allowance equivalent to 12 month's ECL is recognised, which represents the credit losses expected to arise from defaults occurring over the next 12 months.
- Stage 2 - Under-performing - This category includes financial instruments that have experienced a significant increase in credit risk since their origination and are not credit impaired. For these financial instruments an allowance equivalent to lifetime ECL is recognised. Lifetime ECL is the credit losses expected to arise from defaults occurring over the estimated remaining life of financial instruments.
- Stage 3 - Non-performing (impaired) - This category includes financial instruments that are credit impaired. The provision is also equivalent to the lifetime ECL.

Financial instruments in stage 1, 2 and 3 are assessed for impairment collectively using an ECL model. In addition, instruments subject to specific impairment assessment are included in Stage 3.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial instruments that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that HomeStart expects to receive); and
- financial instruments that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial instruments

At each reporting date, HomeStart assesses whether financial instruments carried at amortised cost are credit-impaired and therefore in default (referred to as 'Stage 3 financial instruments'). A financial instrument is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial instrument have occurred.

Evidence that a financial instrument is in default and therefore Stage 3 credit-impaired includes the following observable data:

- the borrower is unlikely to pay its credit obligations to HomeStart in full, without recourse by HomeStart to actions such as realising security (if any is held); or
- rebuttable presumption that loans which are 90 days or more past due are considered credit-impaired; or
- significant financial difficulty of the borrower; or
- the granting of a concession relating to financial difficulty that would not otherwise normally be extended to a borrower.

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Potential losses are determined on loans where reasonable doubt exists about collectability of principal and interest under the terms of the loan contract. This includes all loans where the estimated realisable value of the security is insufficient to cover principal, interest and costs and:

- arrears exceed the lesser of 3 normal monthly instalments or \$4,000; or
- repayment reductions have been negotiated; or
- loans are under an accepted hardship application; or
- loans are currently under management by HomeStart due to non-performance; or
- action is being taken to enforce realisation of security (mortgagee-in-possession).

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. It is HomeStart's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months.

Presentation of allowance for ECL in the Statement of Financial Position

Loss allowances for ECL are presented in the Statement of Financial Position using a provision account and the amount of the loss is included in the Statement of Comprehensive Income.

Write-off

All bad debts are written-off in the period in which they are classified as not recoverable. This is generally the case when HomeStart determines that the borrower does not have sufficient assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. If a provision for impairment has been recognised in relation to a loan, write-offs for bad debts being the difference between outstanding loan balance and the value of the security sold are made against the provision. If no provision for impairment has previously been recognised, write-offs for bad debts are recognised as expenses in the Statement of Comprehensive Income.

Loans that are written off could still be subject to enforcement activities in order to comply with HomeStart's procedures for recovery of amounts due.

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, HomeStart considers both quantitative and qualitative information, including expert credit risk assessment, forward looking information and analysis based on HomeStart's historical experience.

When modelling of a parameter is carried out on a collective basis, the loans are assessed on a portfolio basis taking into account differing credit risks with segmentation in groups as follows:

- Graduate loans;
- Low deposit loans;
- Standard other loans - metropolitan regions; and
- Standard other loans - non-metropolitan regions.

HomeStart uses the following criteria for determining whether there has been a significant increase in credit risk:

- there is an adverse movement in credit risk or loan performance score since inception;
- the current outstanding balance has capitalised and other higher risk factors are present; and
- a backstop of 30 days past due.

Calculation of ECLs

ECLs are calculated using three main parameters i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are generally derived from statistical models combined with historical, current and forward looking information, including macro-economic data.

For accounting purposes, the 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and estimated remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

The LGD represents expected loss conditional on default, taking into account the collateral, its expected value when realised and the time value of money. The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a facility.

The 12-months ECL is equal to the discounted sum over the next 12-months of monthly PD multiplied by LGD and EAD. Lifetime ECL is calculated using the discounted sum of monthly PD over the full remaining estimated life multiplied by LGD and EAD.

Incorporation of forward-looking information

HomeStart incorporates forward-looking information into both the assessment of whether the credit risk of a loan portfolio has increased significantly since its initial recognition and the measurement of ECL.

HomeStart formulates three economic scenarios: a base case, which is the median scenario assigned a 47.5% probability of occurring (40.0%, 2023-24), and two alternative scenarios, one upside assigned a 5.0% probability of occurring (5.0%, 2023-24) and one downside assigned a 47.5% probability of occurring (55.0%, 2023-24). The base case is aligned with information used by HomeStart for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities and selected private-sector and academic forecasters.

HomeStart has identified and documented key drivers of credit risk and credit losses for each portfolio of loans and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

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Incorporating forward looking information, including macro-economic forecasts, increases the degree of judgement required to assess how changes in these data points will affect ECLs. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed annually.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial instruments have been developed based on analysing historical data over 2-3 years.

2.5.3.2 Loans and advances at fair value through profit or loss

Shared appreciation component of the Breakthrough and Shared Equity Option Loans

The Breakthrough and Shared Equity Option Loan facility must be taken out in conjunction with a Standard Loan (the Breakthrough Loan was discontinued from December 2017 and the Shared Equity Option Loan commenced in April 2018).

These loans do not charge interest, rather HomeStart receives a shared appreciation component where repayment of the loan balance is generally deferred until the sale or refinance of the property upon which time the loan balance is repaid along with a scheduled percentage of the appreciated (or depreciated) value of the property.

The shared appreciation component fails the SPPI test and therefore is classified as FVTPL. Gains or losses arising from changes in fair value are presented in the profit or loss in the period in which they arise.

The fair value of the shared appreciation loan component is based on independent valuations of the properties pledged as collateral. The fair value of loans includes the impact of any credit impairment.

Seniors Equity Loans

The Seniors Equity loans are classified as FVTPL as the inclusion of the no negative equity guarantee results in the loan failing the SPPI test. The fair value of the no negative equity guarantee component of the Seniors Equity loans is based on assumptions around mortality, property value and interest rates.

2.5.4 Non-financial assets

2.5.4.1 Property, plant and equipment

Property, plant and equipment are initially recognised at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Property, plant and equipment are subsequently measured using the revaluation model per note 2.5.4.3.

Where assets are acquired at no value, or minimal value, they are recognised at their fair value in the Statement of Financial Position. If, however, the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements, then the assets are recognised at book value, i.e. the amount recorded by the transferor immediately prior to transfer.

Where the payment for an asset is deferred, HomeStart measures the obligation at the present value of the future outflow, discounted using the interest rate of a similar length borrowing.

All property, plant and equipment with a value equal to or in excess of \$5,000 are capitalised.

2.5.4.2 Intangible assets

Intangible assets are initially recognised at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment loss.

The acquisition of, or internal development of software, is capitalised only when the expenditure meets the definition (identifiability, control and existence of future economic benefits) and recognition criteria of an intangible asset outlined in AASB 138 *Intangible Assets*, and when the amount of expenditure is greater than or equal to \$5,000.

Software assets that are not integral to the operation of hardware are recognised as intangible assets with a finite life. Capitalised software is amortised over the useful life of the asset, which is generally between 1 and 10 years.

Costs in relation to website development, building or enhancing a website to the extent they represent probable future economic benefits controlled by HomeStart that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits. Maintenance costs are expensed.

2.5.4.3 Impairment and revaluation

All non-current tangible assets are subsequently measured at fair value. Where the cost at the time of acquisition is less than \$1.5 million (\$1.5 million, 2023-24) or the estimated useful life of the asset is less than 4 years, its cost less accumulated depreciation is considered to represent its fair value (deemed fair value) and no revaluation is performed.

If at any time HomeStart considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

HomeStart expects that for all non-current tangible assets the costs of disposal will be negligible, and the recoverable amount to be close to or greater than the asset's fair value.

2.5.4.4 Depreciation and amortisation of non-financial assets

Non-financial assets having a limited useful life are systematically depreciated or amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as office and computer equipment.

The residual values, useful lives of all major assets held by HomeStart, depreciation and amortisation methods are reviewed and adjusted if appropriate on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimates.

The value of leasehold improvements is depreciated over the estimated useful life of each improvement or the unexpired period of the relevant lease, whichever is shorter.

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Depreciation and amortisation of non-financial assets are calculated on a straight line basis over the estimated useful life of the following classes of assets for the current and comparative periods as follows:

Class of asset	Depreciation and amortisation method	Useful life (years)
Leasehold improvements	Straight line	2 – 10
Other office and computer equipment	Straight line	2 – 10
Furniture and fittings	Straight line	3 – 10
Intangible assets	Straight line	1 – 10

2.5.5 Derivative financial instruments

HomeStart is exposed to changes in interest rates arising from financing activities and it uses derivatives to hedge this risk. Derivative financial instruments are not held for speculative or trading purposes. However, derivatives that are not in a hedge relationship are accounted for at FVTPL.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

HomeStart enters into interest rate swaps with SAFA to manage interest rate risk. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows determined using the yield curve at year-end.

HomeStart designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or hedges of highly probable forecast transactions (cash flow hedges). For the current reporting and comparative periods, HomeStart has only cash flow hedges.

HomeStart documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. HomeStart also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 32.1. Movements in the derivatives valuation are shown in the Statement of Changes in Equity.

HomeStart assesses hedge effectiveness using the hypothetical derivative/matched terms method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The hedging instrument is being designated with a non-zero day 1 fair value as it was designated post inception of the trade. However, the hypothetical has a day 1 value equal to zero. All other critical terms of the hedge relationship match at inception and are expected to match in future.

Under HomeStart's policy, in order to conclude that the hedging relationship is effective, all of the following criteria should be met.

- the notional currency amount on the hedging instrument equals the notional currency amount of the hedged item;
- the fair value of the derivative at inception was zero (i.e. derivative was entered into at available market rates);
- the currency is the same for both the hedged item and the hedging instrument;
- the interest settlement dates on the hedging instrument match the expected settlement dates of the forecasted transaction or firm commitment;
- the change in the expected cash flows of the forecasted transaction or firm commitment is based on the same index; and
- for updates of assessment, there have been no adverse changes in the risk of counterparty default.

There is a clear economic relationship as both the hedging instrument and hedged item are referenced to the same interest rate index. Therefore a high degree of offset would be expected. The hedge ratio between interest rate swap hedges and the underlying AUD floating rate debt will be 100%. Both the hedged item and hedging instrument are referenced to the same interest rate index; there is no basis risk, and no material cash flow timing differences. No material sources of ineffectiveness are expected.

2.5.5.1 Cash flow hedges

The effective portion of the hedge is recognised directly in equity in the derivatives valuation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Income.

Hedge effectiveness tests are performed on all derivative financial instruments to determine if they continue to be effective in managing the hedged risk originally intended when entered into by HomeStart. Where a derivative financial instrument that was previously considered to be effective no longer satisfies the effectiveness test criteria, any gain or loss on the instrument previously recognised in equity remains until the forecast transaction affects the profit or loss. If the forecast transaction is no longer expected to occur, it is reclassified to the Statement of Comprehensive Income as a reclassification adjustment.

2.6 Liabilities

Liabilities are classified in the Statement of Financial Position according to their nature and have not been offset unless required or permitted by a specific accounting standard.

Current and non-current classes are not generally presented separately.

2.6.1 Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest rate method.

2.6.2 Payables

Payables include creditors, accrued expenses, employment on-costs, interest, guarantee fee and broker fees.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of HomeStart.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

Employment on-costs include superannuation contributions and payroll tax with respect of outstanding liabilities for salaries and wages, long service leave and annual leave.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date the invoice is first received (in accordance with Treasurer's Instruction 11 - Payment of Creditors' Accounts).

2.6.3 Employee benefits

Employee benefits accrue as a result of services provided by the employees up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term benefits are measured at nominal amounts allowing for known increases from 1 July.

Long-term service leave

The liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Salaries and wages, annual leave and sick leave

The liability for salaries and wages is measured as the amount unpaid at remuneration rates current at reporting date. The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

2.7 Other provisions

Provisions are recognised when HomeStart has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

2.8 Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

HomeStart classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 – quoted prices (un-adjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation processes and fair value changes are reviewed at each reporting date.

2.9 Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingent liabilities are disclosed on a gross basis.

2.10 Insurance

HomeStart has arranged through SAFA to insure selected insurable risks of HomeStart. The excess payable under this arrangement varies depending on each class of insurance held. In addition, HomeStart attempts to insure mortgagee in possession properties.

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2.11 Accounting judgements, estimates and assumptions

The preparation of the financial statements requires the use of certain accounting estimates and requires HomeStart to exercise its judgement in the process of applying HomeStart's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The areas involving a higher degree of estimate and judgement that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual financial reporting period are outlined below:

Area of estimate and judgement	Note no.
Loans and advances at fair value through profit or loss – shared equity loans and seniors equity loans	2.5.2, 2.5.3.2, 31.4, 32.2
Fair value of subsidised loans and advances	2.5.3
Loan origination fees received or receivable	2.3.4
Loan origination fees paid or payable	2.4.2
Provision for impairment of loans and advances	2.5.3
Derivative financial instruments	2.5.5, 31.2.2, 32.2
Provision for customer account administration costs	25.1
Long service leave provision	23

NOTE 3 Changes in accounting policy

3.1 Impacts of standards not yet effective

Several amendments and interpretations apply for the first time in 2025 but do not have a material impact on the financial statements of HomeStart. HomeStart has assessed the impact of upcoming Australian Accounting Standards and Interpretations, as issued by Australian Accounting Standard Board, which will be effective for annual periods beginning after 30 June 2025. None are expected to have a significant impact on HomeStart's financial statements in the period of initial application.

NOTE 4 Net interest income

See accounting policy in notes 2.3.1-4.

	2025 \$'000	2024 \$'000
Interest income		
Loans and advances	243,911	187,251
Subsidised loans effective interest income	3,104	3,263
Subsidised loans fair value income/(expense)	(4,675)	(837)
Loan origination income amortisation	2,629	2,504
Deposits with banks	226	221
Total interest income	245,195	192,402
Interest expense		
Borrowings from SAFA	(138,801)	(104,244)
Lease liability	(143)	(164)
Total interest expense	(138,944)	(104,408)
Net interest income	106,251	87,994

NOTE 5 Other income

See accounting policy in note 2.3.5-8.

	2025 \$'000	2024 \$'000
Fees and charges	2,495	2,147
Bad debts recovered	65	74
Unrealised gain in fair value of loans at FVTPL*	23,731	15,987
Realised change in fair value of loans at FVTPL	6,180	3,172
Community Service Obligation (CSO) subsidy	9,094	8,767
Other	70	74
Total other income	41,635	30,221

*The shared appreciation component of the Breakthrough and Shared Equity Option Loan is measured at fair value through profit or loss. The fair value of this loan component is estimated based on independent valuations of the properties pledged as collateral. Net unrealised losses, if any, are disclosed in note 12 other expenses.

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NOTE 6 Employee related expenses

See accounting policy in note 2.4.3.

	2025	2024
	\$'000	\$'000
Salaries and wages	15,372	14,101
Long service leave (LSL)	244	450
Annual leave	268	294
Employment on-costs – superannuation*	1,923	1,589
Employment on-costs – other	910	868
Workers compensation	10	(28)
Board and committee fees	249	233
Total employee related expenses	18,976	17,507

*The superannuation employment on-cost charge represents HomeStart's contribution to defined contribution superannuation plans in respect of current services of current employees.

NOTE 7 Employee remuneration

The number of employees whose remuneration received or receivable falls within the following bands:

	2025	2024
	No.	No.
\$157,001 to \$160,000	2	-
\$160,001 to \$180,000	9	10
\$180,001 to \$200,000	7	5
\$200,001 to \$220,000	2	-
\$220,001 to \$240,000	1	-
\$260,001 to \$280,000	1	1
\$300,001 to \$320,000	1	1
\$320,001 to \$340,000	1	1
\$340,001 to \$360,000	1	-
\$420,001 to \$440,000	-	1
\$440,000+	1	-
Total	26	19

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, termination payments, superannuation contributions, salary sacrifice, payments in lieu of leave, fringe benefits and any fringe benefits tax paid in respect of those benefits.

The total remuneration received by these employees for the year was \$5.560 million (\$3.997 million, 2023-24).

Number of employees

HomeStart employed 146 people at the end of the reporting period (144, 2023-24).

NOTE 8 Key management personnel

Key Management Personnel of HomeStart include the Treasurer, members of the Board, the Chief Executive Officer and members of the Executive team who have responsibility for the strategic direction and management of HomeStart.

The Treasurer is considered a member of the key management personnel of HomeStart due to the power provided under the *Urban Renewal Act 1995* for the Treasurer to control and direct HomeStart.

The compensation disclosed in this note excludes salaries and other benefits the Treasurer receives. The Treasurer's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

(a) Board members

Members during the 2025 financial year were:

- Mr Jim Kouts - Chair
- Mr Chris Ward - Deputy Chair (until 27 June 2025)
- Ms Sue Edwards (until 18 December 2024)
- Ms Shanti Berggren
- Mr Andrew Seaton
- Ms Stella Thredgold
- Mr Richard Bryant

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(b) Other Key Management Personnel

The following persons also held positions of authority and responsibility for planning, directing and controlling the activities of HomeStart, directly or indirectly for the entire financial year (unless otherwise indicated):

Mr Andrew Mills - Chief Executive Officer
Mr Simon Olifent - Chief Financial Officer
Mr Ryan Officer - Chief Risk Officer
Ms Vas Iannella - Chief Customer Officer
Ms Vanessa Charlesworth - People & Capability Leader

(c) Key Management Personnel compensation

The compensation of key management personnel for the year ended 30 June 2025 included in employee related expenses (see note 6) is as follows:

	2025	2024
	\$'000	\$'000
Salaries and other short-term employee related expenses	1,497	1,300
Long-term employee benefits (long service leave)	70	84
Long-term employee benefits (amounts paid to superannuation plans)	171	140
Total	1,738	1,524

A related party of a key management personnel had a home loan with HomeStart. The outstanding loan balance as of 30 June 2025 is nil (\$0.542 million, 2023-24). The loan was subject to normal commercial terms and conditions, including the interest rate charged which was per HomeStart's published interest rates. The total amount of interest earned for the year was \$0.011 million (\$0.023 million, 2023-24). The loan was discharged on 31 October 2024.

(d) Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:

	2025	2024
	No.	No.
\$0 - \$19,999	-	2
\$20,000 - \$39,999	3	3
\$40,000 - \$59,999	4	3
Total number of members	7	8

The total remuneration received and receivable by members was \$0.276 million (\$0.259 million, 2023-24) which includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

There were no transactions between HomeStart and Board members during the current or prior financial year. Transactions undertaken with SA Government and its departments and agencies are disclosed in note 29.

NOTE 9 Government guarantee fee

See accounting policy in note 2.4.1.

	2025	2024
	\$'000	\$'000
Government guarantee fee paid or payable	32,356	23,302
Total government guarantee fee	32,356	23,302

The methodology pursuant to policy for calculating the Government Guarantee Fee (GGF) rate uses the four year term to maturity credit spreads averaged over the calendar year for the "BBB" stand-alone credit rating band assigned to HomeStart Finance. This has resulted in the GGF rate (approved by the Treasurer) increasing to 1.51% p.a. for the 2024-25 financial year (1.34%, 2023-24). Existing debt will continue to attract the legacy rates approved in previous financial years ranging from 0.76% to 1.34% p.a. (0.76% to 1.34% p.a., 2023-24).

NOTE 10 Bad and impaired loans expense/(income)

See accounting policy in note 2.5.3.1.

	2025	2024
	\$'000	\$'000
Bad and impaired loans expense	2	-
Increase/(decrease) in provision for impairment	6,685	6,117
Total bad and impaired loans expense/(income)	6,687	6,117

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NOTE 11 Depreciation, amortisation and impairment expense

See accounting policy in notes 2.5.4.2 and 2.5.4.4.

	2025	2024
	\$'000	\$'000
Other office and computer equipment	236	340
Leasehold improvements	257	275
Right of use buildings	729	827
Right of use motor vehicles	30	32
Right of use PPE	4	-
Intangible assets	8,530	5,323
Total depreciation, amortisation and impairment expense	9,786	6,797

NOTE 12 Other expenses

	2025	2024
	\$'000	\$'000
External auditor's remuneration*	275	197
Insurance	248	153
Office accommodation	234	225
Marketing, product development and advertising	2,030	2,345
Internal audit fees	238	241
Loan administration	282	534
Information technology	3,608	3,618
Consultant fees	104	408
Human resources and staff development	575	488
Other	1,620	2,223
Total other expenses	9,214	10,432

Total other expenses amount disclosed includes GST amounts non-recoverable from the ATO.

*Audit fees paid/payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* were \$234,960 for 2024-25 with a true-up of \$39,930 for 2023-24 (\$197,000, 2023-24). No other services were provided by the Audit Office of South Australia.

Consultants

The number of consultancies and dollar amount paid/payable
(included in Other expenses):

	2025	2025	2024	2024
	No.	\$'000	No.	\$'000
	3	104	6	408

NOTE 13 Expenditure SA Business / Non-SA Business

The following table includes all expenditure in relation to contracts above \$55,000 (GST inclusive) resulting from a procurement as defined in Treasurer's Instructions 18 – Procurement (TI 18). Arrangements between public authorities and arrangements with other governments are not included. Expenditure is inclusive of non-recoverable GST.

	2025	Proportion SA and non-SA businesses
	\$'000	
Total expenditure with South Australian businesses	4,771	59%
Total expenditure with non-South Australian businesses	3,345	41%
	8,116	100%

Classification as SA business or non-SA business is generally based on circumstances as at the time of entering into a contract. For contracts entered into before 20 February 2023, where sufficient evidence of an assessment made under previous procurement requirements is known to HomeStart, this was used to determine classification. For contracts where such evidence of prior assessment is not available and for all other contracts, classification is based on the definition of an SA business provided in TI 18.

TI 18 defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the TI 18 definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification.

NOTE 14 Financial investments

See accounting policy in note 2.5.2.1.

	2025	2024
	\$'000	\$'000
SAFA Cash Management Fund (Wyatt)	25	1,669
Total financial investments	25	1,669

The Wyatt Loan was withdrawn from the market on 29 November 2024, with any remaining amounts to be recovered within 12 months.

The financial investments listed above are at call. Information in relation to HomeStart's exposure to investment price risk is provided in note 31.4.3.

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NOTE 15 Loans and advances

15	Loans and advances	2025 \$'000	2024 \$'000
	Loans and advances at amortised cost	3,054,874	2,770,968
	Loans and advances at FVTPL	464,944	308,102
	Total loans and advances	3,519,818	3,079,070

15.1	Loans and advances at amortised cost	2025 \$'000	2024 \$'000
	Primary loans	3,006,985	2,700,318
	Subsidised loans	89,284	105,444
	Gross loans and advances	3,096,269	2,805,762
	Fair value adjustment	(7,273)	(5,702)
	Deferred loan fee income	(11,215)	(10,531)
	Deferred loan fee expense	11,140	9,000
	Unearned income on impaired loans	(650)	(808)
	Provision for expected credit losses specific	(1,810)	(2,295)
	Provision for expected credit losses collective	(31,587)	(24,458)
	Total loans and advances at amortised cost	3,054,874	2,770,968

See accounting policy in note 2.5.3.1.

Based on behavioural terms and current market conditions, the amounts expected to be repaid within 12 months are \$31.4 million (2024: \$35.5 million).

	2025 \$'000	2024 \$'000
Stage 3 Specific provision - Lifetime Expected Credit Losses (ECL)	(1,810)	(2,295)
Stage 3 Collective provision - Lifetime ECL	(1,478)	(1,208)
Stage 2 Collective provision - Lifetime ECL	(20,576)	(13,551)
Stage 1 Collective provision - 12-months ECL	(9,533)	(9,699)
Total Collective provision for impaired loans	(31,587)	(24,458)
Total provision for credit impairment	(33,397)	(26,753)

	2025				Total \$'000
	Stage 1 Collective Provision 12- months ECL \$'000	Stage 2 Collective Provision Lifetime ECL not credit impaired \$'000	Stage 3 Collective Provision Lifetime ECL credit impaired \$'000	Stage 3 Specific provision Lifetime ECL credit impaired \$'000	
Balance at beginning of year	9,699	13,551	1,208	2,295	26,753
Changes due to financial assets recognised in the opening balance that have:					
-Transferred to 12-months ECL - collective provision	4,589	(3,685)	(276)	(628)	-
-Transferred to Lifetime ECL not credit impaired - collective provision	(1,320)	1,965	(51)	(594)	-
-Transferred to Lifetime ECL credit impaired - collective provision	(15)	(72)	97	(10)	-
-Transferred to Lifetime ECL credit impaired - specific provision	(65)	(104)	-	169	-
Change in facility balance or coverage ratio	(5,095)	4,738	943	1,012	1,598
Write-offs	-	-	-	(58)	(58)
New and increased provisions (net of releases)	1,740	4,183	(443)	(376)	5,104
Balance at end of year	9,533	20,576	1,478	1,810	33,397

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Collective Provision Sensitivity Analysis

A summary of the key estimates and analysis of the sensitivities of the collective provision to changes in these assumptions is set out below.

The calculation of the collective provision includes assumptions around future economic scenarios and the weightings given to each scenario are presented in the table below. Due to continued uncertainty in the economic outlook, including ongoing cost of living pressures, sticky inflation and uncertainty over the timing and direction of future interest changes, the "Bad" scenario retains a higher weight than the "Good" scenario in line with weightings used in the prior year.

- Base scenario – no major changes in external factors, the future portfolio loss rate is similar to the historic development;
- Bad scenario – decreased collateral values and increased unemployment, resulting in the increased Loss Given Default (LGD) and increased roll-rates;
- Good scenario – increased collateral value and decreased unemployment, resulting in the decreased LGD and decreased roll-rates.

	2025			2024		
	Base	Good	Bad	Base	Good	Bad
Scenario weights	47.5%	5.0%	47.5%	40.0%	5.0%	55.0%
Loss Given Default (weighted average)	11.9%	7.1%	15.8%	13.5%	10.6%	17.9%
Other key variables						
- Roll rate increase/decrease	-	-	25.0%	-	(5.0%)	20.0%

The table below illustrates the sensitivities of the collective provision to each economic scenario:

	2025		2024	
	Total collective provision	Impact \$'000	Total collective provision	Impact \$'000
	\$'000	\$'000	\$'000	\$'000
100% Base	29,158	(2,429)	20,298	(4,160)
100% Good	18,069	(13,518)	15,689	(8,769)
100% Bad	40,394	8,807	28,280	3,822

15.2 Loans and advances at fair value through profit or loss

	2025 \$'000	2024 \$'000
Breakthrough Loan (including shared appreciation component)	60,299	54,786
Shared Equity Option Loan (including shared appreciation component)	287,171	147,309
Seniors Equity Loan	117,474	106,007
Total loans and advances at fair value through profit or loss	464,944	308,102

The majority of loans and advances at fair value through profit or loss have a maturity of longer than five years.

See accounting policy in note 2.5.3.2. Information in relation to HomeStart's exposure to credit quality and credit risk is disclosed in note 31.2.1(d) and its exposure to property price and interest rate risk is provided in notes 31.4.4 and 31.4.5.

NOTE 16 Other financial assets

	2025 \$'000	2024 \$'000
Accrued interest on housing loans and advances	679	659
Accrued interest receivable on derivatives	-	271
GST recoverable	53	112
Total other financial assets	732	1,042

All amounts are expected to be recovered within twelve months for both the 2024-25 and 2023-24 periods.

NOTE 17 Intangible assets

See accounting policy in note 2.5.4.2.

	2025 \$'000	2024 \$'000
Software at cost	19,671	21,484
Accumulated amortisation and impairment	(17,223)	(13,687)
Total intangible assets	2,448	7,797
Carrying amount at 30 June 2024	7,797	10,212
Additions	3,181	2,908
Impairment*	(4,674)	(3,950)
Amortisation	(3,856)	(1,373)
Carrying amount at 30 June 2025	2,448	7,797

*Impairment expenses included \$4.67 million (\$3.95 million, 2023-24) for impairment of capitalised software. This was caused by higher than planned costs and delays in realising expected project benefits.

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NOTE 18 Property, plant and equipment

	2025	2024
	\$'000	\$'000
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	2,750	2,750
Accumulated depreciation	(2,706)	(2,449)
Total leasehold improvements	44	301
Other office and computer equipment		
Other office and computer equipment at cost (deemed fair value)	2,917	3,042
Accumulated depreciation	(2,616)	(2,505)
Total other office and computer equipment	301	537
Right of use buildings		
Right of use buildings (at cost)	10,009	10,009
Accumulated depreciation	(6,802)	(6,073)
Total right of use buildings	3,207	3,936
Right of use motor vehicles		
Right of use motor vehicles (at cost)	111	101
Accumulated depreciation	(81)	(73)
Total right of use motor vehicles	30	28
Right of use P&E		
Right of use P&E (at cost)	32	-
Accumulated depreciation	(4)	-
Total right of use P&E	28	-
Total property, plant and equipment	3,610	4,802

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during the year:

	Leasehold improvements \$'000	Other office and computer equipment \$'000	Right of use buildings \$'000	Right of use motor vehicles \$'000	Right of use P&E \$'000
Carrying amount at 30 June 2023	576	744	4,560	34	-
Additions – at cost (deemed fair value)	-	133	41	26	-
Revaluation of make good asset	-	-	162	-	-
Disposals – at cost (deemed fair value)	-	(135)	(62)	(26)	-
Disposals – accumulated depreciation	-	135	62	26	-
Depreciation and amortisation	(275)	(340)	(827)	(32)	-
Carrying amount at 30 June 2024	301	537	3,936	28	-
Additions – at cost (deemed fair value)	-	-	-	34	32
Disposals – at cost (deemed fair value)	-	(123)	-	(25)	-
Disposals – accumulated depreciation	-	123	-	23	-
Depreciation and amortisation	(257)	(236)	(729)	(30)	(4)
Carrying amount at 30 June 2025	44	301	3,207	30	28

All items of property, plant and equipment that had a fair value at the time of acquisition less than \$1.5 million (\$1.5 million, 2023-24) or had an estimated useful life less than three years, has not been revalued in accordance with Accounting Policy Statement 116.D. The carrying value of these items are deemed to have approximate fair value.

HomeStart's operating leases are for office accommodation and motor vehicles. The office leases are non-cancellable with terms ranging up to 10 years with all leases having the right of renewal. Rent is payable monthly in advance. The motor vehicle leases are non-cancellable with terms of 3 years.

NOTE 19 Other assets

	2025	2024
	\$'000	\$'000
Prepayments	634	868
Total other assets	634	868

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NOTE 20 Fair value measurement of non-financial assets

In determining fair value, HomeStart has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset), and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

HomeStart's current use is the highest and best use of the asset unless other factors suggest an alternative is feasible. As HomeStart did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1.5 million (\$1.5 million, 2023-24) or had an estimated useful life less than three years, are deemed to approximate fair value.

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. HomeStart categorises non-financial assets measured at fair value into the fair value hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2025

Recurring Fair Value Measurements	2025 \$'000	Level 3 \$'000
Leasehold improvements	44	44
Other office and computer equipment	301	301
Total recurring fair value measurements	345	345

Fair value measurements at 30 June 2024

Recurring Fair Value Measurements	2024 \$'000	Level 3 \$'000
Leasehold improvements	301	301
Other office and computer equipment	537	537
Total recurring fair value measurements	838	838

HomeStart's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. During 2025 and 2024, HomeStart had no non-financial asset valuations categorised into level 1 and 2.

Valuation techniques and inputs

Unobservable inputs were used in determining fair value and they are subjective. HomeStart considers that the overall valuation would not be materially affected by changes to the existing assumptions. There were no changes in valuation techniques during 2025 and 2024. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of Level 3 recurring fair value measurements as at financial year-end

Property, plant and equipment	2025 \$'000	2024 \$'000
Opening balance at the beginning of the period	838	1,320
Acquisitions	-	133
Disposals	-	-
Depreciation	(493)	(615)
Carrying amount at the end of the period	345	838

NOTE 21 Payables

	2025 \$'000	2024 \$'000
Trade payables	681	676
Accrued administration expenses	1,778	1,530
Employment on-costs*	607	476
Accrued interest payable on borrowings	5,440	3,998
Accrued interest payable on derivatives	16	-
Accrued guarantee fee payable	1,656	882
Total payables	10,178	7,562

*Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee related expenses that they relate to are discharged. Employee related liabilities are disclosed in note 23.

HomeStart makes a contribution to an SA Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and other externally managed superannuation schemes.

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 15 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

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NOTE 22 Borrowings and leases

Interest bearing liabilities

	2025	2024
	\$'000	\$'000
Short-term borrowings payable		
Short-term borrowings	924,887	474,087
Short-term lease liabilities	867	802
Total short-term borrowings	925,754	474,889
Long-term borrowings payable		
Long-term borrowings	2,415,001	2,415,000
Long-term lease liabilities	3,661	4,557
Total long-term borrowings	2,418,662	2,419,557
Total interest bearing liabilities	3,344,416	2,894,446

All HomeStart borrowings are unsecured.

Information in relation to HomeStart's exposure to liquidity and interest rate risks is provided in notes 31.3 and 31.4.2 respectively.

Leases - Amounts recognised in statement of cash flows	2025	2024
	\$'000	\$'000
Total cash outflow for leases	1,038	1,012

Maturity analysis of lease liabilities

The following table sets out a maturity analysis of lease payments for property rental and motor vehicle leases, showing the discounted lease payments to be paid after reporting date:

	2025	2024
	\$'000	\$'000
Within one year	867	802
Later than one year but not later than five years	3,716	3,533
Later than five years	31	1,024
Total	4,614	5,359

Extension options

Some property leases contain extension options exercisable by HomeStart up to one year before the end of the non-cancellable contract period. Where practicable, HomeStart seeks to include extension options in new leases to provide operational flexibility.

HomeStart assesses at lease commencement date whether it is reasonably certain to exercise the option. HomeStart reassesses whether it is reasonably certain to exercise the option if there is a significant event or change in circumstances within its control. Currently HomeStart does not have any extension options included in any lease agreements and therefore there are no potential future lease payments to include within the lease liability.

NOTE 23 Employee related liabilities

	2025	2024
	\$'000	\$'000
Accrued salaries	518	420
Annual leave	1,146	1,102
Long service leave	1,611	1,447
Total employee related liability	3,275	2,969

Long service leave liability - measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 requires the use of the yield on long-term Commonwealth or State Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term corporate bonds has remained constant from 2024 to 2025 (4.25%).

The actuarial assessment performed by the Department of Treasury and Finance kept the salary inflation rate consistent at 3.50% (3.50%, 2023-24) for long service leave liability.

The net financial effect of the above changes in the current financial year is an increase in the long service leave liability of \$164,255. The impact on future periods is impractical to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

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NOTE 24 Provisions

24.1	Provision for income tax equivalents	2025	2024
		\$'000	\$'000
	Income tax equivalent payable	5,735	5,271
	Total income tax equivalents payable	5,735	5,271
24.2	Provision for dividend	2025	2024
		\$'000	\$'000
	Dividend payable	1,595	4,219
	Total provision for dividend	1,595	4,219

Pursuant to Section 26 of the *Urban Renewal Act 1995*, HomeStart must recommend to the Treasurer, that it pays a specified dividend or not pay a dividend, for the financial year, as it considers appropriate. The Treasurer may, by notice to HomeStart, approve its recommendation or determine that another dividend, or no dividend, should be paid.

For the financial year ended 30 June 2025, the Treasurer approved payment of a dividend of 100% of expected after tax profit (100%, 2023-24). Based on the expected profit for the year, this amounted to a total dividend of \$44.0 million in respect of the year ended 30 June 2025 (\$30.3 million, 2023-24) that was paid to the Department of Treasury and Finance prior to the end of the financial year.

The actual dividend based on the payout ratio of 100% of actual after tax profit is \$45.6 million (\$34.5 million, 2023-24). The amount of dividend payable of \$1.6 million (\$4.2 million, 2023-24) is disclosed in note 24 as provision for dividend. HomeStart will pay this residual dividend amount of \$1.6 million in respect of the financial year ended 30 June 2025 in June 2026.

NOTE 25 Other liabilities

25.1	Other liabilities	2025	2024
		\$'000	\$'000
	Workers compensation provision	118	108
	Wyatt Benevolent Institution (i)	75	2,299
	Affordable Housing Fund (Starter Loan) (ii)	278	12,354
	Shared Equity Fund for New Housing Construction (iii)	1,310	5,527
	Make good provision	562	562
	City of Salisbury	2	3
	Provision for customer account administration costs	499	349
	Total other liabilities (iv)	2,844	21,202

(i) Supported by the Wyatt Trust, the Wyatt Loan was an interest and repayment free loan for 5 years of up to \$10,000 to cover upfront costs (income and children dependent criteria). It was withdrawn from the market on 29 November 2024. Remaining liabilities refer to monies from discharges held but not yet returned to the trust and the funds received from Wyatt that have not yet been drawn down.

(ii) The Starter Loan was established as part of the 2019-20 State Budget and expanded as part of the 2020-21 State Budget Housing Stimulus Measure. The Starter Loan is funded by the Affordable Housing Fund, which is administered by HomeStart. The Starter Loan is an interest and repayment free loan for 7 years of up to \$10,000 to cover upfront costs. The liability balance reflects prior quarter discharges that has not been returned.

(iii) The Shared Equity Fund for New Housing Construction was established by the South Australian Housing Authority (SAHA) as part of the Housing Construction Stimulus Package, approved by Cabinet in June 2020. The package included expanding HomeStart's existing Shared Equity Option loan to be available for construction of new homes, with SAHA taking the equity interest in these shared equity loans. HomeStart holds funds received from SAHA that have not yet been drawn down, prior quarter discharges and realised equity gains not yet paid to SAHA as part of its liabilities.

(iv) To better reflect the administration of Wyatt and Starter products by HomeStart, management have changed the presentation by reclassifying amounts from Other Liabilities to Loans and Advances in 2024-25.

25.2	Make good provision	2025	2024
		\$'000	\$'000
	Opening Balance	562	400
	Revaluation of provision	-	162
	Closing balance	562	562

NOTE 26 Equity

Derivatives valuation reserve

The derivatives valuation reserve was created to recognise the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges. When a derivative financial instrument that was previously considered to be effective no longer satisfies the effectiveness test criteria, the gain or loss on the instrument previously recognised in the derivatives valuation reserve remains in equity until the forecast transaction affects the profit or loss. If the forecast transaction is no longer expected to occur, it is reclassified to the profit or loss as a reclassification adjustment.

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NOTE 27 Unrecognised contractual commitments

27.1 Capital commitments

Capital expenditure contracted for at the reporting date, but not recognised as liabilities in the financial report, are payable as follows:

	2025 \$'000	2024 \$'000
Within one year	950	1,030
Later than one year but not later than five years	1,600	644
Later than five years	-	-
Total capital commitments	2,550	1,674

Capital expenditure commitments are for replacement and upgrade of operational systems.

27.2 Expenditure commitments

Software licence and projects' expenditure contracted for at the reporting date, but not recognised as liabilities in the financial report, are payable as follows:

	2025 \$'000	2024 \$'000
Within one year	290	122
Later than one year but not later than five years	346	122
Later than five years	-	-
Total commitments	636	244

HomeStart's notable software licence commitments in 2025 are in relation to the Microsoft software suite and new business solutions.

27.3 Commitments to extend credit to customers

Contractual commitments for loans either approved but not settled or settled but not fully drawn at the balance date amounted to \$263.7 million (\$203.8 million, 2023-24).

Since a number of commitments are expected to expire without being drawn down, the total commitment amounts do not necessarily represent future cash requirements. Nevertheless, credit-related commitments are considered "at call" for liquidity management purposes.

The redraw facilities at balance date amount to \$72.7 million (\$69.3 million, 2023-24).

NOTE 28 Contingent assets and liabilities

HomeStart is not aware of any material contingent assets or liabilities that exist at the reporting date.

NOTE 29 Related parties

HomeStart is controlled by the SA Government. Related parties of HomeStart include all key management personnel and their close family members and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

During the financial year, HomeStart undertook the following transactions with the SA Government and its departments and agencies:

	Transaction values for the year ended 30 June 2025 \$'000	Transaction values for the year ended 30 June 2024 \$'000
Interest expense	(138,801)	(104,244)
Other income - CSO subsidy	9,094	8,767
Other expenses - external auditor's remuneration	(275)	(197)
Other expenses - insurance	(248)	(153)
Government guarantee fee	(32,356)	(23,302)
Income tax equivalents expense	(19,533)	(14,801)
	Balance as at 30 June 2025 \$'000	Balance as at 30 June 2024 \$'000
Other financial assets - accrued interest	-	271
Payables - accrued interest & guarantee fee	(7,112)	(4,880)
Derivative financial instruments	(2,915)	6,126
Borrowings	(3,339,888)	(2,889,087)
Income tax equivalents payable	(5,735)	(5,271)
Provision for dividend	(1,595)	(4,219)
Other liabilities - Shared equity for construction and Affordable Housing Fund Funds	(1,588)	(17,881)

Note 8 Key management personnel details other related party disclosures, including key management personnel compensation and board and committee remuneration.

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NOTE 30 Cash flow reconciliation

30.1 Reconciliation of cash and cash equivalents - cash at the end of the reporting period:	2025	2024
	\$'000	\$'000
Cash and Cash equivalents disclosed in the Statement of Financial Position	3,778	3,295
Balance as per Statement of Cash Flows	3,778	3,295

See accounting policy in note 2.5.1.

30.2 Reconciliation of profit for the year to net cash provided by operating activities	2025	2024
	\$'000	\$'000
Profit for the year	45,577	34,534
Add/less non cash items		
Depreciation, amortisation and impairment expense of non-financial assets	9,786	6,797
Unrealised change in fair value of loans	(23,732)	(15,987)
Bad debts written-off	2	-
Fees applied directly to loan accounts	127	(3,977)
Movement in assets and liabilities		
(Decrease) increase in provision for impairment	6,644	6,116
(Decrease) increase in deferred loan fee income	684	706
(Increase) decrease in deferred loan fee expense	(2,140)	(2,780)
(Decrease) increase in fair value adjustment	1,571	(109)
(Decrease) increase in payables and other liabilities	(75)	(2,248)
(Decrease) increase in provision for employee benefits	306	848
(Decrease) increase in income tax equivalents payable	464	1,892
(Increase) decrease in financial and other assets	(119)	(310)
Net cash provided by operating activities	39,095	25,482

30.3 Reconciliation of liabilities arising from financing activities to financing cash flows

	Liabilities			Equity	Total
	Short-term borrowings	Long-term borrowings	Provision for Dividend	Retained Earnings	
Opening balance at 1 July 2023	28,667	2,195,396	2,576	162,874	2,389,513
Changes from financing cash flows					
Proceeds from borrowings	100,000	671,164	-	-	771,164
Dividends paid to SA Government	-	-	1,643	(34,534)	(32,892)
Repayment of leases	(847)	-	-	-	(847)
Repayment of borrowings	(3,733)	(96,267)	-	-	(100,000)
Reclassification from long term to short term	350,000	(350,000)	-	-	(0)
Total changes from financing cash flows	445,420	224,897	1,643	(34,534)	637,425
Non financing cash flow movements in lease liabilities	802	(736)	-	-	66
Total equity-related other changes	-	-	-	34,534	34,534
Closing balance at 30 June 2024	474,889	2,419,557	4,219	162,874	3,061,538
Changes from financing cash flows					
Proceeds from borrowings	900,800	-	-	-	900,800
Dividends paid to SA Government	-	-	(2,624)	(45,577)	(48,201)
Repayment of leases	(803)	(92)	-	-	(895)
Repayment of borrowings	(450,000)	-	-	-	(450,000)
Reclassification from long term to short term	-	-	-	-	-
Total changes from financing cash flows	449,997	(92)	(2,624)	(45,577)	401,704
Non financing cash flow movements in lease liabilities	867	(803)	-	-	64
Total equity-related other changes	-	-	-	45,577	45,577
Closing balance at 30 June 2025	925,754	2,418,662	1,595	162,874	3,508,884

NOTE 31 Financial risk management

31.1 Overview

HomeStart's activities expose it to financial risks, primarily:

- credit risk;
- liquidity risk; and
- market risk (including interest rate risk and price risk).

This note presents information about HomeStart's exposure to each of the above risks as well as HomeStart's objectives, policies and processes for measuring and managing risk. Taking risk is core to HomeStart's business. HomeStart aims to achieve an appropriate balance between risk and return.

HomeStart's Board has overall responsibility for the establishment and oversight of HomeStart's risk management framework. The Board has established the Asset and Liability Committee (ALCO) and Audit and Risk Committee (ARC) to develop and monitor HomeStart's risk management policies.

HomeStart's risk management policies are designed to identify, monitor and manage financial risks. HomeStart regularly reviews its risk management policies and systems to reflect changes in markets, products and the environment in which the organisation operates.

Financial risk management is the responsibility of HomeStart's Finance department and is undertaken within policies approved by the Board and its sub-committees.

HomeStart's Board has delegated responsibility for monitoring compliance and adequacy of risk management policies and frameworks to the ARC, which is assisted by Internal Audit in discharging these functions. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the ARC. HomeStart's ALCO is also directly involved in the risk management process, particularly financial risk.

HomeStart's exposures to financial risk and associated processes have not changed materially from the previous period.

31.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause HomeStart to incur a financial loss by failing to discharge an obligation.

HomeStart's exposure to credit risk arises primarily from loans and advances to customers.

As described below, HomeStart manages its credit risk by dealing with credit worthy customers and counterparties, setting credit limits on its exposures and obtaining collateral.

31.2.1 Loans and advances

(a) *Credit risk management*

Credit risk is inherent in HomeStart's core function of lending.

HomeStart's credit risk management processes are overseen by the Board, ARC, and ALCO.

The authority to make credit decisions in accordance with approved policies is delegated by the Board to Executive Management.

The Board and its sub-committees are responsible for monitoring payment and loss performance and regularly consider trends in the number of loans more than 30 days past due, expected loss analysis performed by both Management and an independent actuary and actual losses realised.

The effectiveness of HomeStart's credit risk management framework is monitored via compliance and reporting processes. The ARC is responsible for overseeing the compliance and adherence to approved lending and arrears management policies.

(b) *Risk control and mitigation policies*

HomeStart manages, limits and controls credit risks wherever they are identified. Some specific control and mitigation measures are outlined below.

Lending policies

HomeStart's approved lending policies require verification of the customer's income and expenses, and include independent credit checks. HomeStart does not rely on reduced documentation or self-verification of income by borrowers.

Collateral

HomeStart holds collateral against loans and advances to customers in the form of registered mortgages over security properties.

HomeStart's credit principles specify that loans may only be made where the customer has the capacity and ability to repay. Obtaining collateral is used to mitigate credit risk.

Procedures are designed to ensure collateral is managed, legally enforceable, conservatively valued and adequately insured at the time of settlement. It is an ongoing condition of the loan contract that this insurance be kept current. Following settlement, HomeStart has other insurance arrangements to mitigate the risks arising from uninsured properties.

In the event of a loan default, any loan security enforced is held as mortgagee in possession. Any property thus held does not meet the recognition criteria of Australian Accounting Standards and is not recognised in the Statement of Financial Position.

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The estimated fair value of collateral held is based on the Valuer-General's annual property data or other independent valuation methods. As at year-end, the fair value of collateral for past due and impaired loans was:

	2025	2024
	\$'000	\$'000
Past due but not specifically impaired		
Gross carrying value	141,422	139,262
Fair value of collateral	309,769	306,830
Specifically Impaired		
Gross carrying value, before specific provision for impairment	25,493	28,886
Unearned income on impaired loans	(650)	(808)
Lifetime ECL credit impaired - specific provision	(1,810)	(2,295)
Net loans and advances under specific provision	23,033	25,783
Fair value of collateral	28,644	35,392

Concentration of counterparty and geographic risk

HomeStart is not materially exposed to any individual customer. HomeStart is restricted under the *Urban Renewal (HomeStart Finance) Regulations 2020* to only lend in South Australia and is therefore exposed to the property market in this state.

Approximately 16% (16%, 2023-24) of HomeStart's loans by value are secured against properties outside the Adelaide metropolitan area.

Lending in country areas carries specific risks around market liquidity, local economic conditions and limited population growth. These risks are managed through geographic loan to value ratio (LVR) controls.

At reporting date, 31% (31%, 2023-24) of HomeStart's loans by value were secured against properties in the City of Salisbury and the City of Playford.

Higher LVR loans

HomeStart has products where the initial LVR is permitted to exceed 95% (higher LVR loans), primarily through the Graduate Loan product. HomeStart limits both the geographic range of higher LVR lending and imposes further credit assessment requirements.

(c) *Credit risk measurement*

Significant portfolio analysis is performed by Management on a regular basis to measure and report credit risk. This work is supplemented by an independent actuarial review performed each year, the outcomes of which include the expected future amounts to be written-off.

HomeStart measures Breakthrough, Shared Equity Option and Seniors Equity Loans at fair value through profit or loss. The credit risk attaching to the shared appreciation component of the Breakthrough and Shared Equity Option Loans are not material.

(d) *Credit quality and maximum exposure to credit risk*

HomeStart's maximum exposure to credit risk has been recognised in the Statement of Financial Position as the carrying amount, net of any provisions for impairment, of \$3.055 billion (\$2.771 billion, 2023-24).

The following tables set out the carrying value of loans and advances to customers which are measured at amortised cost.

	2025				Total
	Stage 1	Stage 2 Collective Provision	Stage 3	Stage 3	
	Collective Provision 12- months ECL \$'000	Lifetime ECL not credit impaired \$'000	Collective Provision Lifetime ECL credit impaired \$'000	Specific Provision Lifetime ECL credit impaired \$'000	\$'000
Low risk	1,181,024	432,741	3,055	4,874	1,621,694
Moderate risk	580,413	328,303	3,831	11,528	924,075
High risk	335,513	203,365	2,531	9,091	550,500
Gross loans and advances	2,096,950	964,409	9,417	25,493	3,096,269
Fair value adjustment					(7,273)
Deferred loan fee income					(11,215)
Deferred loan fee expense					11,140
Unearned income on impaired loans					(650)
Provision for credit impairment - specific					(1,810)
Provision for credit impairment - collective					(31,587)
Net loans and advances					3,054,874

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	2024				Total
	Stage 1	Stage 2	Stage 3	Stage 3	
	Collective Provision 12- months ECL \$'000	Collective Lifetime ECL not credit impaired \$'000	Collective Provision Lifetime ECL credit impaired \$'000	Specific Provision Lifetime ECL credit impaired \$'000	\$'000
Low risk	1,469,406	315,731	3,267	10,399	1,798,803
Moderate risk	661,067	252,034	3,552	12,815	929,468
High risk	49,820	20,711	1,288	5,672	77,491
Gross loans and advances	2,180,293	588,476	8,107	28,886	2,805,762
Fair value adjustment					(5,702)
Deferred loan fee income					(10,531)
Deferred loan fee expense					9,000
Unearned income on impaired loans					(808)
Provision for credit impairment - specific					(2,295)
Provision for credit impairment - collective					(24,458)
Net loans and advances					2,770,968

The following table provides an analysis of the age of financial assets that are past due as at the reporting date but not impaired.

	2025 \$'000	2024 \$'000
<30 days	112,315	103,743
30 – 59 days	15,853	18,467
60 – 89 days	3,838	5,287
90 – 179 days	4,601	5,227
>180 days	4,816	2,881
Total	141,423	135,605

(1) Loans and advances renegotiated

HomeStart's policy permits certain customers to increase the balance of their loan by the amount of their arrears (arrears capitalisation). Following arrears capitalisation, a previously overdue customer account is reset to normal status.

HomeStart assesses arrears capitalisation on a case-by-case basis and decisions are based on indicators or criteria which, in the judgement of Management, indicate that payment will most likely continue. These policies are reviewed periodically. HomeStart may reduce the required loan repayment due to financial difficulties of a customer provided the projected loan term is within normal lending criteria.

The gross carrying amount of loans that have been renegotiated under these criteria within the last 12 months that may otherwise be past due or impaired totalled \$2.4 million as at 30 June 2025 (\$1.9 million, 2023-24).

(2) Past due but not impaired

As per AASB 7 *Financial Instruments: Disclosures*, past due but not impaired loans are those where a counterparty has failed to make a payment when contractually due, however are not considered impaired due to collateral available and other loan performance and customer characteristics.

(3) Impaired loans

Impaired loans and advances are those where HomeStart has determined that it is probable that it will be unable to collect all principal and interest due in accordance with the contractual terms of the loan agreement.

The contractual amount outstanding on loans and advances that have been written off, but were still subject to enforcement activity was \$5.9 million as at 30 June 2025 (\$6.7 million, 2023-24).

31.2.2 Derivative financial assets/liabilities

(a) Credit risk management and risk control and mitigation policies

HomeStart is permitted by the Treasurer to transact in derivatives only with SAFA.

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(b) *Maximum exposure to credit risk*

As at 30 June 2025 and 30 June 2024, HomeStart had exposure to credit risk from SAFA arising from derivative financial instruments. The level of credit risk was assessed as immaterial.

	2025	2024
	\$'000	\$'000
Derivative financial instruments	(2,915)	6,126
Swap income receivable	752	1,397
Swap expense payable	(768)	(1,126)
Net receivable (note 16) / Net payable (note 21)	(16)	271

Further information in relation to derivatives is disclosed in notes 31.3.3 and 31.4.2.

31.3 Liquidity risk

Liquidity risk is the risk that HomeStart may, at some stage, be unable to meet its financial obligations when they fall due. The consequence may be failure to meet obligations to repay SAFA and fulfil commitments to lend money to customers.

31.3.1 Liquidity risk management

Risks relating to liquidity are governed by Treasury Policies which are subject to oversight by ALCO.

HomeStart's liquidity management process is carried out and monitored by Management and includes daily cash management and forecasting.

Whole of government policy requires that HomeStart holds a positive balance in its operating bank account, and HomeStart manages cash each day to a target range.

31.3.2 Funding approach

HomeStart is required to use SAFA as its sole counterparty for all funding transactions. The arrangement gives HomeStart access to a significant volume of liquidity, restricted by an approved borrowing limit of \$3.7 billion as at 30 June 2025 (\$3.437 billion, 2023-24).

HomeStart will seek the approval of the Treasurer for an increase in the borrowing limit should the need arise.

31.3.3 Exposure to liquidity risk

(a) *Non-derivative cash flows*

HomeStart's exposure to liquidity risk is managed by adherence to ALCO approved ratios and requirements, which include a requirement that HomeStart's debt, subject to refinancing in the next 12 month period, is to be limited to 40% in 2025 (40%, 2023-24) of total debt outstanding.

% of debt subject to refinancing in the next 12 month period	2025	2024
At 30 June	27.69%	16.41%
Average for the period	23.28%	11.69%
Maximum for the period	27.69%	24.37%
Minimum for the period	17.57%	2.54%

The table below presents the cash flows payable by HomeStart under non-derivative financial liabilities by remaining contractual maturities at the reporting date.

2025	Up to 1	1-3	3-12	1-5	Over 5 years	Total	Carrying value
	month	months	months	years			
Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	10,162	-	-	-	-	10,162	10,162
Borrowings and leases	934,977	21,116	86,464	2,475,780	164,533	3,682,870	3,344,416
Other financial liabilities	-	5,735	1,595	-	-	7,330	7,330
Total liabilities							
(contractual maturity dates)	945,139	26,851	88,059	2,475,780	164,533	3,700,362	3,361,908
2024	Up to 1	1-3	3-12	1-5	Over 5 years	Total	Carrying value
Liabilities	\$'000	\$'000	\$'000	\$'000			
Payables	7,562	-	-	-	-	7,562	7,562
Borrowings and leases	37,600	28,196	571,332	2,235,225	598,560	3,470,913	2,894,446
Other financial liabilities	-	5,271	4,219	-	-	9,490	9,490
Total liabilities							
(contractual maturity dates)	45,162	33,467	575,551	2,235,225	598,560	3,487,965	2,911,498

Assets available to meet all of the liabilities and cover outstanding loan commitments include cash, cash equivalents, and loans.

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(b) *Derivative cash flows*

Derivatives used by HomeStart to hedge interest rate risk primarily include interest rate swaps.

The table below analyses HomeStart's derivative financial assets/liabilities at fair value that will be settled on a net basis into relevant maturity groupings based on the remaining period to the contractual maturity date.

	Up to 1 month \$'000	1-3 months \$'000	3-12 months \$'000	1-5 years \$'000	Over 5 years \$'000	Total \$'000	Carrying value \$'000
2025	(85)	(34)	(995)	106	17	(991)	(2,915)
2024	642	1,345	3,466	3,009	231	8,693	6,126

Further information in relation to derivatives is disclosed in notes 31.2.2 and 31.4.2.

(c) *Off balance sheet*

The periods of payment of unrecognised contractual commitments are disclosed in note 27.

31.4 Market Risk

Market risk is the risk of changes in market prices such as interest rates, credit spreads and property prices affecting HomeStart's income and returns.

The objective of market risk management is to monitor, control and mitigate exposure to this risk, all within acceptable parameters.

31.4.1 Market risk management

HomeStart's market risk management processes are overseen by the Board and ALCO sub-committee.

A comprehensive Treasury Policy sets out the policies which govern HomeStart's management of market risk. Adherence to these policies is monitored by ALCO at its monthly meetings and by the Finance department on a regular basis.

ALCO is responsible for approving these policies. The authority to make decisions in accordance with these approved policies is delegated by the Board to Executive Management.

The effectiveness of HomeStart's market risk management framework is monitored via compliance and reporting processes and independent review by internal audit.

31.4.2 Interest rate risk

(a) *Risk control and mitigation policies*

HomeStart manages, limits and controls market risks wherever they are identified.

HomeStart engages in derivative financial instruments to hedge interest rate risk within its portfolio. These derivatives include interest rate swaps.

HomeStart receives a fixed rate of interest on a portion of its loans to customers and pays floating interest on borrowings from SAFA. HomeStart enters into interest rate swap contracts in order to hedge this mismatch of cash flows.

As at 30 June 2025, HomeStart had floating/fixed swaps with a notional value of \$0.766 billion (\$1,007.0 billion, 2023-24) with fixed rates varying between 0.43% and 4.58% (0.37% and 4.58%, 2023-24).

Periods to maturity of the interest rate swap contracts are disclosed at note 31.3.3(b).

(b) *Market rate risk*

HomeStart's Management monitor interest rate risk on a weekly basis. The monitoring includes:

- reviewing and comparing the level of maturity of interest rate swaps and the underlying fixed rate loan transactions;
- identifying the level of unhedged portfolio generated through additional lending activity and fixed rate loan expiry; and
- reviewing interest rate swaps expiries and entering into further interest rate swaps arrangements to cover the mismatch in cash flows.

ALCO monitor this process on a monthly basis.

(c) *Hedge accounting*

Variable rate debt used to fund fixed rate loans to customers is hedged by interest rate swaps, which have been designated as cash flow hedges, enabling the portion of the effective gain or loss to be recognised in equity.

Fluctuations in the fair value of these transactions are not recognised in the Statement of Comprehensive Income when HomeStart designates the instrument into a hedge relationship and satisfies the hedge accounting requirements contained in AASB 9 *Financial Instruments*.

The gain or loss from remeasuring the instruments at fair value is deferred in equity in the derivatives valuation reserve, to the extent that the hedge is effective. The ineffective portion is recognised in the profit and loss immediately.

In the year ended 30 June 2025, a \$8.9m loss (\$12.6 million loss, 2023-24) was recognised in equity.

AASB 9 requires that an expectation that the hedge will be highly effective over its terms exists throughout the term of the hedge relationship. HomeStart conducts this assessment at the commencement of each Interest Rate Swap contract date and subsequently at every reporting period.

Further information in relation to derivatives is disclosed in notes 31.2.2.

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31.4.3 Investments price risk

(a) *Risk control and mitigation policies*

HomeStart is exposed to investment price risk arising from investments held by HomeStart and classified in the Statement of Financial Position at amortised cost.

(b) *Maximum exposure to investments price risk*

HomeStart's maximum exposure to investments price risk has been recognised as the carrying amount at reporting date (note 14).

(c) *Sensitivity analysis*

The following tables summarise the sensitivity of HomeStart's profit to investment price risk. The analysis is based on the assumption of a 10% increase or decrease in market value at year-end, with all other variables being held constant.

2025	Carrying amount \$'000	-10% \$'000	+10% \$'000
SAFA Cash Management Fund (Wyatt)	25	(2)	2
Total increase/(decrease) in profit before tax and equity	25	(2)	2

2024	Carrying amount \$'000	-10% \$'000	+10% \$'000
SAFA Cash Management Fund (Wyatt)	1,669	(167)	167
Total increase/(decrease) in profit before tax and equity	1,669	(167)	167

31.4.4 Breakthrough and Shared Equity Option Loan property price risk

(a) *Risk control and mitigation policies*

HomeStart is exposed to property price risk arising from the shared appreciation component of Breakthrough and Shared Equity Option Loans made to customers that are measured at fair value through profit or loss.

The fair value of these loans is based on the value of the property pledged as collateral (note 2.5.3.2).

To manage its price risk arising from Breakthrough and Shared Equity Option Loans, HomeStart limits the total size of the Breakthrough and Shared Equity Option Loan portfolio and the geographic locations where lending is undertaken.

To manage its price risk associated with the "no negative equity" guarantee component within the Seniors Equity loans, HomeStart sets a very low loan to value ratio (LVR) based on the customers age at origination and undertakes periodic portfolio analysis to ascertain cross over risk.

(b) *Maximum exposure to property price risk*

HomeStart's maximum exposure to property price risk has been recognised as the carrying amount at balance date (note 15.2).

(c) *Sensitivity analysis*

The following table summarises the sensitivity of HomeStart's profit to movements in the values of properties used as collateral for a Breakthrough and Shared Equity Option Loan. The analysis is based on the assumption of a 5% increase or decrease in property market value at year-end, with all other variables being held constant.

	2025 Carrying amount \$'000	-5%	+5%	2024 Carrying amount \$'000	-5%	+5%
Breakthrough Loan	60,299	(3,434)	3,422	54,786	(3,189)	3,180
Shared Equity Option Loan	287,171	(14,367)	14,365	147,309	(7,366)	7,364
Total increase/(decrease) in profit before tax and equity	347,470	(17,801)	17,787	202,095	(10,555)	10,544

31.4.5 Seniors Equity loans property price risk and interest rate risk

(a) *Risk controls and mitigation policies*

HomeStart is exposed to property price and interest rate risk arising from the Seniors Equity loans due to the "no negative equity" guarantee feature of the loan.

The fair value of these loans is determined based on the valuation by applying assumptions around mortality, property value and interest rates at balance date and throughout the life of the loan (note 2.5.3.2).

Maximum LVRs are set by borrower age in order to manage the unique risks of this product.

(b) *Maximum exposure to property price risk and interest rate risk*

HomeStart's maximum exposure to property price risk and interest rate risk has been recognised as the carrying amount at balance date (note 15).

(c) *Sensitivity analysis*

The fair value of Seniors Equity loans is most sensitive to the expected property prices and interest rates over the life of the loan.

For the year ended 30 June 2025, the profit before tax and equity are not expected to materially change as a result of a reasonably possible change in property prices and interest rates.

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31.4.6 Currency risk

Changes in foreign exchange rates will not directly cause the fair value or future cash flows of any financial instruments held by HomeStart to fluctuate.

NOTE 32 Fair value and categorisation of financial instruments

32.1 Fair value and categorisation of financial instruments

The fair value of assets or liabilities traded in active markets are based on quoted market prices for identical assets or liabilities at balance date. The fair value of other financial assets or liabilities is determined using valuation techniques, using observable market data where available, and assumptions based on market conditions as appropriate.

The table below summarises the categorisation, carrying amounts and fair values of HomeStart's financial assets and liabilities.

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect of each class of financial asset and financial liability are disclosed in note 2.

	Category	2025		2024	
		Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000
Financial assets					
Cash and cash equivalents	N/A	3,778	3,778	3,295	3,295
Investments	Amortised cost	25	25	1,669	1,669
Derivative financial instruments	Hedge accounting (fair value through OCI)	-	-	6,126	6,126
Loans and advances ^[1]	Amortised cost	3,054,874	3,053,204	2,770,968	2,764,335
Loans and advances	FVTPL	464,944	464,944	308,102	308,102
Other financial assets	Amortised cost	732	732	1,042	1,042
Total financial assets		3,524,353	3,522,683	3,091,202	3,084,569
Financial liabilities					
Borrowings and Leases ^[2]	Amortised cost	3,344,416	3,343,267	2,894,446	2,896,520
Derivative financial instruments	Hedge accounting (fair value through OCI)	2,915	2,915	-	-
Payables	Amortised cost	10,178	10,178	7,562	7,562
Income tax equivalents payable	Amortised cost	5,735	5,735	5,271	5,271
Provision for dividend	Amortised cost	1,595	1,595	4,220	4,220
Other liabilities	Amortised cost	2,844	2,844	21,202	21,202
Total financial liabilities		3,367,683	3,366,534	2,932,701	2,934,775
Net financial assets		156,670	156,149	158,501	149,794

^[1]The loans and advances fair value adjustment relates to the fixed interest rate loans portfolio which has been classified as level 3 in the fair value hierarchy. As at balance date, the amortised cost is determined by discounting the expected future cash flows by the current interest rate that would apply to those cash flows based on their remaining term. For loans where the fixed interest rate exceeds the current interest rate, the amortised cost will exceed the face value of the loans.

^[2]The fair value of borrowings is determined using SAFA market valuation, which is classified as level 2 in the fair value hierarchy. The market value by SAFA was calculated using mid rates as at close of business 30 June 2025.

32.2 Fair value and categorisation of financial instruments

(a) *Derivatives*

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows determined using the yield curve at year-end. The yield curve is derived from the cash rate (overnight), current interbank money market rates (maturities less than one year) and current interest rate swap levels (maturities of one year and longer).

(b) *Loans and advances to customers*

The fair value of loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows of non-subsidised loans are discounted using the interest rate payable by the customer, which is at market rate. Subsidised loans are discounted using a risk free rate of interest, based on seven year (for Advantage Loans) and ten year (for EquityStart Loans) SAFA bonds. Refer note 2.3.2.

(c) *Investments*

The fair value of investments in the SAFA Cash Management Fund (Wyatt) are determined using exit prices supplied by the fund managers at reporting date.

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(d) *Shared appreciation component of the Breakthrough and Shared Equity Option Loan*

Note 2.5.3.2 describes the accounting policy adopted in relation to the shared appreciation component of the Breakthrough and Shared Equity Option Loans.

The fair value is estimated by Management based on individual property valuations provided by independent parties. These valuations are adjusted by HomeStart's contractual equity stake and appreciation factor.

The valuations used by Management are primarily determined by an independent property valuation data provider using an Automated Valuation Method (AVM). Prior to accepting an automated valuation for use, Management reviews the statistical probability of error provided by AVMs to ensure that the risk of material misstatement to the financial statements is unlikely.

When Management judges that valuations determined using an AVM are not sufficiently accurate, valuations provided by either the Valuer-General or another independent valuer are used.

An estimated 67.6% (77.8%, 2023-24) of these loans are revalued using AVMs. A lower percentage of AVMs were used in 2024-25 due to a higher number of construction loans where the AVM is not appropriate and an increased number of properties outside of the acceptable Forecast Standard Deviation (FSD) for using an AVM in which case an alternative valuation method was used.

(e) *Seniors Equity Loan*

The fair value of the Seniors Equity Loans is estimated by Management based on analysis of portfolio expected mortality rates, property prices and interest rates over the life of the loans.

(f) *Borrowings*

HomeStart reports fair value of its borrowings based on the valuation undertaken by SAFA who is the sole provider of funds to HomeStart.

32.3 Hierarchical classification of financial assets measured at fair value

Refer to note 2.8 for further detail on the fair value hierarchy and measurement.

2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value				
Derivative financial instruments	-	-	-	-
Loans and advances at FVTPL	-	-	464 944	464 944
Total financial assets measured at fair value	-	-	464 944	464 944

Financial liabilities measured at fair value				
Derivative financial instruments	-	(2 915)	-	(2 915)
Total financial liabilities measured at fair value	-	(2 915)	-	(2 915)

2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value				
Derivative financial instruments	-	6 126	-	6 126
Loans and advances at FVTPL	-	-	308 102	308 102
Total financial assets measured at fair value	-	6 126	308 102	314 228

32.4 Reconciliation of Level 3 fair value measurements

	2025 \$'000	2024 \$'000
Fair value at 1 July	308,102	199,873
Breakthrough Loan discharges	(1,550)	(1,866)
Shared Equity Option Loan settlements	138,174	78,148
Shared Equity Option Loan discharges	(14,981)	(4,579)
Seniors Equity Loan settlements and drawdowns	21,647	36,721
Seniors Equity Loan discharges and payments	(10,180)	(16,182)
Unrealised change in fair value of loans (note 5)	23,731	15,987
Fair value at 30 June	464,943	308,102

Note 31.4.4(c) discloses sensitivity of HomeStart's profit to movements in the values of properties used as collateral for a Breakthrough and Shared Equity Option Loans.

NOTE 33 Events after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affect, or may significantly affect the operations of HomeStart, the result of those operations, or the state of affairs of HomeStart in subsequent years.



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To the Chair HomeStart Finance

Opinion

I have audited the financial report of HomeStart Finance for the financial year ended 30 June 2025.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of HomeStart Finance as at 30 June 2025, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2025
- a Statement of Financial Position as at 30 June 2025
- a Statement of Changes in Equity for the year ended 30 June 2025
- a Statement of Cash Flows for the year ended 30 June 2025
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, Chief Executive Officer and the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of HomeStart Finance. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive Officer and the Board for the financial report

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27(4) of the *Urban Renewal Act 1995*, I have audited the financial report of HomeStart Finance for the financial year ended 30 June 2025.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HomeStart Finance's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

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



Andrew Blaskett
Auditor-General

23 September 2025

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