

# Department of Housing and Works



Year of the Built Environment 2004  
IMAGINING THE FUTURE

2003-2004  
Annual Report



Department of Housing and Works  
Government of Western Australia

## **Statement of Compliance**

### **DEPARTMENT OF HOUSING AND WORKS**

**HON NICK GRIFFITHS LLB MLC  
MINISTER FOR HOUSING AND WORKS; RACING AND GAMING;  
GOVERNMENT ENTERPRISES; LAND INFORMATION**

In accordance with Section 66 of the Financial Administration and Audit Act 1985, we hereby submit for your information and presentation for Parliament the annual report of the Department of Housing and Works for the year ending 30 June 2004.

The report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985 and incorporates special reporting requirements imposed on the Department of Housing and Works by the Public Sector Management Act 1994, Disability Services Act 1993, Equal Opportunity Act 1984, the Electoral Act 1907, the Public Interest Disclosure Act 2003 and the State Records Act 2000.



**G L JOYCE  
DIRECTOR GENERAL**

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## **About the Department of Housing and Works**

The Department of Housing and Works is the Department of State supporting the Minister for Housing and Works in the administration of the housing and works portfolio. The Department directly carries out the works procurement and maintenance functions, and provides policy and legislative support, including some aspects of building industry support and regulation.

The housing functions of the Department are delivered through the State Housing Commission, the Government Employees' Housing Authority and the Country Housing Authority. Legislation currently before Parliament will amalgamate these statutory authorities into a single Housing Authority to be governed by the Director General of the Department. Until then, those statutory authorities report separately from the Department.

This Departmental annual report briefly describes the roles and activities of the integrated agency, but reports in detail only those functions carried by the Department itself.

### **Our Mission**

Responding to the hopes of all Western Australians for their housing and construction needs.

### **Our Vision**

Leading in the provision of housing services and development of a built environment which contributes to:

- supportive, vibrant and sustainable communities;
- a robust economy;
- strong regional development; and
- the natural environment

for the benefit of all Western Australians.

### **Our Role**

To provide and support housing for Western Australians who cannot otherwise afford their own homes by arranging affordable home finance, rental housing and land.

To deliver, manage and maintain non-residential Government buildings in Western Australia.

To provide policy, legislation and regulation for the building and construction industry in Western Australia.

## **Director General's Overview**

The merger of the Public Works function with the Housing function pursuant to the Machinery of Government Review is substantially complete and now forms a unified culture with many benefits to Government.

Similarly the Functional Review Implementation principles are being progressively implemented across the Department. Procurement of goods and services under the State Supply Commission Act and procurement under the Public Works Act is changing to provide more efficiencies.

Throughout the implementation of these reforms it has been an imperative to ensure the continuation of high quality public works, efficient maintenance to the public asset through Western Property and value for money from the Commercial Property function for Government office accommodation. All these functions have performed very well in industries that have been operating at full capacity. The Government's reform agenda on sustainability has been fully embraced.

Since becoming responsible for the works function I have been impressed with the quality and dedication of the officers who make the department run so well.

These officers are outstanding and have earned my respect.

## The Year in Review

- The Master Plan for the Fremantle Prison Precinct was completed in the second half of 2003 and endorsed by State Cabinet in May 2004. The implementation of the Plan has commenced and will include an extensive conservation program and the development of a guided tour of the Fremantle Prison tunnels.
- Project Services awarded 313 contracts to building design professionals, totalling \$116 million.
- 237 non-residential building works contracts were awarded, for a total of \$249.6 million.
- The \$850,000 Bali Memorial was completed and a memorial service held on 13 October 2003.
- The Boronia Pre-Release Centre for Women was completed and officially opened on 5 May 2004.
- The upgrade to Sir Charles Gairdner Hospital Emergency Department was completed in early June 2004.
- The \$225 million Perth Convention Exhibition Centre was completed and commissioned in June 2004.
- The Commercial Property Branch administered 356 leases for Government tenancies in 291 privately-owned buildings.
- The Branch managed 90,374 square metres of Government-owned office space in 21 buildings and received \$24.9 million in gross rental payments from Government tenants in these buildings.
- The Branch returned \$17.5 million in net rent to the Consolidated Fund.
- Western Property, the State Government's property and facilities management entity, delivered \$89.4 million in services in the metropolitan area during the year.
- Planned maintenance services delivered through Western Property Service Arrangers totalled \$48.3 million, while breakdown repairs delivered through Service Providers amounted to \$30.9 million.
- Western Property Regional Services delivered \$43.2 worth of maintenance and minor works programs to regional client agencies.
- Professor Geoffrey London was appointed to the newly-created position of Government Architect in October 2003.
- The Department supported the *Construction Contracts Bill 2004* and the *Architects Bill 2003* through various stages of consultation, drafting and passage through Parliament.

## **The Executive**

### **GREG JOYCE BA LLB BJuris**

#### ***Director General (General Manager State Housing Commission)***

Greg Joyce joined the State Housing Commission in 1973. He was appointed General Manager in 1992 and became Director General of the Department of Housing and Works in July 2001. He maintains his position of General Manager, State Housing Commission under the *Housing Act 1980*.

### **BOB THOMAS Dip Pub Admin**

#### ***General Manager Housing and Facilities Management***

Bob Thomas joined the State Housing Commission in 1966 and has extensive experience in public housing, particularly in regional operations, community housing, asset management and property/tenancy management. He was appointed to his current position in 1999.

### **KERRY FIJAC BCom CPA**

#### ***Executive Director Regional Services***

Kerry Fijac joined the State Housing Commission in 1989 after working as auditor in several other Government agencies. She held managerial posts in the Financial Services Directorate and the Landstart Business Unit before being appointed to her present position in 1999.

### **PETER GOW BE BA Grad Dip Bus MIE (Aust)**

#### ***Executive Director Office of Policy and Planning***

Peter Gow joined the Public Works Department in March 1971. He has occupied senior positions in Government agencies, including the former Public Works Department, Building Management Authority and Department of Contract and Management Services. His role in Policy and Planning includes the direction and management of the Department's housing and building industry policy development, the Building Code of Australia and corporate development. Peter Gow represents the Department on the Australian Building Codes Board, AHURI (Australian Housing Urban Research Institute) Board, Housing Ministers' Advisory Committee, and the National Steering Committee for the Year of the Built Environment.

### **DANNY FORD Dip Teach BSW**

#### ***Executive Director Aboriginal Housing and Infrastructure Unit***

Danny Ford joined the Department of Housing and Works in April 2003. He has previously worked for the Department for Community Development where he occupied senior positions including Executive Director Aboriginal Strategy and Coordination. He has worked in country and metropolitan areas and comes to the Department with extensive background and experience in social work, program and policy development, funding and procurement, and management.

### **IAN JOHNSTON BEc Dip Teach**

#### ***Executive Director Commercial Operations***

Ian Johnston joined the Department of Housing and Works in July 2001. He has occupied senior positions in Government agencies, including the Ministry of the Premier and Cabinet and the Treasury Department. His role in Commercial Operations includes the direction and management of the Department's entire land function, and controlling housing and works procurement. Ian Johnston is a member of the Landstart Board and a director of various joint venture companies.

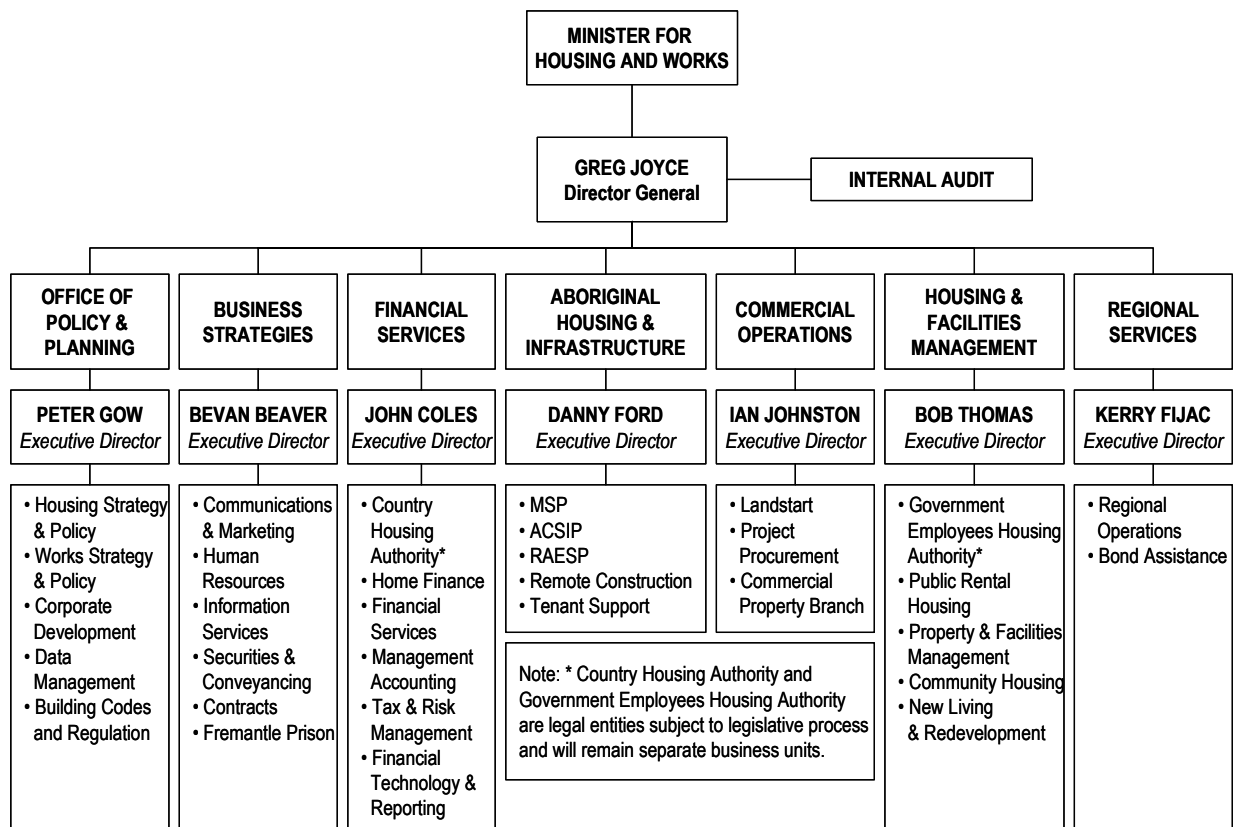
**BEVAN BEAVER Dip Pub Admin**  
**Executive Director Business Strategies**

Bevan Beaver joined the State Housing Commission in 1966. He has extensive experience in public housing and a wide understanding of rental operation, home ownership activities and corporate matters. He was appointed Director Corporate Services in 1993, and in 1999 became Executive Director Business Strategies.

**JOHN COLES MBA (Fin) Grad Dip Bus**  
**Executive Director Financial Services**

John Coles has been with the State Housing Commission since 1986 and was re-appointed to his present position in 1999. His extensive public service career includes appointments in State Treasury, the Department of Industrial Development and the Public Service Board as well as the Commission.

**Organisational Structure**





## Review of Operations

### Goal 1: People and Communities

*“To enhance the quality of life and wellbeing of all people throughout Western Australia.”*

#### **Fremantle Prison**

Fremantle Prison, the largest and most intact convict-built establishment in Australia, is recognised as one of Western Australia’s most significant cultural heritage sites. It closed as an operating maximum-security gaol in 1991 and has since been developed into a popular tourism and heritage precinct. The Fremantle Prison Trust Committee provides advice to the Minister for Housing and Works in relation to the Fremantle Prison precinct.

The Department of Housing and Works manages the day-to-day operation of the complex. It also undertakes conservation and interpretation programs that care for the significant heritage fabric of the site and communicate its rich cultural heritage to visitors from all over the globe.

#### ***Strong growth in visitor numbers***

Building on the strong growth achieved in 2002-03, visitor numbers have grown by 25 per cent in the two years since the Department integrated the tourist operation into its overall responsibilities for the site in 2002. Some 130,000 visitors joined the guided tours in 2003-04 - the best result since 1992-93 when the prison was first opened as a tourist attraction. The 2003-04 visitor figures were 12 per cent above the average visitor numbers over the past 12 years - a creditable achievement in a tourism market that continues to be challenging.

Statistics show that one third of visitors are Western Australian, one third are from interstate and the remaining one third are from overseas. The benefit to the local economy is valued at close to \$2 million<sup>1</sup>, supporting more than 20 jobs directly at the site and many more in the tourism and hospitality industries.

Fremantle Prison was a finalist in the prestigious Western Australian Tourism Awards in the Heritage and Culture category announced in November 2003.

#### ***Successful public programs***

Public programs are an essential means of communicating the rich cultural heritage of Fremantle Prison to visitors and the local community alike.

Following the success of the 2002-03 program, Catalpa Day has cemented its place as an important annual event. Commemorating the remarkable escape of six Irish Fenian convicts on board the American whaler Catalpa in 1876, the event brought the colour of the convict era to the waters of Gage Roads and streets of Fremantle as part of a program that included themed tours of the Prison.

Descendants’ Day, held each Foundation Day for the last 13 years, once again attracted the descendants of convicts, pensioner guards and warders from the 1850s to the 1870s to Fremantle Prison as part of a ceremony to celebrate the legacy of the convict system to Western Australia. This is becoming a truly international event with participants travelling from as far afield as Zimbabwe and the United Kingdom.

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<sup>1</sup> *Hard Facts About Tourism’s Value to WA, 2003, Bureau of Tourism Research, IVS & NVS.*

### ***Master Plan Project***

A major project to develop a Master Plan for the Fremantle Prison precinct was initiated in May 2002. The Master Plan provides a framework for the sustainable future use and development of the site over the next 10 years and beyond.

The Master Plan was completed in the second half of 2003 following three separate phases of consultation with relevant experts, stakeholders and the wider community. More than 300 individuals, groups and organisations provided valuable input and feedback to the final plan.

State Cabinet endorsed the Master Plan in May 2004. The endorsement paved the way for a range of initiatives that will ensure the long-term conservation needs of the site are met and that the attraction is appropriately and effectively promoted.

### ***1.5 millionth visitor***

Late in 2004 Fremantle Prison will welcome its 1.5 million visitor since its opening as a tourist attraction. This milestone will coincide with the launch of new themed day tours.

### ***Fremantle Prison tunnels***

Total visitation to the prison is expected to accelerate rapidly early in 2005 with the launch of what promises to be the most exciting new "soft" adventure visitor experience in Western Australia. The kilometre-long Fremantle Prison tunnels, built 20 metres below ground by prison labour in the 1890s as the first reticulated water supply in the state, will be opened to the public.

Guided tours of the tunnels will be conducted seven days a week. Visitors will descend via a ladder and participate in a tour that will combine walking and paddling in replica punts through the drives located within the natural water table.

Other projects to be initiated in line with the recommendations of the Fremantle Prison Master Plan include an upgrade of visitor facilities in the Gatehouse complex and improvements to the main parade ground to enable use of this magnificent space as a venue for concerts and events.

### ***Conservation program***

2004-05 marks the commencement of one of the most comprehensive programs of conservation works undertaken at the prison. Over the next three years, a \$2.8 million State Government-funded capital works program will target the key areas identified in the Fremantle Prison Master Plan as requiring urgent attention.

The program will focus on remedial and conservation works that will arrest the deterioration of the fabric of the mainly convict-built structures, and create the foundation for their regular maintenance into the future. Early projects will include repair of the Main Cell Block roof and drainage system and implementation of a program of stonework remediation on the buildings and perimeter walls.

### ***Interpretation Program***

A project will commence to deliver a major convict-themed exhibition featuring objects from the prison's collection, plus artefacts loaned from collections in the United Kingdom, Ireland the United States of America and elsewhere in Australia. Based on the lives of convicts in the 1860s and 1870s, the exhibition will feature the story of the transportation of Irish Fenian convicts to Fremantle and their eventual escape to America.

The exhibition will open later in 2005 and then travel to regional museums in Western Australia and galleries at major capital cities on the east coast of Australia. It will provide national audiences with a showcase of the rich cultural heritage of Western Australia's convict story.

A focus on education will also continue with the development of new education packages and activities to build on the success of the new programs launched in 2003.

## **Our People**

### ***Human Resource Management***

The Department of Housing and Works including its constituent statutory authorities had 1,062 staff at 30 June 2004, of which 189 were employed by Works. The Department's dedicated staff are drawn from a diversity of backgrounds with the skills and personal attributes to respond to housing and construction needs throughout the State.

The following table indicates staff numbers for Works:

<b>Employees</b>	<b>2003-04</b>	<b>2002-03</b>
Permanent		
Full-time	157	137
Part-time	4	9
Contract		
Full-time	14	16
Part-time	1	0
Casual	12	22
Trainee	1	2
Other	0	0
<b>Total Employees</b>	<b>189</b>	<b>186</b>

### ***Equal Employment Opportunity***

The Department has set representation and distribution targets for the employment of women, Indigenous Australians, culturally and linguistically diverse people, people with disabilities and youth. These equity indices and percentages continue to be monitored and reported via the Balanced Scorecard. Various strategies have been put in place to achieve the Department objectives such as:

- targets incorporated in Director General's Performance Agreement;
- targets established for individual Directorates and included in performance Agreement of each Executive Director;
- vacancy information forwarded to specialist employment agencies prior to advertising; and
- statement describing family-friendly aspects of employment with the Department forwarded to applicants with application pack.

During 2003 a comprehensive Equal Employment Opportunity Training Program was delivered across the Department. 473 employees throughout the Department and the State Housing Commission attended this training. A further program providing training to locations that were not included during 2003 commenced in March 2004.

In 2003-04 the Department continued its commitment to Indigenous employment through the Indigenous Traineeship Program, the School-Based Traineeship Program and the National Indigenous Cadetship Program. Currently 89 Indigenous staff are employed throughout the Department.

Many of the Indigenous staff commenced their employment careers through the Indigenous Traineeship Program. Since 1997, the Program has resulted in 145 Indigenous people joining the Department, of which 49 are still employed. During 2004, the Department employed a further 10 new Indigenous trainees, of which four are employed in country regions, three are employed in the metropolitan regions and three are employed in Head Office.

During the year the Indigenous Mentoring Program was reinvigorated with the mentors meeting on a regular basis. Their brief was to develop strategies to enhance ways in which they can provide support to Indigenous trainees during their first 12 months of employment. It is expected that this program will continue to help trainees to understand the culture and practices of the Department. This will support indigenous staff in their progress through traineeships and provide scope to enhance their general career prospects.

### ***Staff Induction***

The Department's Induction Policy has been reviewed, resulting in an extension of the Orientation Program for new employees from one to two days with the second day being devoted to Equal Employment Opportunity awareness training.

The online staff induction program was significantly updated during 2003-04 to better reflect the current structure. It now incorporates information about the following Public Sector standards and ethical codes:

- Code of Conduct;
- Public Sector Standards in Human Resource Management;
- Public Sector Code of Ethics; and
- Trade Practices Compliance.

The enhanced induction package provides a wealth of information about the Department's structure, governance and internal policies. Staff have found the package to be a valuable information resource, whilst managers find it a vital tool for introducing new recruits to the Department's working culture.

### ***Performance Management***

During the later part of 2003, the Department was one of four agencies that participated in the Office of the Public Sector Standards Commissioner's thematic review of the Public Sector Standard in Performance Management. The review found that the Department did not consistently meet the requirements of the Standard and recommended changes to the Department's Performance Management System. These recommendations have now been implemented.

### **Employee Relations**

Minor industrial action occurred in late 2003 in support of a replacement industrial agreement that has been subject to extensive negotiations between Government and the Community and Public Sector Union and the Civil Service Association.

### **Workers' Compensation and Rehabilitation**

	<b>2003-04</b>	<b>2002-03</b>	<b>2001-02</b>	<b>2000-01</b>
Number of lost time injuries	9	9	14	12
Frequency rate <sup>1</sup>	4.35	3.3	9.9	8.5
Incident rate <sup>2</sup>	0.78	0.83	1.5	1.4

Note: <sup>1</sup>The number of lost time injuries per million hours worked.

<sup>2</sup>The number of lost time injuries per 100 workers.

No existing rehabilitation cases were carried over into 2003-04, and no new rehabilitation cases were established during the year.

### **Occupational Health and Safety**

Elections for new safety representatives were held during the year, with training being completed in March 2004. The Department's Safety Committee also met four times during the year to review organisation wide safety matters.

The safety of staff from the risk of verbal and physical violence continues to remain of concern to the Department. The Department took steps to promote the safety of staff through reviewing office security, providing appropriate staff training, and reviewing Occupational Safety and Health policies and procedures.

During the year, the Department, through the State Housing Commission, upgraded the Cannington and Bentley offices to improve the security of the front counter and public areas. Training was conducted in the following areas:

- personal security;
- managing challenging behaviour;
- first aid training;
- emergency evacuation training;
- workplace safety (frontline management program); and
- safety representatives training.

During the year 39 staff attended an accredited Frontline Management training course in Occupational Safety and Health. To promote the awareness of safety matters in the workplace, attendance was made mandatory for senior officers.

In order to assist in the reduction of absences caused through sick leave, the Department, in conjunction with its constituent statutory authorities, continued its voluntary Influenza program with 31 per cent of employees participating in the program.

## Obligatory Reporting

### ***Disability Services Plan***

With the formation of the Department of Housing and Works on 1 July 2001, the former Ministry of Housing was brought together with the state capital works and maintenance services previously delivered under the Department of Contract and Management Services.

An independent review was completed and has resulted in development of a new comprehensive Strategic Housing Policy for People with Disabilities. This Policy serves as a framework of principles to respond to the housing needs of people with a range of disabilities.

The Commission is committed to providing access to its housing and customer services across all its programs. It does so in keeping with the Disabilities Services Plan to ensure that people with disabilities have the same access and opportunity as others.

State capital works and maintenance functions will report separately. They are committed to the principles of ensuring that the five key outcomes outlined below are addressed. They are to be addressed within the areas of tendering processes, access audits of leased buildings and raising awareness of accessibility issues with its customers.

### ***The Five Disability Services Plan Outcomes***

1. Existing services are adapted to meet the needs of people with disabilities.

The Department's continued commitment to improving its services has seen the introduction of visitable design features to newly constructed dwellings. From 2004-05, all new mainstream housing will be designed to a visitable standard, unless the site and/or location are unsuitable. Visitable designs enable residents and their visitors, who are wheelchair users, to access the home.

2. Improved access to the Department's offices.

This is an ongoing review process across all departmental offices, to ensure buildings are accessible for staff and the Department's customers.

3. Providing information about Department's facilities and services in formats that enhance communication with people with disabilities.

This commitment has resulted in improvements to the Department's brochure, *Housing Options for People with Disabilities*. Other similar literature will be reviewed on an ongoing basis. Information in alternative formats is available upon request.

4. Providing opportunities for people with disabilities to participate in public consultations, grievance mechanisms and decision-making processes.

The Department provides opportunities for people with disabilities to be represented on various committees and convenes consultation opportunities for stakeholders and consumers on specific policy and program initiatives. A consumer with a disability was a representative of the Steering Committee that oversaw the review of the Commission's Strategic Housing Policy for People with Disabilities and the development of the new Disability Services Plan.

5. Delivering information and services by staff who are aware of and understand the needs of people with disabilities

Disability awareness-raising education sessions were conducted for staff in a number of metropolitan and country regions during the year. These sessions covered awareness-raising of a range of disabilities, including mental health.

Professional presenters deliver appropriate information to enhance a working knowledge of disability, from a personal and a customer service delivery focus.

As part of this commitment, the Department engages professional occupational therapy services to ensure that its housing design is appropriate to its customers' needs. The service also provides guidance to the Department's staff in assessing the housing needs of people with a range of disabilities, in relation to the construction of purpose-built homes and modification works to existing homes.

### ***Cultural Diversity and Language Services***

Many of the Department's customers are from culturally and linguistically diverse and indigenous backgrounds. The Department, through the State Housing Commission, aims to ensure that language is not a barrier to these people.

The metropolitan regional offices have on-site interpreter services, including telephone interpreter service available on a needs basis. Telephone interpreter services are also available to country regions and customers with hearing impairments.

The Department provides staff with training on cultural awareness and has a Cultural Services Policy. All letterheads have information in 17 languages on the reverse, advising customers of the interpreter/translation service.

### ***Youth Outcomes***

The Department, through the State Housing Commission, continued to work in partnership with Anglicare, Fremantle Community Youth Services and the Rockingham Youth Accommodation Program to provide housing support for young people. The Department provides housing for a range of youth schemes, and the Department for Community Development provides funding for the management services. The schemes supported by the Department include:

- Youth Externally Supported Housing;
- Fremantle Regional Externally Supported Housing; and
- Rockingham Youth External Accommodation Program.

## Goal 2: The Economy

*“To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.”*

### Project Services

The Project Services branch provided a range of building-related management services to deliver the State Government’s Capital Works Program. The Capital Works Program refers to non-residential buildings on Government-owned land.

#### **Building design and works contracts**

Project Services awarded 313 contracts for service to building design professionals with a combined value of \$11.6 million during the year. Over the same period, 237 non-residential building works contracts were awarded, at a combined contract value of \$249.6 million.

#### **Derby Health Services Redevelopment**

The Department of Health recommenced development work at the Derby Health Services following the rationalisation of the location of Regional Resources Centres<sup>2</sup> throughout the State.

The proposed \$16 million redevelopment at Derby will provide 38 acute inpatient beds; eight day procedure places; a new delivery suite; a new dental facility; and a new 26-place residential aged high-care facility.

#### **Mt Lawley Senior High School – Stage 3 Redevelopment**

Design work commenced for the third and final stage of this \$36 million project in 2003-04. Stage 3 will include learning suites for about 450 senior students, a new library and student service facilities.

This redevelopment is the first in which a total Government school will be replaced with new facilities on an existing site. Edith Cowan University is contributing \$7.2 million toward joint shared facilities.

It is anticipated that Stage 3 will be completed in December 2005.

#### **Manjimup Primary School – Replacement**

Consultant architects commenced the design of a new primary school in Manjimup to replace the existing school dating back to the 1920s. The new school and education support centre will be constructed on the Manjimup Senior High School site to create a multi-purpose campus providing educational and recreational facilities to the local community. The new school will provide the latest in facilities and technology for 420 students and will be designed to take into account the local climatic conditions. The school is expected to open for the commencement of the 2006 school year.

#### **Margaret River Hospital – Redevelopment**

This \$3 million project includes the upgrade or expansion of the emergency department, operating theatre suite, recovery area, medical imaging and labour delivery suite. The construction work will be staged to enable the hospital to continue to provide services.

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<sup>2</sup> Regional Health Resource Centres.



The construction tender was scheduled to be called in October 2004. Works will be staged to enable the hospital to continue to provide services. Completion is expected in August 2005.

#### ***Geraldton Health Services – Redevelopment***

Construction of the new \$40 million Geraldton Hospital commenced in 2003-04.

Stage 1 of this project is due for completion in May 2005 with occupation in June 2005. Stage 2, which includes the demolition of the old hospital and completion of all siteworks, is anticipated to be complete by May 2006.

#### ***Department of Fisheries – Hillarys New Research and Education Facility***

The contract for the construction of the new Fisheries Research and Education Facility was awarded in December 2003 for \$13.8 million. The Research Facility is a two-level building comprising laboratories, offices, and a seawater aquarium system. It will house the Department of Fisheries' Research Division as well as a regional compliance section, school and community education section.

Completion of this facility is anticipated for January 2005.

#### ***Albany Justice Complex and Great Southern Districts Police Complex***

The contract for the construction of the Albany Justice Complex and Great Southern District Police Complex was awarded in March 2004 for \$13.2 million.

The project involves the construction of new justice and police facilities, comprising two new courts; a modern forensic facility; custodial areas; public waiting areas; court administration offices; interview rooms; victim support offices; and judicial offices. It also involves the refurbishment of three existing heritage buildings to accommodate a jury court, jury deliberation area, interview rooms and offices for staff of the Community Justice Services.

The construction of a new courts building will be completed by February 2005. The new police complex will be completed by March 2005. The final stage – the refurbishment of the existing courthouse and other heritage buildings – is due to be completed by August 2005.

#### ***West Coast College of TAFE – Joondalup Campus Hospitality and Training Centre***

In 2001, following a review of the Western Australian training sector, the Government decided to close the Carine Campus of West Coast College of TAFE. The hospitality training centre located at Carine will be replaced with a new hospitality training centre at Joondalup, north of Perth. The \$8 million centre is currently being constructed on the existing West Coast College site in Joondalup located on Grand Boulevard.

The practical completion for the building scheduled for 16 December 2004, with the installation, testing, commissioning of kitchen equipment to follow. The handover of the building is due to occur on 27 January 2005.

#### ***Dalyellup (Bunbury) Primary School***

The new Dalyellup Primary School commenced operation in Term 2 of 2004. The new school replaces the former "school in shops" on an adjacent site in this rapidly growing southern suburb of Bunbury.

The school was constructed using a combination of concrete tilt slab, brickwork and steel. It provides state-of-the-art facilities for more than 500 students from pre-primary to year seven.

### ***Piyarli Yardi Gascoyne Aboriginal Heritage and Cultural Centre***

The Piyarli Yardi Aboriginal Heritage and Cultural Centre is a major new project in the town of Carnarvon. The centre was the initiative of the Gascoyne Aboriginal community. The land and project costs were funded as compensation for the loss of traditional wetlands at the Gascoyne River mouth. The centre will be housed in a new purpose-built facility.

When complete in early 2005, the \$4.7 million centre will be a multi-faceted facility that will promote the traditional and contemporary culture of the Indigenous people of the Gascoyne region. The centre will provide exhibition, performance and gallery spaces for Aboriginal people to showcase their culture.

The centre is due for completion in December 2004 at a total project cost of \$4.7 million.

### ***Bali Memorial***

The Government of Western Australia wished to construct a memorial to commemorate the victims of the Bali Bombing. The memorial was commissioned through the Department of Housing and Works for the State Government. The Memorial is sited within the boundaries of Kings Park and is located on the city side of Fraser Avenue, Bellevue Terrace end.

The Memorial is made up of materials that are in keeping with the surrounding environment – weather-resistant steel, granite and Donnybrook stone and glass. The collaboration of art and architecture has created a place of common reflection for all members of the community affected by this tragedy.

The \$850,000 project was completed for the first anniversary of the bombing and a memorial service was held on October 13<sup>th</sup> 2003.

### ***The Metropolitan Low Security Women's Prison (Nyandi)***

The Metropolitan Low Security Women's Prison (Nyandi) was officially opened as the Boronia Pre-Release Centre for Women on 5 May 2004. The \$15 million complex was completed within budget and within the time program. The centre sets new standards and represents a significant step towards fulfilling the Department of Justice's new philosophy for women prisoners.

The new centre accommodates up to 70 prisoners living in residential-style accommodation interlinked with common areas. It offers programs and facilities to help women develop fundamental life skills such as budgeting, cooking and parenting.

### ***Sir Charles Gairdner Hospital Emergency Department Upgrade***

The contract to upgrade the Emergency Department at Sir Charles Gairdner Hospital was awarded in January 2003. Completed in early June 2004, the \$8 million project was undertaken in four stages to allow the hospital to maintain its emergency services.

### ***Centre for Wine Excellence – Margaret River***

The Margaret River Education Campus is a collaborative initiative between the South West Regional College of TAFE, Curtin University, Edith Cowan University, Margaret River Senior High School and the Department of Education and Training. It will provide a wide range of studies including art, humanities, horticulture, business and computer studies, viticulture and oenology, hospitality and tourism.

The centrepiece of the campus is the state-of-the-art winery. A boutique training café, kitchen and function area will be the focus for hospitality and tourism. Other buildings include a purpose-built art centre, horticulture facility with greenhouses and growing sheds, computer and general classrooms and an administration building with an online learning centre.

The centre was completed in April 2004 at a cost of \$ 9.8 million.

### ***John Curtin College of the Arts – Performing Arts Centre***

The Performing Arts Centre at the Department of Education and Training's specialist arts school at Fremantle was completed in March 2004. The \$6 million glass and concrete building caters for a range of arts activities including music, musical theatre, dance and drama. It comprises a 500-seat auditorium, a stage sized for classical dance and supporting multi-purpose spaces.

## **Special Government Projects**

### ***CBD Courts Complex***

The CBD Courts Project will be a state-of-the-art, purpose-built court building on the corner of Hay and Irwin Streets, opposite the Central Law Courts in Perth. The new building will house the District Court and Supreme Court criminal jury trials, and include the State's first permanent high-security court.

The Request for Proposal was released to two short listed respondents in March 2004 and the responses are due in August 2004.

The existing buildings on the proposed site will be demolished in September 2004. The execution of the contract is expected to be awarded in November 2004 and work on the site is anticipated to commence in the first half of 2005.

### ***Perth Convention and Exhibition Centre***

The \$225 million Perth Convention Exhibition Centre was commissioned during June 2004 following a 30-month construction period.

The State Government provided some \$121 million in funding and also made available the lease of crown land between Mounts Bay Road and the Swan River. The Department of Housing and Works was responsible for ensuring that the terms of the original agreements negotiated between the government and the participating private companies were fulfilled.

The Perth Convention Exhibition Centre consists of a 2,500 seat convention centre; a 2,500 seat banquet hall; 18 meeting rooms seating 2,500 people; and 17,000 square metres of exhibition space.

The opening of the Centre in August 2004 will mark a new stage of economic growth in tourism and related industries.

### ***WA Museum Francis Street and Welshpool***

Approval of funding to proceed with the relocation of the WA Museum from the Francis Street Building to Welshpool was confirmed in January 2004. During the year all works associated with the modifications to the Kew Street premise have been tendered.

The relocation of all collections and staff from Francis Street, is expected to be completed by the end of 2004.

### ***Old Treasury Buildings***

The Old Treasury Buildings in Cathedral Avenue are one of Perth's most significant heritage assets. They have been vacant since 1995. An earlier proposal for redevelopment of the site as a luxury hotel did not prove viable.

Heritage, planning and design guidelines have been prepared and endorsed by the Heritage Council of Western Australia to ensure that the future redevelopment complements the

heritage value of the buildings. However, identifying a sustainable adaptive reuse for these buildings within the Perth market is challenging, due to the high cost of heritage restoration. Procurement options are being examined.

Tenders were called during the year to replace worn-out roof tiles and undertake external maintenance work.

The replacement of roof tiles and external maintenance work are expected to be completed by the end of 2004. These works will preserve and greatly enhance the appearance of these buildings until the site's future use is determined.

### ***Swanbourne Hospital Site***

The Department of Housing and Works initiated an intensive public consultation process to consider various options for the proposal to rezone and dispose of the Old Swanbourne Hospital site (former Claremont Hospital for the Insane).

A Working Group was formed, chaired by the Mayor of the City of Nedlands and representatives from the Nedlands Council, two local resident representatives, the Heritage Council of WA and the Department of Housing and Works.

A planning company was appointed to undertake a study of the site and a development plan. The study process involved extensive public consultation. The City of Nedlands has subsequently supported the development plan and will initiate the rezoning in the near future. The Department of Housing and Works will market the site to facilitate its sale at the earliest opportunity.

## **Western Australian 175<sup>th</sup> Anniversary Celebration Projects**

### ***State War Memorial Restoration***

The State has committed \$445,000 to restore the State War Memorial. The Federal Government has agreed to match State funding and the Department of Housing and Works will be implementing the works. Consultants will be appointed in September 2004 and work will commence in early November to achieve completion before the 2005 Anzac Day Service.

### ***John Curtin Statue***

A statue commemorating the life of John Curtin, Australia's Prime Minister during World War II, is to be erected in Fremantle in front of the Town Hall. The proposal is for a bronze life-sized statue, to be placed on a plinth with words interpreting his life and contribution to Australia. \$200,000 has been allocated to the Department of Housing and Works in 2004-05 to undertake the implementation of the project. Three artists have been short-listed to select an artist to undertake the work, with completion due by December 2004.

### ***Migrant Welcome Wall***

The arrival of migrants to the port of Fremantle and their contribution to Western Australian society will be acknowledged in the building of a Welcome Wall at the front of the Western Australian Maritime Museum.

The project will be funded through a \$500,000 capital development grant for the physical elements and an initial \$150,000 operating grant for establishment of a migrant database, marketing and registration processes. It is planned that the Welcome Wall be officially opened in early December 2004.

## **Commercial Property**

The Commercial Property Branch is responsible for coordinating the delivery and ongoing management of the Government's office accommodation portfolio. The four main functions of the Branch are policy development, planning and procurement, lease administration and portfolio management.

In 2003-04 the Branch administered 356 leases for Government tenancies in 291 privately-owned buildings. It managed 90,374 square metres of Government-owned office space in 21 buildings controlled by the Minister for Works. The Branch received \$24.9 million in gross rental payments from Government tenants in these buildings and returned \$17.5 million in net rent to the Consolidated Fund.

During the year the Branch completed a strategic plan for Government office accommodation in the Perth CBD. Office accommodation policies and standards, including sustainability measures, were also formulated. Cabinet endorsed the strategic plan and policies.

The Branch managed the negotiation of the following major new leases:

- 16,300 square metres at 303 Sevenoaks Street, Cannington for the Government's Shared Services Centres;
- 2,745 square metres at 2 Mill Street, Perth for the Western Australian Tourism Commission; and
- 10,900 square metres for the Department of the Environment at 168 St Georges Terrace, Perth.

A highlight of the year for the branch was the award of a best practice 3.5 star Australian Building Greenhouse Rating for Dumas House, West Perth.

In 2004-05 the Commercial Property Branch will complete the collocation of the Department of Industry and Resources.

It will also complete the preparation of the premises for three Government Shared Service Centres in Cannington and separate premises for the Department of Education and Training Shared Services Centre.

Complete strategic accommodation plans will be prepared for the WA Police Service, Department of Planning and Infrastructure, Main Roads WA and Armadale Redevelopment Authority.

A highlight for the Commercial Property branch next year will be the hosting of the Government Real Estate Group national conference in Fremantle in September 2004.

## **Western Property**

The Western Property framework for Property and Facilities Management has been operating since 1 July 2002. This common use arrangement offers client agencies a range of building maintenance, minor works and property services. It provides a flexible and responsive solution to maintaining schools, health facilities, police stations and other government buildings in good order, for the convenience and safety of the public and staff. The total value of work delivered for 2003-04 was \$89.4 million.

### ***Service Arrangers and Service Providers***

Within the Western Property arrangement, six Service Arrangers provide this service to 40 client agencies through 13 individual service level contracts. The Service Arrangers coordinated works to the value of \$48.3 million for 2003-04. There are approximately 438 small business suppliers who service the arrangement through a pre-qualified Service Providers Panel. The value of the breakdown repairs in the same period was \$30.9 million.

The Service Arrangers' Panel and the Service Level Contracts will be reviewed in the next financial year.

### ***Building Relocation Services***

Building relocation services were provided to the value of \$10.2 million.

### ***One Call Centre***

Breakdown and emergency repair requests are directed by government agencies through the Western Property One Call Centre. The One Call Centre's role is to expedite Service Providers to sites. The One Call Centre's contract was extended for two years and the Service Providers' contracts were extended for one year effective 1 July 2004.

The One Call Centre is located in Manjimup and employs 27 local people to provide this service. Additional resources are based in Bridgetown and Perth to provide contingency for continued service in case of either power or communication failure at the Manjimup centre.

As at 30 April 2004, 80,593 jobs were registered with a value of \$21.98 million.

The average call time is four minutes and 83 per cent of calls were answered within 20 seconds. Recent survey results indicate an increased overall client satisfaction with the Call Centre Service up from 80 per cent last year to 88 per cent.

### ***Western Property Regional Services***

In 2003-04 Western Property Regional Services delivered maintenance and minor works programs to the value of \$43.2 million to client agencies in regional Western Australia, including:

- routine maintenance (\$2.7 million);
- restoration maintenance (\$8.6 million);
- minor works (\$12.9 million);
- small capital works (\$7.2 million); and
- breakdown repair services (\$10.0 million).

Clients included the Department of Education and Training, the WA Police Service, the Department of Justice, the Department of Community Development, Main Roads WA, the Department of Fisheries, the Department of Conservation and Land Management and Fire and Emergency Services.

Funding for school maintenance received a \$10 million boost state-wide in 2003-04, with the following benefits for schools in regional areas:

- an additional \$3.5 million towards district preventative maintenance;
- \$2 million towards air conditioning replacements; and

- a small number of additional security fencing and associated projects.

The Department delivered a number of special programs during the year.

- *WA Police Service - Occupational Health and Safety Program*  
This \$10 million occupational health and safety program has continued throughout 2003-04 and is due for completion by June 2005. The various projects entailed the upgrading of police facilities throughout the state to meet occupational health and safety needs. Of the \$10 million, \$1.0 million was spent in regional areas in 2003-04.
- *Department of Education – 100 Schools Project*  
This \$1.3 million program provided data cabling and power upgrades to schools throughout the state.
- *Regional consultancy panel*  
A new regional consultancy panel was formed to provide access to consultancy services for minor works and capital works projects throughout regional Western Australia. This panel replaced the previous panel on 30 June 2004.

The new panel was appointed for an initial period of 12 months with two one-year extension options. There are 28 consultants on the building works panel, of which 22 are regionally based; and 15 consultants on the engineering panel, of which 10 are regionally based. It is estimated that the value of work to be undertaken through this panel in 2004-05 will be in excess of \$1 million.

- *Rationalisation of country offices*  
An initiative to rationalise the number of offices in country areas following the establishment of the Department of Housing and Works continued. The collocation of Homeswest and former Department of Contract and Management Services offices was completed in Merredin, Karratha, Kalgoorlie and Esperance. Construction has commenced for the collocation of the Kununurra offices, to be completed early in 2004-05, and planning is currently underway for the collocation of the Albany and Geraldton offices in 2004-05.

The Procurement Reform Agenda, part of the State Government's "Building Better Government" strategy, has identified challenges to refine the service delivery of Western Property arrangement and has highlighted opportunities for growth and savings.

The Department has the leadership role to make improvements in building maintenance procurement. A senior officer has been dedicated to the project since February to investigate the savings opportunities within the existing Western Property service delivery arrangement.

Early analysis indicates that savings in the order of \$2.5 million are achievable by moving to lower cost contractors within the breakdown repair service to schools in the metropolitan area.

The investigations will cover the opportunities to make savings in planned maintenance, moving to lower cost contractors, zone contracting and implementing a schedule of rates arrangement. The investigation may extend to investigate other opportunities identified as part of the investigations.

A report on the savings initiatives was completed by 30 June 2004 with a view to commencing implementation of the recommendations in 2004-05.

## **Goal 3: The Environment**

*“To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected.”*

The State Labor Government released its State Sustainability Strategy in September 2003. The concept of sustainability refers to the thorough integration of environmental protection, social advancement and economic prosperity in order to meet the needs of current and future generations.

The Department of Housing and Works was actively involved in the process of developing the Strategy and is currently in the process of implementing its recommendations through a series of initiatives. The development and implementation of these initiatives is being coordinated through an Executive Standing Committee.

New generic guidelines are being developed for all building types to be constructed by the Department. Guidelines now require a sustainable building and landscape that incorporate the principles of solar orientation, energy efficiency, water use efficiency, waste minimisation, recycling, and accessible design.

### ***South Atwell Primary School***

South Atwell primary school opened to students in February 2004. The school has been designed to incorporate and demonstrate key elements of sustainable design to students and the broader community while providing a healthy and productive workplace for students and teachers.

The school's energy consumption will be monitored and compared with that of the nearby Atwell primary school. A community centre, which is under construction on the same site, will share sporting facilities with the school, encouraging interaction between the school and the wider community. The centre is expected to be completed in July 2004.

### ***Main Roads WA – Australian Building Greenhouse Rating***

In keeping with the government's policy to reduce greenhouse gas emissions, Main Roads WA has committed to achieving a four-star Australian Building Greenhouse Rating for its new office in Boulder. The design for the project is nearing completion and construction is scheduled to start in July 2004. The design has been reviewed for energy efficiency, and the building's performance will be assessed after it is occupied.

### ***Professor Geoffrey London – Government Architect***

Professor Geoffrey London was appointed to the newly-created position of Government Architect in October 2003, and took up this role in February 2004. The Government Architect's role includes promoting community awareness of architectural issues and the development of initiatives to improve the design of public buildings, including public housing.

Professor London is part of a Landstart steering committee that is directing a new sustainable subdivision in Forrestdale. He is also working with Landstart to develop a large new medium density-mixed housing and commercial development in Cannington with an emphasis on environmentally sustainable design principles.



## **Year of the Built Environment 2004**

The Year of the Built Environment 2004 (YBE2004) celebrates the buildings, structures and places in which we live work and play. The Year is a joint venture between government, industry, peak bodies and professionals and the community. Throughout 2004 we shall be highlighting seven key themes:

- Towards Sustainable Communities
- Healthy Environments
- Our Built Heritage
- Imagining the Future
- Excellence in Building
- Building Regional Communities
- Design for All

The YBE2004 is all about encouraging the community to recognise their role in developing sustainable, healthy built environments and where practicable encouraging change to ensure we leave a positive legacy for future generations to build upon.

The Government and community are generally very protective of the natural environment. Our Built Environment is a response to the natural environment and varies with climate and geography. Western Australians spend up to 90 per cent of their lives in the built environment and can all benefit from excellence of design and through learning how to positively influence built environment outcomes. By being aware of their role in influencing the built environment Western Australians can reduce the impacts of inappropriate design on our lifestyles.

A key outcome of the YBE2004 is to help make the community more aware of how it can influence built environment outcomes and to endorse events and activities that align themselves with one or more of the themes. Many of the events that have been endorsed by the YBE2004 have had a direct impact in promoting the issues of sustainable development and better construction practices.

The State Steering Committee of the YBE2004 includes representatives from the Sustainable Energy Development Office, Western Australia Sustainability Energy Association, Planning and Infrastructure and the Water Corporation. Some endorsed events promoting sustainable outcomes have included:

### ***Hunter Lovins – National Speaking Tour***

Hunter Lovins is a world-renowned expert in the area of green buildings, natural capitalism, energy, resource issues and community economic development. She has written and co-authored numerous books and hundreds of papers and articles on these topics throughout her distinguished career. The seminar was run by Engineers Australia and was attended by more than 500 professionals and community members.

### **Breakfast with Prof. Peter Newman**

Professor Peter Newman is the author of the Western Australian State Sustainability Strategy, Director of the Institute of Sustainability and Technology Policy at Murdoch University. This Breakfast outlined the progress of the WA Sustainability Strategy.

### **EcoSmart House™ program**

This is an initiative designed to address the water, energy, travel usage and waste generated in operating a house via the process of in home assessments and associated information. The program is tailored to suite the needs of the local council and provides information and assistance to people to demonstrate how they can reduce the ecological footprint associated with building, renovating or operating an existing home.

### **Somerly Parkland Launch with the Minister for Housing & Works**

A community designed and built development on sustainable environmental principles. Water-sensitive design principles, endorsed by the Waters and Rivers Commission have also been incorporated throughout Somerly.

### **Cool Communities Workshops**

'Environment House' is a non-profit community based Environment Centre. Professional workshops, largely funded by the Australian Greenhouse Office's Cool Communities initiative will teach participants about energy use patterns and ways to become more sustainable through lifestyle change.

## **Obligatory Reporting**

### **Waste Paper Recycling**

The Department uses Paper Recycling Industries for waste paper removal. This common use contract is for the removal of office waste paper and cardboard for recycling. The contractor is able to collect all grades of paper and cardboard. The collection and destruction of confidential material is not included in this contract because there is generally a cost involved. The contract is due to expire on 1 May 2005.

### **Energy Smart Government Policy**

In accordance with the Energy Smart Government Policy, the Department has committed to achieving a 12 per cent reduction in non-transport related energy use by 2006-07.

<b>Energy Smart Government Policy</b>	<b>2003-04</b>
Energy Consumption (MJ)	47,820,473
Energy Cost (\$)	1,770,109
Greenhouse Gas Emissions (tonnes of CO <sub>2</sub> )	2,505,793
Performance Indicators	
MJ / m <sup>2</sup>	339
MJ / FTE	253,018

## Goal 4: The Regions

*“To ensure that regional Western Australia is strong and vibrant.”*

Regional Western Australia consists of one-third of Australia’s land area, yet its half a million people represent only 2.7 per cent of Australia’s and only 27 per cent of the State’s population<sup>3</sup>.

Regional Western Australia refers to all areas of Western Australia outside the Perth Metropolitan area. The Department has a strong presence in regional Western Australia with offices in the Southern, South West, Goldfields, Midwest/Gascoyne, Pilbara, Kimberley and the Wheatbelt areas.

The Department provides assistance to regional Western Australians through a number of programs, including:

- Capital works program for building design and works contracts;
- Strategic Maintenance Planning and Management;
- Project Delivery; and
- Technical and Contract Advice.

The Department carries out maintenance and minor works through its Western Property Regional Services branch. This includes routine and restoration maintenance, minor improvements, property services, small capital works and the provision of a breakdown repair service. The branch also provides essential maintenance to schools, health facilities, justice facilities, police stations and other Government buildings.

The Department has played an integral role in the development of initiatives to celebrate the Year of the Built Environment 2004 (YBE2004). YBE2004 is a joint venture between Government, industry, peak bodies, professionals and the community and celebrates the built environment, such as the buildings, structures and places in which we live, work and play. Initiatives have included the Monsignor Hawes Heritage Project in Geraldton and City projects in Albany.

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<sup>3</sup> Australian Bureau of Statistics, 2001 Census Data.

## Goal 5: Governance

*“To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.”*

### Forthcoming legislation changes

#### **Construction Contracts Act 2004**

The *Construction Contracts Act 2004* supports good payment practices in the building and construction industry by:

- prohibiting payment provisions in contracts that slow or stop the movement of funds through the contracting chain;
- implying fair and reasonable payment terms into contracts that are not in writing;
- clarifying the right to deal in unfixed materials when a party to the contract becomes insolvent; and
- providing an effective rapid adjudication process for payment disputes.

The Department has supported the Act through its public consultation and drafting phases and its passage through Parliament. Work is continuing on implementation measures to ensure the Act can be proclaimed in the second half of 2004.

#### **Architects Bill 2003**

The *Architects Bill 2003* delivers the State Government's commitment to reviewing legislation that regulates the architectural profession, in line with National Competition Policy agreements.

The Bill provides for effective registration of architects and the maintenance of nationally consistent professional standards. It controls the use of the title “architect” and seeks to prevent conduct from non-architects that may be misleading to consumers and the general public.

The Bill continues the role of the Architects' Board of Western Australia. The composition of the Board has been broadened to include adequate consumer and educational representation. The Department has supported the Bill through its public consultation and drafting phases and its passage through Parliament. Work is continuing on implementation measures to ensure the Bill can be proclaimed in the second half of 2004.

#### **Local Government (Miscellaneous Provisions) Amendment Bill 2003**

This Bill provides the head of power needed to regulate the delegation of a local government's power to approve building plans and specifications to a suitably qualified person appointed to the office of building surveyor.

Amendments to Regulations will update the approval process and allow for the referral of appeals to the State Administrative Tribunal. The Bill also allows for the retrospective approval of building work carried out without a building licence.

#### **Proposed Building Act**

The Department has responsibility for seeking public input relating to new building legislation for the State of Western Australia. Work has recently recommenced on development of the

legislation and the work previously undertaken by the Department of Local Government and Regional Development, referred to as the *Building Act*, has been reviewed.

The Department has held informal discussions with various key stakeholders prior to the development and release of a formal discussion paper for public comment in the second half of 2004. This formal paper will provide an insight into the views of the Government in relation to the proposed building legislation and what it should provide.

The objective of developing new building legislation for Western Australia is to provide an efficient and effective system for:

- dealing with building applications;
- granting building approvals;
- enforcing building standards;
- administering building matters; and
- maintaining buildings.

#### ***Machinery of Government (Miscellaneous Amendments) Bill 2003***

This bill is managed by the Department of the Premier and Cabinet.

Amendments to the *Housing Act*, *Government Employees Housing Act* and the *Country Housing Act* will assist in the establishment of an integrated department that brings together the housing and works functions. A single Housing Authority will be established to perform the existing functions under these Acts.

#### ***Public Works Act Amendment Bill***

The *Public Works Act Amendment Bill* will complete Machinery of Government reforms and update an old Act. Drafting of the Bill has commenced.

#### ***Housing Bill***

The new *Housing Bill* will complete Machinery of Government changes and provide an opportunity to cover a broad range of housing issues and initiatives. Drafting of the Bill has commenced.

### **Building Codes and Regulation**

Building Codes and Regulation is responsible for providing advice to the Minister on building standards and regulatory matters. Building initiatives include maintaining and developing the Building Code of Australia and Referenced Standards, providing advice and training for stakeholders on building industry matters and advice regarding dividing fences matters.

### **Public Works Strategy**

Public Works Strategy is responsible for providing advice to Government, principally via the Minister for Housing and Works and the Department of Treasury and Finance, to assist the State in delivering and maintaining Government buildings and accommodation to agreed standards. Built environment initiatives are undertaken to ensure a high standard of design and innovation is achieved for public buildings and precincts throughout the State.

Key responsibilities include providing advice to Treasury on asset procurement and management, developing procurement and construction policies for application throughout Government and providing leadership in architecture, urban design, sustainable development and heritage management.

The Department provides professional and administrative support to the Government Architect, Professor Geoffrey London who was appointed in February 2004.

## **Information Services**

The Department made major improvements to its Information and Communications Technology systems in 2003-04.

- The mainframe computer was successfully migrated to a new system. A new outsourcing agreement for server infrastructure provision will realise substantial ongoing savings for the Department.
- Security measures were boosted with the introduction of new anti-virus and Internet monitoring systems.
- The Department continued a program initiated the previous year to integrate regional office computers into the Department's computer network. Offices in Derby, Esperance, Kalgoorlie, Karratha and South Hedland were brought into the network this year.
- A new PABX telephone system was installed in Head Office to improve the efficiency of call handling and management.
- A property management system for remote Aboriginal communities was developed and distributed.
- The TRIM Records Management system was updated.
- A new Standard Operating Environment was introduced and will provide improved security, systems access and a standard software platform for all Department staff across the State.

## **Compliance with Legislation**

The Department is required to comply with a range of Commonwealth and State Legislation.

### ***Commonwealth Legislation***

- *Housing Assistance Act 1996*
- *Privacy Act 1998*
- *Corporations Law*
- *Disability Discrimination Act 1992*
- *Trade Practices Act 1974*

## **State Legislation**

- *Housing Act 1980*
- *State Supply Commission Act 1991*
- *Financial Administration and Audit Act 1985*
- *Residential Tenancies Act 1987*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *Equal Opportunity Act 1984*
- *Government Employees Superannuation Act 1987*
- *Occupational Health, Wealth and Safety Act 1987*
- *Workers' Compensation and Rehabilitation Act 1981*
- *Industrial Relations Act 1979*
- *Industrial Relations Amendment Act 1993*
- *Freedom of Information Act 1992*
- *Environmental Protection Act 1986*
- *Statutory Corporations (Liability of Directors) Act 1996*
- *Fair Trading Act 1987*
- *Consumer Credit (Western Australia) Act 1996*
- *Transfer of Land Act 1893*
- *Valuation of Land Act 1978*
- *Land Administration Act 1997*
- *Local Government Act 1995*
- *Water Corporation Act 1995*
- *Water Boards Act 1904*
- *Public Works Act 1902*
- *Town Planning and Development Act 1928*
- *Metropolitan Region Scheme Act 1959*
- *Aboriginal Heritage Act 1972*
- *Native Title (State provisions) Act 1999*
- *Swan Valley Planning Act 1995*
- *State Title Planning Act 1995*
- *Heritage of Western Australia Act 1990*

Note: The above legislation is not intended to be a comprehensive list of all written laws with which the Department is required to comply.

## Obligatory Reporting

### **Advertising and Market Research**

In accordance with section 175ZE of the *Electoral Act 1907*, the Department has incurred the following expenditure in relation to advertising and market research organisations:

<b>Advertising and Market Research</b>	<b>2003-04</b>
<b>Advertising Agencies</b>	
Bowtell Clarke & Yole	\$321,933.24
Vinten Browning	\$1,094.91
<b>Market Research Organisations</b>	Nil
<b>Polling Organisations</b>	Nil
<b>Direct Mail Organisations</b>	Nil
<b>Media Organisations</b>	
Marketforce	\$98,306.00
Media Decisions	\$314,072.00
<b>Total</b>	<b>\$412,378.00</b>
<b>Total Advertising and Market Research</b>	<b>\$735,406.15</b>

### **Information Statement**

The Freedom of Information Act 1992, which came into effect on 1 November 1993, created a general right of access to documents held by state and local government agencies. The *Act* requires agencies to make available details about the kind of information they hold and enables persons to ensure that personal information held by Government agencies about them is "accurate, complete, up to date and not misleading".

It is the aim of the Department to make information available promptly, for the least possible cost, and wherever possible documents will be provided outside the Freedom of Information process.

### **Freedom of Information Applications for 2003-04**

As at the end of June 2004, 103 valid applications were received by the Department, through the State Housing Commission. Of these, 80 sought access to personal information and 23 sought access to non-personal information. A more comprehensive breakdown of this agency's statistics is provided in the Information Commissioner of Western Australia's Annual Report - [www.foi.wa.gov.au](http://www.foi.wa.gov.au).



## Statement of Compliance with State Records Act 2000

In the administration of the Department of Housing and Works, I have complied with the *State Records Act 2000*.

I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made above is correct.

The evidence to attest compliance for the reporting period are:

- Recordkeeping system last evaluated on..... October 2003
- Recordkeeping training program last conducted on..... To be developed
- Effectiveness and efficiency of recordkeeping training program last evaluated on ..... To be developed
- Recordkeeping training program included in new employee induction program..... To be developed



**G L JOYCE**  
**DIRECTOR GENERAL**

## **Statement of Compliance with Public Interest Disclosure Act 2003**

In the administration of the Department of Housing and Works, I have complied with my obligations the *Public Interest Disclosure Act 2003* by the appointment of a PID Officer and the publishing of internal procedures relating to the Department's obligations under the Act.

I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made above is correct.

During the reporting period no public interest disclosures were received.



**G L JOYCE**  
**DIRECTOR GENERAL**

# Statement of Compliance with Public Sector Standards and Codes

In the administration of the Department of Housing and Works, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the Department of Housing and Works' Code of Conduct.

I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made above is correct.

The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

- Number lodged..... 2
- Number of breaches found, including details of multiple breaches per application..... 0
- Number still under review..... 0



**G L JOYCE**  
**DIRECTOR GENERAL**

## Output Performance Measures

Output performance measures were identified in the 2003-04 budget statements and are related to the relevant sections as reporting in the annual report.

### *Project Services*

Output measures that apply to capital works projects delivered.

<b>Measure</b>	<b>Actual 2003-04</b>	<b>Target 2003-04</b>
Value of capital works projects delivered	\$253 million	\$230 million
Client satisfaction with the delivery of capital works projects	77%	75%
Capital works projects that are delivered within the timeframes agreed with clients	96%	85%
Cost per million dollars of value of capital works projects delivered	\$26,306	\$33,694

### *Western Property*

<b>Measures</b>	<b>Actual 2003-04</b>	<b>Target 2003-04</b>
Value of minor works and maintenance services managed	\$133 million	\$111 million
Client Satisfaction with service delivery of minor works and maintenance services	77%	75%
Client Satisfaction with timeliness of delivery of minor works and maintenance services	74%	75%
Cost per million of value of minor works and maintenance services delivered	\$104,821	\$120,002

### **Commercial Property**

<b>Measure</b>	<b>Actual 2003-04</b>	<b>Target 2003-04</b>
Value of buildings and office accommodation managed	\$98 million	\$87 million
Client satisfaction with the management of buildings and office accommodation	87%	75%
Building and office accommodation transactions delivered within the agreed timeframe	83%	85%
Cost per million dollars of value of buildings and office accommodation managed	\$240,354	\$264,323



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### DEPARTMENT OF HOUSING AND WORKS PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

#### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Housing and Works are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2004.

#### **Scope**

##### *The Director General's Role*

The Director General is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

##### *Summary of my Role*

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
October 15, 2004

**CERTIFICATION OF PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2004**

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Housing and Work's performance, and fairly represent the performance of the Department for the financial year ended 30 June 2004.



GREG JOYCE  
ACCOUNTABLE OFFICER  
13 August 2004

## **DEPARTMENT OF HOUSING AND WORKS PERFORMANCE INDICATORS 2003-04**

The performance indicators in this report are produced in order to evaluate the Department of Housing and Works' performance in achieving its outcome. The key effectiveness indicators provide information on the extent to which the outcome has been achieved through the production of agreed outputs. The efficiency indicators relate outputs to the level of resource inputs required to produce them

### **Outcome: Government buildings and accommodation delivered, managed and maintained at agreed standards.**

The Department delivers, manages and maintains non-residential buildings across Western Australia. A wide range of services are provided to facilitate the State Government's capital works and maintenance programs. These services include:

- A coordinated and specialist approach to the planning and management of the State Government's non-residential capital works and office accommodation requirements.
- Responsibility for managing the Government's exposure to building and construction related risk and performing all commercial interface roles in architecture and building where appropriate.
- Maintenance of appropriate contracting and building standards for the delivery of the State Government's non-residential capital works program.
- Establishment and maintenance of appropriate office and building standards for the State Government's accommodation needs.

The Department participates in partnerships with private sector service providers. Capital works and non-residential projects are designed by private sector architects and constructed by commercial builders under contract to and managed by the Department.

### **Changes to output and performance indicators for 2003-04**

The Department's output measures for 2003-04 were reduced from nine sub-outputs to three. This reduction was due to the amalgamation of services within the Department.

### **Determination of Customer Satisfaction**

Customer satisfaction surveys are based on the use of a 7-point Likert scale. The response rating is based on the proportion of respondents surveyed that were satisfied. Respondents were asked to provide a rating of the Department's services ranging from very satisfied to very dissatisfied. All not applicable or don't know responses were excluded from the satisfaction rating.

A satisfied respondent for a particular question is defined as a person providing a response in the range of very satisfied to slightly satisfied inclusive. The number of responses to a question falling in this range, divided by the total number of valid responses to the question, is taken as a percentage and reported as the client satisfaction rating.

The following key effectiveness indicators measure the success of the Department in achieving the above outcome.



## Key effectiveness indicators

### **The extent to which the Department of Housing and Works has delivered, managed and maintained government buildings and accommodation to agreed standards.**

Through ongoing partnerships, the Department is working closely with its key client agencies to deliver improvements in the delivery of its services.

For the past two years, the Department has undertaken independent research among executive-level officers at client agencies. The research monitors the changes in attitudes and perceptions of executive-level officers towards the Department. The agreed standards are benchmarks defined as per the requirements of the Department of Treasury and Finance and client agencies. The surveys have been conducted by an independent research agency.

The sample size of 55 (98 per cent of population) ensured that the results were representative and stable. Survey statistics indicate a maximum sampling accuracy at 95% confidence level of  $\pm 2\%$ , with n=4 of not applicable or don't know responses received.

<b>Actual 2002-03</b>	<b>Actual 2003-04</b>	<b>Target 2003-04</b>
82%	75%	75%

### **Output 1: Delivery, management and maintenance of Government buildings, projects and office accommodation**

The management services provided by the Department are for the delivery of public buildings, infrastructure assets, Government's office accommodation portfolio, projects and the on-going management of Government properties. Policy development and advice to Government with regard to its building and construction activities are included.

The Department measures its efficiency in delivering these to its client agencies at the lowest cost through the following indicators.

#### **Efficiency Indicators**

##### **Project Delivery: Cost per million dollars of value of capital works projects delivered.**

The cost for project delivery includes the total costs allocated to this service, including all overheads. The total cost is taken as a proportion of the value, in millions of dollars, of works billed by the Department.

The efficiency measure is a key factor in evaluating the cost of the service provided to client (Government) agencies in relation to the value of works projects management through Head Office in Perth.

The value of works billed (invoiced) recovers the expenditure on consultant and builder contracts for capital and other non-residential building works.

<b>Actual 2002-03</b>	<b>Actual 2003-04</b>	<b>Target 2003-04</b>
\$38,470	\$26,306	\$33,694

**Property Management: Cost per million dollars of value of buildings and office accommodation managed.**

The cost for property management includes the total costs allocated to this service, including all overheads. The total cost is taken as a proportion of the gross rental payments plus the value of leases, in millions of dollars, of buildings and accommodation managed.

The Department managed Government owned office space in 21 buildings controlled by the Minister for Works at June 30, 2004.

Within the cost for property management, the Department also provides management service for precincts, properties or contiguous sites where several agencies may have an interest or presence. Precincts may be places where ownership is unclear or transitional.

The efficiency measure is a key factor in determining the input required to provide this service to assist agencies and Government.

<b>Actual 2002-03</b>	<b>Actual 2003-04*</b>	<b>Target 2003-04</b>
\$248,411	\$240,354	\$264,323

Note: \* Costs associated with the maintenance and restoration program for Fremantle Prison are included. The preservation and restoration of this heritage-listed asset has had a positive effect on the revenue produced from the prison's tourist operations.

**Maintenance: Cost per million dollars of value of minor works and maintenance services delivered.**

The cost for maintenance includes the total costs allocated to this service, including all overheads. The total cost is taken as a proportion of the value, in millions of dollars, of minor works and maintenance billed by the Department.

Included in the total costs are those associated with a call centre; contract development and management for minor works, breakdown repairs and maintenance jobs in regional areas; and the administration of property management contracts for minor works, breakdown repairs and maintenance works in metropolitan (non-regional) areas.

<b>Actual 2002-03</b>	<b>Actual 2003-04</b>	<b>Target 2003-04</b>
\$100,825	\$104,821	\$120,002



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### DEPARTMENT OF HOUSING AND WORKS FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

#### Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Housing and Works provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

#### Scope

##### *The Director General's Role*

The Director General is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

##### *Summary of my Role*

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.


D D R PEARSON  
AUDITOR GENERAL  
October 15, 2004

**DEPARTMENT OF HOUSING AND WORKS**  
**CERTIFICATION OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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The accompanying financial statements of the Department of Housing and Works have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2004 and the financial position as at June 30 2004.

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

  
F Fortuna  
Principal Accounting Officer  
13 August 2004

  
G Joyce  
Accountable Officer  
13 August 2004

**DEPARTMENT OF HOUSING AND WORKS**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$000	2003 \$000
<b>COST OF SERVICES</b>			
<b>Expenses from ordinary activities</b>			
Employee expenses	4	13,301	11,931
Borrowing costs expense	5	673	644
Supplies and services	6	12,942	14,189
Depreciation and amortisation expense	7	3,505	3,041
Administration expenses	8	1,522	1,526
Accommodation expenses	9	908	833
Capital user charge	10	11,631	10,623
Other expenses from ordinary activities	11	0	78
Total cost of services		44,482	42,865
<b>Revenues from ordinary activities</b>			
<i>Revenue from operating activities</i>			
User charges and fees	12	25,077	21,897
<i>Revenue from non-operating activities</i>			
Proceeds from disposal of non-current assets		0	3
Other revenues from ordinary activities	13	48	20
Total revenues from ordinary activities		25,125	21,920
<b>NET COST OF SERVICES</b>		19,357	20,945
<b>REVENUES FROM STATE GOVERNMENT</b>			
Output Appropriation	14	26,789	26,513
Liabilities assumed by the Treasurer		266	115
Resources received free of charge		430	392
Total revenues from State Government		27,485	27,020
<b>CHANGE IN NET ASSETS</b>		8,128	6,075
Net increase/(decrease) in asset revaluation reserve		18,998	8,699
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		18,998	8,699
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>		27,126	14,774

**DEPARTMENT OF HOUSING AND WORKS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2004**

	Note	2004 \$000	2003 \$000
<b>Current Assets</b>			
Cash assets	28(a)	13,026	12,346
Restricted cash assets	15	408	1,261
Receivables	16	4,675	5,170
Amounts receivable for outputs	18	25	25
Other assets	17	448	490
<b>Total Current Assets</b>		<b>18,582</b>	<b>19,292</b>
<b>Non-Current Assets</b>			
Restricted cash assets	15	0	309
Amounts receivable for outputs	18	7,074	4,056
Property, plant and equipment	19, 20	150,832	143,853
Heritage properties	20, 21	21,505	21,505
<b>Total Non-Current Assets</b>		<b>179,411</b>	<b>169,723</b>
<b>TOTAL ASSETS</b>		<b>197,993</b>	<b>189,015</b>
<b>Current Liabilities</b>			
Payables	22	1,293	3,441
Interest bearing liabilities	23	4,079	3,590
Provisions	24	2,231	2,110
Unearned revenues	25	484	634
Other liabilities	26	1,034	2,678
<b>Total Current Liabilities</b>		<b>9,121</b>	<b>12,453</b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	23	0	4,079
Provisions	24	1,400	1,135
<b>Total Non-Current Liabilities</b>		<b>1,400</b>	<b>5,214</b>
<b>Total Liabilities</b>		<b>10,521</b>	<b>17,667</b>
<b>Equity</b>			
Contributed equity	27	17,457	28,459
Reserves		27,697	8,699
Accumulated surplus		142,318	134,190
<b>Total Equity</b>		<b>187,472</b>	<b>171,348</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>197,993</b>	<b>189,015</b>

**DEPARTMENT OF HOUSING AND WORKS**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$000	2003 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Output appropriations		23,746	24,400
Capital contributions		0	596
Holding account drawdowns		25	25
<b>Net cash provided by State Government</b>		<b>23,771</b>	<b>25,021</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee costs		(11,495)	(10,709)
Superannuation		(1,036)	(1,061)
Supplies and services		(15,663)	(12,358)
Borrowing Costs		(681)	(555)
Capital User Charge		(11,631)	(10,623)
GST payments on purchases (including managed contracts)		(42,282)	(35,759)
GST payments to the taxation authority		(6,179)	(4,415)
Other payments		(2,498)	(2,337)
<b>Receipts</b>			
User charges and fees		25,755	21,104
GST receipts on sales (including managed contracts)		44,849	38,480
GST receipts from the taxation authority		2,569	1,459
Other receipts		18	21
<b>Net cash provided by/(used in) operating activities</b>	28(b)	<b>(18,274)</b>	<b>(16,753)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(2,488)	(412)
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,488)</b>	<b>(412)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(3,590)	(3,020)
<b>Net cash provided by/(used in) financing activities</b>		<b>(3,590)</b>	<b>(3,020)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(581)</b>	<b>4,836</b>
Cash assets at the beginning of the financial year		13,607	2,998
Cash assets transferred from other sources		0	5,773
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	28(a)	<b>13,026</b>	<b>13,607</b>

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

**DEPARTMENT OF HOUSING AND WORKS**  
**SUMMARY OF CONSOLIDATED FUND APPROPRIATIONS AND REVENUE ESTIMATES**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	2004 Estimate \$000	2004 Actual \$000	Variance \$000	2004 Actual \$000	2003 Actual \$000	Variance \$000
<b>DELIVERY OF OUTPUTS</b>						
Item 51 Net amount appropriated to deliver outputs	24,527	26,454	1,927	26,454	26,387	(67)
Section 25 transfer of funding		207	207	207		(207)
Amount authorised by Other statutes						
- Salaries and Allowances Act 1975	128	128		128	126	(2)
<b>Total appropriations provided to deliver outputs</b>	<b>24,655</b>	<b>26,789</b>	<b>2,134</b>	<b>26,789</b>	<b>26,513</b>	<b>(276)</b>
<b>CAPITAL</b>						
Capital Contribution					1,246	1,246
<b>ADMINISTERED</b>						
Item 52 Amount provided for Administered Grants, Subsidies and Other Transfer Payments	75,797	74,424	(1,373)	74,424	48,955	(25,469)
<b>Total administered appropriations</b>	<b>75,797</b>	<b>74,424</b>	<b>(1,373)</b>	<b>74,424</b>	<b>48,955</b>	<b>(25,469)</b>
<b>GRAND TOTAL OF APPROPRIATIONS</b>	<b>100,452</b>	<b>101,213</b>	<b>761</b>	<b>101,213</b>	<b>76,714</b>	<b>(24,499)</b>
<b>Details of Expenses by Outputs</b>						
Delivery, management and maintenance of Government buildings, projects, and office accommodation	44,066	44,482	416	44,482	42,865	(1,617)
Total Cost of Outputs	44,066	44,482	416	44,482	42,865	(1,617)
Less total revenues from ordinary activities	(17,875)	(25,125)	(7,250)	(25,125)	(21,920)	3,205
Net Cost of Outputs	26,191	19,357	(6,834)	19,357	20,945	1,588
Adjustments (I)	(1,536)	7,432	8,968	7,432	5,568	(1,864)
<b>Total appropriations provided to deliver outputs</b>	<b>24,655</b>	<b>26,789</b>	<b>2,134</b>	<b>26,789</b>	<b>26,513</b>	<b>(276)</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets		2,488	2,488	2,488	3,196	708
Expenditure on projects funded through capital appropriations					779	779
Adjustments for other funding sources		(2,488)	(2,488)	(2,488)	(2,729)	(241)
<b>Capital Contribution (appropriation)</b>					<b>1,246</b>	<b>1,246</b>
<b>DETAILS OF REVENUE ESTIMATES</b>						
Revenues disclosed as Administered Revenues	378,798	432,615	(53,817)	432,615	369,730	(62,885)

(I) Adjustments are related to movements in cash balances and other accrual items such as receivables, payables and superannuation.

The Summary of Consolidated Fund Appropriations, Variance to Budget and Actual should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement information requirements of TI 945, set out in Note 34



**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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**1. Departmental mission and funding**

The Department's mission is to respond to the hopes of all Western Australians for their housing and construction needs.

The Department is predominantly funded by Parliamentary appropriations. Revenues controlled by the Department are net appropriated under the Financial Administration and Audit (Net Appropriations) Determination, which causes all revenue controlled by the Department to be subject to net appropriation in the 2004 financial year. The financial statements encompass all Funds through which the Department controls resources to carry on its functions.

In the process of reporting on the Department as a single entity, all intra-entity transactions and balances have been eliminated.

**2. Significant accounting policies**

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfill the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

Basis of Accounting

The financial statements have been prepared in accordance with Accounting Standard AAS 29.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

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**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

Administered assets, liabilities, expenses and revenues are not integral to the Department in carrying out its functions and are disclosed in the notes to the financial statements, forming part of the general purpose financial report of the Department. The administered items are disclosed on the same basis as is described above for the financial statements of the Department. The administered assets, liabilities, expenses and revenues are those which the Government requires the Department to administer on its behalf. The assets do not render any service potential or future economic benefits to the Department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Department, and the expenses and revenues are not attributable to the Department.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Department, the disclosure requirements of Accounting Standard AAS 33, Presentation and Disclosure of Financial Instruments, are not applied to administered transactions.

(a) Output Appropriations

Output Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance. Refer to Note 14 for further commentary on output appropriations.

(b) Contributed Equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. Capital appropriations which are repayable to the Treasurer are recognised as liabilities. Refer to Note 27 for further commentary on the application of UIG 38 and TI 955

(c) Net Appropriation Determination

Pursuant to section 23A of the Financial Administration and Audit Act, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Department:

- Provision of Contract Services;
- Executive Vehicle Scheme;
- GST Input Credits;
- GST receipts on sales;
- Rental Income sufficient to cover outgoings paid for government owned buildings and
- other departmental revenue.

In accordance with the determination, the Department retained \$73.191m in 2004 (\$61.064m in 2003).

Retained revenues may only be applied to the outputs specified in the 2003-2004 Budget Statements.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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(d) Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

(e) Revenue Recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.

(f) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

(g) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is calculated on the straight -line basis, using rates which are reviewed annually. Expected useful lives for each class of depreciable asset are:

Buildings	10 to 40 years
Heritage assets	100 years
Plant and Equipment	10 years
Computer Hardware & Software	3 to 5 years
Air Conditioning	10 years
Office furniture and fittings	10 years
Office machines and equipment	5 years

(h) Revaluation of Land, Buildings and Infrastructure

The Department has a policy of valuing land and buildings at fair value. The annual revaluations of the Department's land and buildings undertaken by the Valuer General's Office are recognised in the financial statements.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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(i) Leases

The Department's rights and obligations under finance leases, which are leases that effectively transfer to the Department substantially all of the risks and benefits incident to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as buildings depreciated to the Statement of Financial Performance over the period during which the Department is expected to benefit from use of the leased assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

The Department has entered into a number of operating lease arrangements for properties and motor vehicles where the lessor effectively retains all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(j) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(k) Accrued Salaries

The accrued salaries suspense account (refer note 15) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 26) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year-end. The Department considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(l) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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(m) Software

Significant costs associated with the acquisition or development of computer software are capitalised and amortised on a straight line basis over the periods of the expected benefit, which varies from three to five years.

(n) Payables

Payables, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(o) Interest-bearing liabilities

Borrowing costs expense is recognised on an accrual basis

(p) Amounts Due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance, approval of which is renewed for each financial year. The amount is therefore repayable within a maximum period of one year. No interest is charged on this advance.

(q) Employee benefits

Annual leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Department in the current year.

A revenue "Liabilities assumed by the Treasurer" equivalent to (i) is recognised under Revenues from State Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Department is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. (See notes 4 and 24).

- (r) Resources Received Free of Charge or For Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(s) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(t) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(u) Project Development costs

Project development costs, other than those directly attributable to the construction of assets, are expensed as it is generally expected that the Department will not derive any future economic benefits from the projects being managed. The projects are being managed and developed on behalf of government.

### **3. Outputs of the Department**

The key output of the Department:

#### **Output 1: Delivery, management and maintenance of Government buildings, projects and office accommodation**

This output comprises management services for the delivery of public buildings, infrastructure assets, Government's office accommodation portfolio, projects and the on-going management of Government properties. Includes policy development and advice to Government in relation to the building and construction activities.

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	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>4 Employee Expenses</b>		
Salaries	10,013	9,323
Superannuation	1,301	1,138
Change in leave and severance entitlements	0	(23)
Other related expenses	1,987	1,493
	<u>13,301</u>	<u>11,931</u>
<p>These employee expenses include superannuation, workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities at Note 24.</p>		
<b>5 Borrowing costs expense</b>	<u>673</u>	<u>644</u>
<p>This represents the interest expense for the repayment of the loan for 151 Royal Street leased from the Government Employees Superannuation Board. See Note 23.</p>		
<b>6 Supplies and services</b>		
Consultants and contractors	2,242	5,326
Maintenance and repairs	5,182	3,985
Government accommodation	4,915	4,081
Insurance	173	405
Resources received free of charge	430	392
	<u>12,942</u>	<u>14,189</u>
<b>7 Depreciation and Amortisation expense</b>		
Buildings	2,749	2,514
Heritage buildings	216	216
Office furniture and equipment	27	28
Computer hardware and software	339	192
Plant and Equipment	174	91
	<u>3,505</u>	<u>3,041</u>
<b>8 Administration Expense</b>		
Communications	150	260
Motor vehicles	730	690
Other	642	576
	<u>1,522</u>	<u>1,526</u>
<b>9 Accommodation expenses</b>		
Lease rentals	<u>908</u>	<u>833</u>



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		2004 \$000	2003 \$000
<b>10</b>	<b>Capital User Charge</b>	<u>11,631</u>	<u>10,623</u>
	<p>A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p>		
<b>11</b>	<b>Other expenses from ordinary activities</b>		
	Doubtful Debts expense	<u>0</u>	<u>78</u>
	<p>The Doubtful Debts provision has been reduced this financial year (See note 13)</p>		
<b>12</b>	<b>User charges and fees</b>		
	Fees for managed building works	17,927	14,043
	Miscellaneous services	2,868	2,484
	Rents	<u>4,282</u>	<u>5,370</u>
		<u>25,077</u>	<u>21,897</u>
<b>13</b>	<b>Other revenues from ordinary activities</b>		
	Reduction in doubtful debts provision (l)	32	0
	Other Revenues	<u>16</u>	<u>20</u>
		<u>48</u>	<u>20</u>

(l) The doubtful debts provision has been reduced this financial year. Prior year was an increase and shown in Other expenses from ordinary activities. (See note 11)

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	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>14 Revenues from State Government</b>		
Appropriation revenue received during the year:		
Output appropriations (I)	<u>26,789</u>	<u>26,513</u>
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation (II)	<u>266</u>	<u>115</u>
Total Liabilities assumed by the Treasurer	266	115
Resources received free of charge (III) Determined on the basis of the following estimates provided by agencies:		
Ministry of Justice	221	66
Office of the Auditor General (IV)	0	78
Department of Land Administration	<u>209</u>	<u>248</u>
	430	392
	<u><u>27,485</u></u>	<u><u>27,020</u></u>

(I) Output appropriations are accrual amounts reflecting the full cost of outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(II) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State scheme.

(III) Where assets or services have been received free of charge or for nominal consideration, the Department recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Department shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

(IV) Commencing with the 2003/04 audit, the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee for the 2003/04 audit (\$93,500) will be due and payable in the 2004/05 financial year.

**DEPARTMENT OF HOUSING AND WORKS**  
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	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>15 Restricted Cash</b>		
Current		
Owed to the Department of Treasury and Finance (I)	0	1,261
Accrued salaries suspense account (II)	408	0
	<u>408</u>	<u>1,261</u>
Non-current		
Accrued salaries suspense account (II)	0	309
	<u>0</u>	<u>309</u>
<p>(I) The cash was restricted to the payment to the Department of Treasury and Finance for the former Department of Contract and Management Services (CAMS) share of the joint Commonwealth Bank account used by the Western Australian Building Management Authority and CAMS prior to the "Machinery of Government" restructure. This has now been paid.</p> <p>(II) Amount held in suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.</p>		
<b>16 Receivables</b>		
Accounts receivable for goods and services supplied	4,819	5,346
Provision for doubtful debts	(144)	(176)
	<u>4,675</u>	<u>5,170</u>
<b>17 Other current assets</b>		
Accrued revenues	448	490
	<u>448</u>	<u>490</u>
<b>18 Amounts receivable for outputs</b>		
Current	25	25
Non-current	7,074	4,056
	<u>7,099</u>	<u>4,081</u>

This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

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	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>19 Property, plant and equipment</b>		
Property		
Land at fair value (l)	42,335	44,675
Buildings at fair value (l)	72,930	72,356
Accumulated depreciation	(1,837)	(1,825)
	<u>71,093</u>	<u>70,531</u>
Leased Building at fair value	34,500	27,400
Accumulated amortisation	(863)	(685)
	<u>33,637</u>	<u>26,715</u>
Total Properties (including land and buildings)	<u>147,065</u>	<u>141,921</u>
Office furniture and fittings at cost	1	1
Accumulated depreciation	(1)	(1)
	<u>0</u>	<u>0</u>
Office machines and equipment at cost	142	156
Accumulated depreciation	(69)	(45)
	<u>73</u>	<u>111</u>
Air conditioning at cost	1,954	1,214
Accumulated depreciation	(247)	(91)
	<u>1,707</u>	<u>1,123</u>
Computer hardware and software at cost	1,161	952
Accumulated depreciation	(586)	(254)
	<u>575</u>	<u>698</u>
Plant and equipment at cost	1,421	
Accumulated Depreciation	(9)	
	<u>1,412</u>	<u>0</u>
	<u>150,832</u>	<u>143,853</u>

(l) Fair value has been determined from market valuations provided by the Valuer General. The valuations are as at July 2002 from independent valuations provided by the Valuer General. The valuations were made in accordance with a policy of annual revaluation.

Properties that were taken over from the Western Australian Building Management Authority have been revalued to fair value as at July 2002 through an independent valuation process conducted by the Valuer General's Office.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2004

**20 Reconciliation of non-current assets**

Reconciliations of the carrying amounts of property, plant and equipment and heritage assets at the beginning and end of the current financial year are set out below.

	Properties \$000	Furniture and Fittings \$000	Office Machines and Equip. \$000	Air Conditioning \$000	Computer Hardware & Software \$000	Plant & Equip. \$000	Heritage Buildings \$000	Total \$000
<b>2003/04</b>								
Carrying amount at start of year	141,921	0	111	1,123	698	-	21,505	165,358
Additions	-	-	-	850	216	1,422	-	2,488
Disposals	(11,002)	-	-	-	-	-	-	(11,002)
Revaluation increments (decrements)	18,895	-	-	-	-	-	216	19,111
Reclassified as expense	-	-	(11)	(102)	-	-	-	(113)
Depreciation	(1,886)	-	(27)	(164)	(339)	(10)	(216)	(2,642)
Amortisation	(863)	-	-	-	-	-	-	(863)
Carrying amount at end of year	147,065	0	73	1,707	575	1,412	21,505	172,337

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	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>21 Heritage properties</b>		
Land at fair value	<u>135</u>	<u>135</u>
Buildings at fair value	21,586	21,586
Accumulated depreciation	<u>(216)</u>	<u>(216)</u>
	21,370	21,370
Total heritage properties	<u><u>21,505</u></u>	<u><u>21,505</u></u>
Heritage properties that were taken over from the Western Australian Building Management Authority have been revalued to fair value as at July 2002 through an independent valuation process conducted by the Valuer General's Office.		
<b>22 Payables</b>		
GST payable to the Australian Taxation Office	1,217	2,123
Cash owed to the Department of Treasury and Finance (see note 15)	0	1,261
Sundry Accruals	<u>76</u>	<u>57</u>
	<u><u>1,293</u></u>	<u><u>3,441</u></u>
<b>23 Interest bearing liabilities</b>		
A government property at 151 Royal Street is being purchased by way of a finance lease arrangement from the Government Employees Superannuation Board with a final payment due in June 2005.		
Total value of lease liability at present value	<u>4,079</u>	<u>7,669</u>
Current		
Present value of lease payable within 1 year	4,079	3,590
Non-current		
Present value of lease payable >1 year and < 5 years	0	4,079
The lease commitment is as follows:		
Payable within 1 year	5,231	4,553
Payable >1 year and < 5 years	<u>0</u>	<u>5,575</u>
Total lease commitment	<u><u>5,231</u></u>	<u><u>10,128</u></u>

**DEPARTMENT OF HOUSING AND WORKS**  
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	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>24 Provisions</b>		
Current		
Annual leave	1,399	1,087
Long service leave	832	1,023
	<u>2,231</u>	<u>2,110</u>
Non-current		
Long service leave	1,400	1,135
	<u>1,400</u>	<u>1,135</u>
<p>The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee expenses) at note 4.</p> <p>The Department considers the carrying amount of employee benefits to approximate to the net fair value.</p>		
<b>25 Unearned revenues</b>		
Invoices raised for services in next financial year	256	347
Fee revenue	228	287
	<u>484</u>	<u>634</u>
<b>26 Other liabilities</b>		
Current		
Accrued expenses	498	2,373
Accrued salaries	536	305
	<u>1,034</u>	<u>2,678</u>

**DEPARTMENT OF HOUSING AND WORKS**  
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	2004 \$000	2003 \$000
<b>27 Equity</b>		
Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The assets revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.		
Contributed Equity		
Opening balance	28,459	2,022
Capital Contributions (I)	0	596
Contributions by owners transfer of WABMA assets and liabilities(II)	0	29,467
Distribution to owners for disposal of properties (III)	<u>(11,002)</u>	<u>(3,626)</u>
Closing balance	<u><u>17,457</u></u>	<u><u>28,459</u></u>

(I) Capital Contributions have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.

(II) Net capital contributed upon restructure, for non-reciprocal transfers of net assets after 1 July 2002 (designated as Contributions by Owners in TI 955).

The activities formerly reported under the Western Australian Building Management Authority (WABMA) were transferred to the Department effective 1 July 2002. Only the servicing of the loans for capital and for the Peel Health Campus were retained by WABMA.

Assets transferred to the Department

Cash	4,512
Restricted cash	1,261
Receivables	3,350
Investment property	2,800
Amounts receivable for outputs - current	25
Other current assets	226
Property, plant and equipment	1,376
Heritage properties	21,721
Amounts receivable for outputs - non current	283

Liabilities transferred to the Department

Payables	(1,562)
Provisions	(2,003)
Unearned revenues	(132)
Other current liabilities	(1,495)
Non-current provisions	(895)
	<u><u>0</u></u>
	<u><u>29,467</u></u>

(III) During the year properties were transferred to other Government agencies for no charge.



**DEPARTMENT OF HOUSING AND WORKS**  
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	2004	2003
	\$000	\$000
Reserves		
Asset revaluation reserve (l):		
Opening balance	8,699	0
Properties	<u>18,998</u>	<u>8,699</u>
Closing balance	<u><u>27,697</u></u>	<u><u>8,699</u></u>

(l) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(h).

Accumulated surplus		
Opening balance	134,190	128,115
Change in net assets	<u>8,128</u>	<u>6,075</u>
Closing balance	<u><u>142,318</u></u>	<u><u>134,190</u></u>

**28 Notes to the Statement of Cash Flows**

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets	13,026	12,346
Restricted cash (see note 15)	<u>408</u>	<u>1,261</u>
Cash assets	<u><u>13,434</u></u>	<u><u>13,607</u></u>

(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cost of services	(19,357)	(20,945)
Non-cash items:		
Depreciation and Amortisation expense	3,505	3,040
Doubtful debts expense	(32)	78
Superannuation expense	266	115
Resources received free of charge	430	392
(Increase)/decrease in assets:		
Current receivables	527	(1,897)
Other current assets	(57)	(264)
Other non-current assets	0	(290)
Increase/(decrease) in liabilities:		
Current payables	(1,242)	1,865
Unearned revenues	(150)	502
Provisions	386	127
Other current liabilities	(1,644)	(691)
Change in GST Liability	(906)	1,215
Net cash used in operating activities (Statement of Cash Flows)	<u><u>(18,274)</u></u>	<u><u>(16,753)</u></u>

(c) Non-cash financing and investment activities

During the year, assets valued at \$11,002,000 were transferred to other Government agencies that were not reflected in the Statement of Cash Flows. In the prior year, assets valued at \$826,000 were transferred to other Government agencies.

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	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>29 Commitments for expenditure</b>		
(a) Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	<u>659</u>	<u>0</u>
(b) Lease commitments		
Non-cancellable operating leases	<u>1,688</u>	<u>1,824</u>
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:		
Within 1 year	709	684
Later than 1 year and not later than 5 years	<u>979</u>	<u>1,140</u>
	<u>1,688</u>	<u>1,824</u>
<b>30 Contingent liabilities</b>		
The department has pending legal claims that are not recognised as liabilities. Should the department be unsuccessful in defending these claims then the estimated payout could be up to:		
	<u>60</u>	<u>190</u>

**DEPARTMENT OF HOUSING AND WORKS**  
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**31 Financial Instruments**

(a) Interest Rate Risk Exposure

The following table details the Department's exposure to interest rate risk at the reporting date :

2004	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity			Non- Interest Bearing \$000	Total \$000
			Less Than 1 Year \$000	1 to 5 Years \$000	More than 5 Years \$000		
<b>Financial Assets</b>							
Cash assets	5.07	13,026					13,026
Restricted cash	5.07	408					408
Receivables						4,675	4,675
		<u>13,434</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,675</u>	<u>18,109</u>
<b>Financial Liabilities</b>							
Payables						1,293	1,293
Finance lease liabilities	4.43		4,079				4,079
		<u>0</u>	<u>4,079</u>	<u>0</u>	<u>0</u>	<u>1,293</u>	<u>5,372</u>
<b>2003</b>							
Financial assets		13,916				5,170	19,086
Financial liabilities			3,590	4,079		3,441	11,110

(b) Credit risk exposure

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Department's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 2 to the financial statements.

**DEPARTMENT OF HOUSING AND WORKS**  
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	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>32 Remuneration of Senior Officers</b>		
<u>Remuneration</u>		
The remuneration for the Director General has been disclosed within the State Housing Commission annual report.		
The number of senior officers whose total of fees, salaries, superannuation, and other benefits for the financial year, fall within the following bands are:		
\$ 90,001 - \$ 100,000		
\$ 100,001 - \$ 110,000		1
\$ 110,001 - \$ 120,000	1	
\$ 160,001 - \$ 170,000		
The total remuneration of Senior Officers is	119	107
The superannuation included here represents the superannuation expense incurred by the Department in respect of senior officers.		
No senior officers are members of the Pension Scheme.		
<b>33 Supplementary information</b>		
<u>Write-Offs</u>		
During the financial year \$36,000 of debts were written off that were un-recoverable, under the authority of:		
The Accountable Officer	3	
The Minister	33	
	36	0

**DEPARTMENT OF HOUSING AND WORKS**  
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	2004 Actual \$000	2003 Actual \$000	Variation \$000
<b>34 Explanatory statement</b>			
<p>The summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund. Appropriations are now on an accrual basis.</p> <p>The following explanations are provided in accordance with Treasurer's Instruction 945. Significant variations are considered to be those greater than 10% or \$1,000,000.</p>			
<b>(a) Significant variations between actual and prior year actual</b>			
<b>CAPITAL</b>			
Capital Contribution (appropriation)		1,246	1,246
<p>The variation is due to:</p> <p>(I) The reduction in capital requirements now that the Maritime Museum is completed. The museum has now been transferred to the Department of Culture and the Arts.</p> <p>(II) Land Disposal program has now been moved to output appropriations.</p>			
<b>ADMINISTERED</b>			
Amount provided for Administered Grants, Subsidies and Other Transfer Payments	74,424	48,955	(25,469)
<p>The appropriations from Government reflects the schedule of payments to be made for the construction of the Perth Convention and Exhibition Centre, and City of Melville - land sales.</p>			
<b>Details of Expenses by Outputs</b>			
Delivery, management and maintenance of Government buildings, projects, and office accommodation	44,482	42,865	(1,617)
<p>The increase in expenses is primarily due to changes in the Capital User Charge and Depreciation expense. Increases in the value of properties have resulted in a higher base for the calculation of these charges.</p>			
Total revenues from ordinary activities	(25,125)	(21,920)	3,205
<p>Increased turnover in client funded Capital and Maintenance activities has resulted in a higher fee income.</p>			
<b>DETAILS OF REVENUE ESTIMATES</b>			
Revenues disclosed as Administered Revenues	432,615	369,730	(62,885)
<p>The turnover for client funded Capital and Maintenance activities has increased due to re-prioritisation of projects by Client Departments.</p>			

**DEPARTMENT OF HOUSING AND WORKS**  
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	2003/04 Estimates (\$'000)	2003/04 Actual (\$'000)	Variation (\$'000)
<b>(b) Significant variations between estimate and actual</b>			
Details and reasons for significant variations between estimates and actual results are shown below. Significant variations are considered to be those greater than 10% of the estimate and \$1,000,000.			
<b>DELIVERY OF OUTPUTS</b>			
Net amount appropriated to deliver outputs for the year	24,527	26,454	1,927
Various adjustments have been agreed to the output appropriation by way of supplementary funding for:			
	<b>\$000</b>		
Mesothelioma claims	147		
Adjustment to Capital User Charge	1,175		
Adjustment for Depreciation	925		
A final adjustment has been made to the Capital User Charge resulting in a repayment of appropriation	(317)		
Reduced Appropriation for Advertising savings	<u>(3)</u>		
	<u>1,927</u>		
<b>ADMINISTERED</b>			
Amount provided for Administered Grants, Subsidies and Other Transfer Payments	75,797	74,424	(1,373)
The appropriation for the City of Melville - Land Sales for this year has not been drawn down due to land sales not meeting the anticipated sales schedule.			
<b>Details of Expenses by Outputs</b>			
Total revenues from ordinary activities	(17,875)	(25,125)	(7,250)
The actual amount contains revenue retained to service the repayment of the financial lease on 151 Royal Street. The lease was re-classified as Controlled, subsequent to the setting of the Estimates.			
<b>Capital Expenditure</b>			
Purchase of non-current physical assets		2,488	2,488
Budgeted as Maintenance expense but has been capitalised based on review of program.			
<b>DETAILS OF REVENUE ESTIMATES</b>			
Revenues disclosed as Administered Revenues	378,798	432,615	53,817
The turnover for client funded Capital and Maintenance activities has increased due to re-prioritisation of projects by Client agencies.			

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>35 Administered expenses and revenues</b>		
<b>Expenses</b>		
Grants expense for capital purposes	22,820	47,550
Depreciation	136	264
Accommodation - Lease rents	88,609	83,529
Managed contracts expenses	334,373	276,706
Net Loss from disposal of non-current assets	2,837	0
Net decrease in asset revaluation reserve	5,673	0
Payments to government	9,800	9,590
Total administered expenses	<u>464,248</u>	<u>417,639</u>
<b>Revenues</b>		
Managed contracts revenue	334,064	278,002
Rent	98,333	91,728
Other	218	0
Total administered revenues	<u>432,615</u>	<u>369,730</u>
<b>Revenues from Government</b>		
Appropriations	74,424	48,955
Total revenues from government	<u>74,424</u>	<u>48,955</u>
<b>Administered assets and liabilities</b>		
<b>Current assets</b>		
Cash assets	9,771	14,169
Receivables	26,649	25,453
Other	3,581	39
Total current assets	<u>40,001</u>	<u>39,661</u>
<b>Non-current assets</b>		
Properties at valuation	8,985	16,231
Work in progress	0	32,799
Other	51,300	0
Total non-current assets	<u>60,285</u>	<u>49,030</u>
<b>Total administered assets</b>	<u>100,286</u>	<u>88,691</u>
<b>Current liabilities</b>		
Payables	10,793	7,285
Treasurer's advance	7,000	7,000
Other liabilities	18,974	22,279
Total managed contracts liabilities	<u>36,767</u>	<u>36,564</u>
<b>Total net assets</b>	<u>63,519</u>	<u>52,127</u>
<b>Equity</b>		
Capital	(26,228)	3,734
Asset revaluation reserve	0	1,437
Accumulated surplus	89,747	46,956
Total equity	<u>63,519</u>	<u>52,127</u>

The Equity has been modified to provide a complete value of all equity items and the comparative values have been modified accordingly.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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**36 The Impact of Adopting International Accounting Standards**

The Department of Housing and Works is adopting international accounting standards in accordance with AASB1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (IFRS).

AASB1 requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period 30 June 2005 on the IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

AASB1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Standards* requires financial reports for periods ending on or after 30 June 2004 to disclose:

**(I) How the transition to Australian equivalents to IFRS is being managed**

The Department of Housing and Works established a project team monitored by a steering committee that has:

- identified the key differences in accounting policies, disclosure and presentation and the consequential impacts and risk to the Department of Housing and Works;
- assessed the changes required to financial management information systems and processes;
- identified the necessary staff skills and training requirements and;
- prepared a plan to convert accounting policies, financial management information systems and processes so that the Department of Housing and Works can report on the IFRS basis.

The project is on schedule with the design and documentation of IFRS financial management systems and processes progressing concurrently with the preparation of an opening IFRS balance sheet in accordance with AASB 1 as at 1 July 2004 (the date of transition to IFRS).

**(II) Key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS**

The Department of Housing and Works has identified the following difference:

*AASB 136 Impairment of Assets*

The Department of Housing and Works holds assets at fair value and at cost.

Assets at Fair Value - Properties are held at fair or market value, which is equivalent to the recoverable amount. It is unlikely that where properties are held at fair value an impairment trigger will occur, except for selling costs, which are not considered material.

Assets Held at Cost - Non-property assets are held at depreciated cost. 'Not for Profit' government agencies are allowed to substitute the value in use with the written down replacement cost as a comparison against the carrying value for an impairment test. It is unlikely impairment losses will be significant or material.

A general impairment checklist has been prepared for use in annual impairment testing for all non-current assets.

Quantitative information relating to the above changes was not known or reliably estimable at the time these financial statements were prepared.





# Western Australian Building Management Authority



2003-2004  
Annual Report



Department of Housing and Works  
Government of Western Australia

**Statement of Compliance**

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**HON NICK GRIFFITHS LLB MLC  
MINISTER FOR HOUSING AND WORKS; RACING AND GAMING;  
GOVERNMENT ENTERPRISES; LAND INFORMATION**

I am pleased to submit for your information and presentation for Parliament the annual report of the Western Australian Building Management Authority for the year ending 30 June 2004.

The annual report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985 and other relevant written laws of the State of Western Australia.



**G JOYCE  
DIRECTOR GENERAL**

## **About the Western Australian Building Management Authority**

The Western Australian Building Management Authority is established under the *Public Works Act 1902* as a body corporate. The Authority was responsible for servicing borrowings dating from the Capital Works Program of 1984-85 and the borrowings for construction of the Peel Health Campus in 1996.

The Authority holds the residual borrowings from the amalgamation of the former Ministry of Housing and the Department of Contract and Management Services. Statutory requirements related to staffing and compliance with statutory reporting requirements as well as the Public Sector Standards and Codes have been integrated into the Department of Housing and Works' annual report.



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

#### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Western Australian Building Management Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2004.

#### **Scope**

##### *The Accountable Authority's Role*

The Accountable Authority is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

##### *Summary of my Role*

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
September 27, 2004

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY  
CERTIFICATION OF PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2004**

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Western Australian Building Management Authority's performance, and fairly represent the performance of the Authority for the financial year ended 30 June 2004.



GREG JOYCE  
ACCOUNTABLE AUTHORITY  
13 August 2004

## WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY PERFORMANCE INDICATORS 2003-04

### Outcome: Value for money in the management of WABMA borrowings.

The Western Australian Building Management Authority (WABMA) is a body corporate established under the Public Works Act 1902. WABMA is responsible for servicing borrowings dating from the Capital Works Program of 1984-85 and the borrowings for construction of the Peel Health Campus in 1996.

The previous output measures of the WABMA were transferred to the Department of Housing and Works (DHW) on 1 July 2002, as the Department was responsible for the procurement of the Government's building works from 2002-03.

The Peel Health Campus loan repayment, that is a cost to WABMA, has a revenue payment from the Health Department to balance the cost. The loan repayment has no effect on the cost of producing DHW services and therefore zero cost is included in calculating DHW efficiency indicators.

Similarly, the costs of servicing borrowings made during the period 1984 to 1987, to fund the State capital works building program are excluded. These costs were covered by a direct appropriation from the Department of Treasury and Finance.

### WABMA Output Measures

Measure	Actual 2003-04	Actual 2002-03	Target 2003-04
<b>Quantity</b> Value of WABMA borrowings managed for Peel Health Campus loan and 1984 to 1987 WATC borrowings, at zero administrative cost.	\$21,299,933	\$22,341,326	\$21,299,933
<b>Quality</b> Completeness of loan repayment transactions for WABMA.	100%	100%	100%
<b>Timeliness</b> Timeliness of loan repayment transactions for WABMA.	100%	100%	100%
<b>Cost</b> Overall cost of management of WABMA borrowings.	\$0	\$0	\$0

The Auditor General does not audit the output measures in the shaded section.

The total value of WABMA borrowings were managed completely and in a timely manner for zero cost to the Western Australian Building Management Authority.

These output measures indicate that the management of the WABMA borrowings for Peel Health Campus loan and 1984 to 1987 WATC borrowings, provided value for money.



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

#### **Audit Opinion**

In my opinion,

- (i) the controls exercised by the Western Australian Building Management Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

#### **Scope**

##### ***The Accountable Authority's Role***

The Accountable Authority is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

##### ***Summary of my Role***

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON  
AUDITOR GENERAL  
September 27, 2004

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

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**CERTIFICATION OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

The accompanying financial statements of the Western Australian Building Management Authority have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2004 and the financial position as at 30 June 2004.

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

**F FORTUNA**  
Principal Accounting Officer  
13 August 2004

**G L JOYCE**  
Accountable Authority  
13 August 2004



**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$000	2003 \$000
<b>COST OF SERVICES</b>			
<b>Expenses from ordinary activities</b>			
Borrowing costs expense	2	12,177	13,587
Supplies and services	3	25	22
Total cost of services		12,202	13,609
<b>Revenues from ordinary activities</b>			
Interest revenue	4	4,865	5,046
Total revenues from ordinary activities		4,865	5,046
<b>NET COST OF SERVICES</b>		7,337	8,563
<b>REVENUES FROM STATE GOVERNMENT</b>			
Appropriation	5	7,989	10,142
Resources received free of charge		25	22
Total revenues from State Government		8,014	10,164
<b>CHANGE IN NET ASSETS</b>		677	1,601
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>		677	1,601

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2004**

	Note	2004 \$000	2003 \$000
<b>Current Assets</b>			
Cash assets	11(b)	1,047	1,095
Leases receivable	6	1,625	1,471
<b>Total Current Assets</b>		<u>2,672</u>	<u>2,566</u>
<b>Non-Current Assets</b>			
Leases receivable	6	46,042	47,667
<b>Total Non-Current Assets</b>		<u>46,042</u>	<u>47,667</u>
<b>TOTAL ASSETS</b>		<u>48,714</u>	<u>50,233</u>
<b>Current Liabilities</b>			
Payables	7	2,082	2,317
Interest bearing liabilities	8	9,288	8,887
Unearned revenues	9	1,589	1,696
<b>Total Current Liabilities</b>		<u>12,959</u>	<u>12,900</u>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	8	134,923	144,211
<b>Total Non-Current Liabilities</b>		<u>134,923</u>	<u>144,211</u>
<b>Total Liabilities</b>		<u>147,882</u>	<u>157,111</u>
<b>NET ASSETS</b>		<u>(99,168)</u>	<u>(106,878)</u>
<b>Equity</b>			
Contributed equity	10	(10,514)	(17,547)
Accumulated surplus/(deficiency)		<u>(88,654)</u>	<u>(89,331)</u>
<b>TOTAL EQUITY</b>		<u>(99,168)</u>	<u>(106,878)</u>

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$000	2003 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Output appropriations		7,989	10,142
Capital contributions		7,033	7,066
<b>Net cash provided by State Government</b>		<b>15,022</b>	<b>17,208</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Borrowing Costs		(12,412)	(13,833)
<b>Receipts</b>			
Interest received		4,758	4,943
<b>Net cash provided by/(used in) operating activities</b>	11(a)	<b>(7,654)</b>	<b>(8,890)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings from lease repayments		1,471	1,285
Repayment of borrowings		(8,887)	(8,508)
<b>Net cash provided by/(used in) financing activities</b>		<b>(7,416)</b>	<b>(7,223)</b>
<b>Net increase (decrease) in cash held</b>		<b>(48)</b>	<b>1,095</b>
Cash assets at the beginning of the financial year		1,095	5,781
Cash assets transferred from/(to) other sources		0	(5,781)
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	11(b)	<b>1,047</b>	<b>1,095</b>

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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**1. Significant accounting policies**

The following accounting policies have been adopted by the Western Australian Building Management Authority (WABMA) in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfill the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

Basis of Accounting

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

(a) Output Appropriations

Output Appropriations are recognised as revenues in the period in which WABMA gains control of the appropriated funds. WABMA gains control of appropriated funds at the time those funds are deposited into WABMA's bank account or credited to the holding account held at the Department of Treasury and Finance.

(b) Contributed Equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

(c) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2004**

(d) Lease receivable

WABMA completed construction of the Peel Health Campus in 1998-99. WABMA funded the project from borrowings through the Western Australian Treasury Corporation (WATC). Borrowing costs associated with the construction of Peel Health Campus were capitalised during the construction period.

The fully operational Peel Health Campus is leased to a private health services provider. WABMA reports this asset as a lease receivable.

The Department of Treasury and Finance ultimately intends to take over this lease receivable.

(e) Payables

The amount shown in the Statement of Financial Position as payables relates to the accrued interest on the repayment of borrowings to WATC.

(See Note 7).

(f) Interest bearing liabilities

Borrowings arranged through the WATC were to meet funding for Capital Works programs (1984-87 financial years) and to meet funding for construction of the Peel Health campus.

The 1984 –87 borrowings were initially matched in the statement of financial position with building assets that WABMA had procured. These buildings are no longer controlled by WABMA and were written-back in the 1995-96 financial year resulting in an abnormal loss of \$ 156 million in that year. WABMA is now carrying an equity deficit that is diminishing each year as the borrowing is repaid.

The Peel Health Campus borrowings were restructured on 15 June 2001 by agreement between WABMA and WATC. No change to WABMA's liability for the Peel Health campus borrowings occurred. The loan repayment schedule and the maturity date were altered to better match with the primary revenue stream associated with the leasing of Peel Health Campus (note 1d).

Borrowings are initially recognised at the amount of net proceeds received. Borrowings are then treated as a monetary liability measured at the present value of the cash flows associated with their service and eventual repayment. Such value is determined by discounting the cash flows at the rate of interest implicit in the original agreement.

Premiums and discounts associated with raising the borrowings are amortised over the terms of the borrowings.

Interest is payable at nominated times throughout the year and is accrued for the period between the last payment date and the end of the financial year.

Net fair value is determined on a current risk adjusted market rates basis.

The Department of Treasury and Finance ultimately intends to take over both of these facilities.

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2004**

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(g) Leases

WABMA, as a lessor, has entered into a finance lease for the use of the Peel Health campus facility. WABMA's rights and obligations under finance leases, which are leases that effectively transfer to the lessee substantially all of the risks and benefits incident to ownership of the leased items, are initially recognised as a lease receivable asset equal to the cost of constructing Peel Health Campus (see note 6). The lease receivable asset is allocated between current and non-current components. The finance revenue resulting from the lease is allocated between interest revenue and reduction of the lease receivable, according to the interest rate implicit in the lease.

(h) Revenue Recognition

Revenue comprises interest revenue only.

Interest is recognised progressively based on the interest rate implicit in the finance lease.

(i) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(j) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>2 Borrowing costs expense</b>		
This represents the interest on borrowings through WA Treasury Corporation by WABMA (see note 8) :		
Interest on 1984 - 1987 borrowings	7,722	8,984
Interest on Peel Health Campus borrowings	4,455	4,603
	<u>12,177</u>	<u>13,587</u>
<b>3 Supplies and services</b>		
Resources received free of charge	<u>25</u>	<u>22</u>
<b>4 Interest revenue</b>		
Interest implicit in lease payments received in respect of Peel Health Campus	<u>4,865</u>	<u>5,046</u>
<b>5 Revenues from State Government</b>		
Appropriation revenue received during the year:		
Appropriations (I)	<u>7,989</u>	<u>10,142</u>
Resources received free of charge (II)		
Determined on the basis of the following estimates provided by agencies:		
Office of the Auditor General	25	22
	<u>8,014</u>	<u>10,164</u>

(I) Appropriations are accrual amounts reflecting the full cost of outputs delivered.

(II) Where assets or services have been received free of charge or for nominal consideration, the Authority recognises revenues (except where the contribution of assets or services is in the nature of contributions by owners, in which case the Authority shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	2004 \$000	2003 \$000
<b>6 Leases receivable</b>		
Leases receivable:		
Current	1,625	1,471
Non-current	46,042	47,667
	47,667	49,138
 (a) Terms and conditions		
Leases receivable represents the investment in a direct finance lease of the Peel Health Campus, net of unearned revenue, and is allocated between current and non-current elements. The principal component of the lease rental due within one year is shown as current and the remainder of the receivable as non-current.		
The lease was initially valued at \$55.9 million and the lease term is 20 years commencing on 13 August 1998. There is no unguaranteed residual value associated with the lease. Payments are received quarterly.		
 (b) Net fair value		
Net fair value of future cash flows associated with WABMA's leases receivable	58,739	64,533
Net fair value of leases receivable is determined on a current risk adjusted market rates basis.		
 (c) Finance lease revenue commitments		
Receivable not later than one year	6,329	6,329
Receivable later than one year and not later than five years	25,315	25,315
Receivable later than five years	57,458	63,787
Minimum lease payments received	89,102	95,431
Less future lease interest revenue	(41,435)	(46,293)
Leases receivable	47,667	49,138
Lease commitments receivable as at 30 June	89,102	95,431



**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>7 Payables</b>		
Accrued interest	<u>2,082</u>	<u>2,317</u>
<b>8 Interest-bearing liabilities</b>		
WABMA has two separate borrowings through the WA Treasury Corporation:		
1984 - 1987 borrowings	285,074	285,074
Less: Repayments of borrowings	<u>(191,306)</u>	<u>(184,173)</u>
	93,768	100,901
Peel Health Campus borrowings	55,500	55,500
Add: Unamortised premium	321	331
Less: Repayments of borrowings	<u>(5,378)</u>	<u>(3,634)</u>
	50,443	52,197
Total borrowings through WA Treasury Corporation	<u>144,211</u>	<u>153,098</u>
Current	9,288	8,887
Non-current	<u>134,923</u>	<u>144,211</u>
	<u>144,211</u>	<u>153,098</u>

(i) Significant Terms and Conditions

	<u>1984 - 1987 borrowings</u>	<u>Peel borrowings</u>
Nature of borrowings	debt portfolio	fixed principal and interest repayments
Composition	short and long stock lines	single loan contract
Face value	\$285,074,300	\$55,500,000
Premium	n/a	\$422,910
Date of maturity	15/10/2017	15/08/2018
Interest rate	variable	8.7562%
Interest repayment schedule	quarterly	quarterly
Capital repayment schedule	quarterly fixed amounts	quarterly fixed amounts
Repricing dates	monthly	n/a
Guaranteed by the Treasurer	yes	yes
Readily traded on organised markets	yes	no

(ii) Interest Rate Risk Exposure

WABMA's exposure to interest rate risk and repricing maturities on its borrowings as at 30 June 2004 are:

<u>Fixed interest rate maturities</u>		
1 year or less	38,868	41,008
1 to 5 years	38,454	40,746
Over 5 years	<u>16,446</u>	<u>19,147</u>
Total borrowings with interest rate risk	93,768	100,901

The weighted average effective interest rates are:

	<b>2004</b>	<b>2003</b>
	<b>%</b>	<b>%</b>
1984 - 1987 borrowings:	7.80	8.28
Peel Health Campus borrowings:	9.05	9.05

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>																																																
	<b>\$000</b>	<b>\$000</b>																																																
(iii) Net Fair Values																																																		
1984 - 1987 borrowings:																																																		
Carrying amount	93,768	100,901																																																
Net fair value	97,310	108,698																																																
Peel Health Campus borrowings:																																																		
Carrying amount	50,443	52,197																																																
Net fair value	58,778	64,676																																																
<b>9 Unearned revenues</b>																																																		
Peel private hospital lease payment	<u>1,589</u>	<u>1,696</u>																																																
<b>10 Equity</b>																																																		
Contributed Equity																																																		
Opening balance	(17,547)	5,059																																																
Capital Contributions (I)	7,033	7,066																																																
Contributions by owners transfer of WABMA assets and liabilities(II)	<u>0</u>	<u>(29,672)</u>																																																
Closing balance	<u>(10,514)</u>	<u>(17,547)</u>																																																
<p>(I) Capital Contributions have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.</p> <p>(II) Net capital contributed upon restructure, for non-reciprocal transfers of net assets after 1 July 2002 (designated as Contributions by Owners in TI955).</p> <p>The activities formerly reported under the Western Australian Building Management Authority were transferred to the Department of Housing and Works, effective 1 July 2002. Only the servicing of the loans for capital and for Peel Health Campus were retained by WABMA.</p> <p><u>Assets transferred to the Department of Housing and Works</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Cash</td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: right;">(4,520)</td> </tr> <tr> <td>Restricted cash</td> <td></td> <td style="text-align: right;">(1,261)</td> </tr> <tr> <td>Receivables</td> <td></td> <td style="text-align: right;">(3,342)</td> </tr> <tr> <td>Investment property</td> <td></td> <td style="text-align: right;">(2,800)</td> </tr> <tr> <td>Amounts receivable for outputs - current</td> <td></td> <td style="text-align: right;">(25)</td> </tr> <tr> <td>Other current assets</td> <td></td> <td style="text-align: right;">(226)</td> </tr> <tr> <td>Property, plant and equipment</td> <td></td> <td style="text-align: right;">(1,376)</td> </tr> <tr> <td>Heritage properties</td> <td></td> <td style="text-align: right;">(21,925)</td> </tr> <tr> <td>Amounts receivable for outputs - non current</td> <td></td> <td style="text-align: right;">(283)</td> </tr> </table> <p><u>Liabilities transferred to the Department of Housing and Works</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Payables</td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: right;">1,562</td> </tr> <tr> <td>Provisions</td> <td></td> <td style="text-align: right;">2,003</td> </tr> <tr> <td>Unearned revenues</td> <td></td> <td style="text-align: right;">132</td> </tr> <tr> <td>Other current liabilities</td> <td></td> <td style="text-align: right;">1,494</td> </tr> <tr> <td>Asset Revaluation Reserves</td> <td></td> <td></td> </tr> <tr> <td>Non-current provisions</td> <td></td> <td style="text-align: right;">895</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>0</u></td> <td style="text-align: right;"><u>(29,672)</u></td> </tr> </table>			Cash		(4,520)	Restricted cash		(1,261)	Receivables		(3,342)	Investment property		(2,800)	Amounts receivable for outputs - current		(25)	Other current assets		(226)	Property, plant and equipment		(1,376)	Heritage properties		(21,925)	Amounts receivable for outputs - non current		(283)	Payables		1,562	Provisions		2,003	Unearned revenues		132	Other current liabilities		1,494	Asset Revaluation Reserves			Non-current provisions		895		<u>0</u>	<u>(29,672)</u>
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**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
Reserves		
Asset revaluation reserve :		
Opening balance		3,511
Land		(144)
Buildings		16,215
Revaluation Reserve posted to accumulated surplus/(deficiency) for Assets transferred to the Department of Housing and Works		(19,582)
Closing balance	<u>0</u>	<u>0</u>
Accumulated surplus/(deficiency)		
Opening balance	(89,331)	(110,783)
Change in net assets after restructuring	677	1,601
Transfer from Asset Revaluation Reserve	0	19,582
Net initial adjustments on adoption of new standard	0	269
Closing balance	<u>(88,654)</u>	<u>(89,331)</u>

**11 Notes to the Statement of Cash Flows**

(a) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cash used in operating activities (Statement of Cash Flows)	(7,654)	(8,890)
Non-cash items:		
Resources received free of charge excluding assets	(25)	(22)
Increase/(decrease) in liabilities:		
Current payables	235	246
Unearned revenues	107	103
Net cost of services (Statement of Financial Performance)	<u>(7,337)</u>	<u>(8,563)</u>

(b) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets	<u>1,047</u>	<u>1,095</u>
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(c) Non-cash financing and investing activities

During the prior year, assets valued at \$29,672,000 were transferred to other government agencies and not reflected in the Statement of Cash Flows.

**12 Remuneration of auditors**

External audit:		
Office of the Auditor General	<u>25</u>	<u>22</u>

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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2004	2003
\$000	\$000

**13 Financial instruments**

(a) Interest rate risk exposure

WABMA has an exposure to interest rate risk on its borrowings as disclosed in note 8. WABMA has no exposure to interest rate risk on its other financial assets and liabilities.

(b) Credit risk exposure

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents WABMA's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

The carrying amount of leases receivable represents WABMA's maximum credit risk exposure to a single debtor.

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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**14 The Impact of Adopting International Accounting Standards**

The Department of Housing and Works is providing assistance to the Western Australian Building Management Authority in adopting international accounting standards in accordance with AASB1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (IFRS).

AASB1 requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period 30 June 2005 on the IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

AASB1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Standards* requires financial reports for periods ending on or after 30 June 2004 to disclose:

**(I) How the transition to Australian equivalents to IFRS is being managed**

The Department of Housing and Works established a project team monitored by a steering committee that has:

- identified the key differences in accounting policies, disclosure and presentation and the consequential impacts and risk;
- assessed the changes required to financial management information systems and processes;
- identified the necessary staff skills and training requirements and;
- prepared a plan to convert accounting policies, financial management information systems and processes so that the Western Australian Building Management Authority can report on the IFRS basis.

The project is on schedule with the design and documentation of IFRS financial management systems and processes progressing concurrently with the preparation of an opening IFRS balance sheet in accordance with AASB 1 as at 1 July 2004 (the date of transition to IFRS).

**(II) Key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS**

There are no expected significant material differences arising from adopting the Australian equivalents to IFRS.