



# Department of Housing and Works

**ANNUAL REPORT 2004-05**



**Department of Housing and Works**

99 Plain Street  
EAST PERTH WA 6004

Locked Bag 22  
EAST PERTH WA 6892

Tel. (08) 9222 4666  
**Toll Free: 1800 093 325**  
Fax: (08) 9221 1388  
TTY (08) 9221-3985  
[www.dhw.wa.gov.au](http://www.dhw.wa.gov.au)

This report can be downloaded from the  
Department's website [www.dhw.wa.gov.au](http://www.dhw.wa.gov.au)

© Department of Housing and Works 2005

This work is copyright. It may be reproduced in whole or in part for study or training purposes, subject to the inclusion of an acknowledgement of the source. It may not be reproduced for commercial usage or sale. Reproduction for purposes other than those indicated above, requires written permission from the Department of Housing and Works

# Contents

<b>About the Department of Housing and Works .....</b>	<b>1</b>
Director General's Overview.....	2
Highlights .....	3
The Executive .....	4
Organisational Structure.....	5
<b>Goal 1: People and Communities .....</b>	<b>6</b>
Fremantle Prison .....	6
<b>Goal 2: The Economy .....</b>	<b>9</b>
Project Services.....	9
Commercial Property.....	12
Western Property Metropolitan.....	13
<b>Goal 3: The Environment.....</b>	<b>15</b>
Year of the Built Environment 2004.....	15
<b>Goal 4: The Regions.....</b>	<b>17</b>
Western Property Regional Services .....	17
Regional Development Policy .....	18
<b>Goal 5: Governance.....</b>	<b>19</b>
Legislative changes .....	19
Building Codes and Regulation .....	21
Public Works Strategy .....	21
Information Services .....	21
Compliance with Legislation.....	22
Our People .....	22
Public Interest Disclosure .....	24
Information Statement .....	24
Corruption Prevention.....	25
Advertising and Market Research .....	25
Sustainability Action Plan .....	25
<b>Statement of Compliance with State Records Act 2000.....</b>	<b>27</b>
<b>Compliance with Public Sector Standards and Codes.....</b>	<b>28</b>
<b>Certification of Performance Indicators.....</b>	<b>30</b>
<b>Performance indicators 2004-05 .....</b>	<b>31</b>
<b>Financial Statements</b>	<b>35</b>
<b>WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY... ..</b>	<b>67</b>
WABMA Performance Indicators.....	72
WABMA Financial Statements .....	75

## Statement of Compliance

### DEPARTMENT OF HOUSING AND WORKS

**HON FRANCIS LOGAN MLA  
MINISTER FOR HOUSING AND WORKS; HERITAGE;  
MINISTER ASSISTING IN PLANNING AND INFRASTRUCTURE**

In accordance with Section 62 of the Financial Administration and Audit Act 1985, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Housing and Works for the financial year ended 30 June 2005.

The Annual 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.

A handwritten signature in blue ink, appearing to be 'R F Thomas', with a long horizontal flourish extending to the right.

**R F THOMAS  
ACTING DIRECTOR GENERAL**

# About the Department of Housing and Works

The Department of Housing and Works is the Department supporting the Minister for Housing and Works in the administration of the housing and works portfolio. The Department directly carries out works procurement and maintenance functions, and provides policy and legislative support, including some aspects of building 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 to amalgamate these statutory authorities in a single Housing Authority to be governed by the Director General of the Department is currently before Parliament.

This Departmental annual report briefly describes the roles and activities of the integrated agency, but reports in detail only on those functions carried out 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

After another successful year of operation, I am pleased to present an outline of the Department's achievements in 2004-05. These successes would not have been possible without our dedicated staff and the support and enthusiasm of the former Minister for Housing and Works, the Hon Nick Griffiths, and the new Minister, the Hon Francis Logan.

Despite the challenges faced in the construction industry in the past year, the Department ensured that work progressed on the construction or redevelopment of the many public buildings across the state. This included the new two-storey Geraldton Hospital which is due for completion in August 2005, the construction of four primary schools and commencement of the \$10.2 million redevelopment of the Mount Lawley Senior High School. With 338 contracts to building design professionals and 222 non-residential building works contracts awarded in 2004-05, another productive year is anticipated for the Department.

2004-05 saw the drafting and enacting of two important acts of legislation for the benefit of Western Australians and the construction industry. The *Construction Contracts Act 2004* supports good payment practice in the building and construction industry, and the new *Architects Act 2004* is aimed at achieving quality design and construction of the State's built environment. A review of the building regulatory framework is now underway to bring it into line with national reforms, with a draft bill anticipated by the first half of 2006.

The Fremantle Prison continued to provide a premier tourist attraction for the people of Western Australia, increasing its appeal with the opening of the Prison Tunnel Tours in May 2005. This is the first project completed in a \$2.8 million program of works aimed at conserving the prison while facilitating tourism opportunities. Further restoration and improvements are planned for the coming year.

Western Property continued its efficient maintenance of public assets through the injection of over \$230 million in the course of the year, while the Commercial Property Branch returned \$9.4 million in net rent to the Consolidated Fund through its management of Government office accommodation.

I wish to also acknowledge the valuable contribution over many years of service by our former Director General Greg Joyce, who retired from the position in January this year. The vision and leadership shown by Greg created a strong foundation from which the Department of Housing and Works has continued to grow.

**R F THOMAS**  
**ACTING DIRECTOR GENERAL**

## Highlights

- The Fremantle Prison Tunnels Tours were officially launched on 21 May 2005, as part of the ten year Prison Heritage Precinct Master Plan adopted by State Cabinet last year. Tours of the one kilometre labyrinth of tunnels 20 metres underground are expected to generate sufficient surplus revenues to fund spending of \$327,000 on regular maintenance and repairs in the coming year.
- Project Services awarded 338 contracts to building design professionals with a combined value of \$24.4 million.
- 222 non-residential building works contracts were awarded for a total of \$298 million across the state.
- A multi-function Police Facility was completed at Balgo in June 2005 – one of eight such facilities under construction in remote areas of the State following recommendations by the Gordon Enquiry. A total of \$18.4 million, excluding infrastructure and staff housing, is earmarked for the building program.
- A \$16 million Fisheries Research and Education Facility at Hillary Marina was completed in March 2005.
- A conceptual design for the Old Treasury Buildings, one of the State's most significant heritage assets, will be completed by the end of 2005, prior to being tendered to the market.
- The Commercial Property Branch administered 378 leases for Government tenancies in 297 privately-owned buildings across the state.
- The Branch managed 63,421 square metres of Government-owned office space in 18 buildings and received \$16.5 million in gross rental payments from Government tenants.
- The Branch returned \$9.4 million in net rent to the Consolidated Fund.
- Western Property, the State Government's property and facilities management entity, delivered \$102.1 million in services in the metropolitan area during the year.
- Western Property Regional Services delivered \$48.2 million worth of maintenance and minor works programs to regional client agencies.
- The *Construction Contracts Act 2004*, which supports good payment practices in the building and construction industry, commenced operation on 1 January 2005. A new *Architects Act* aimed achieving quality design and construction of the State's built environment, was enacted by Parliament in 2004. The Act will be proclaimed once is regulations necessary to support its operation have been drafted.
- The Department of Housing and Works is reviewing the building regulatory framework to bring it into line with national reforms. A draft bill is expected to be developed by the first half of 2006.



# The Executive

## **BOB THOMAS Dip Pub Admin**

### ***Acting Director General***

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 the position of General Manager Housing and Facilities Management in 1999 and has been acting as Director General since the retirement of Greg Joyce in January 2005.

## **BEVAN BEAVER Dip Pub Admin**

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

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

## **KERRY FIJAC BCom CPA**

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

Kerry Fijac joined the 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 Department of Housing and Works in July 2001, as a result of the Government's Machinery of Government changes. He has occupied senior positions in Government agencies, including the former Public Works Department, Building Management Authority and Department of Contract and Management Services. Peter Gow is a member of the Australian Building Codes Board, AHURI (Australian Housing Urban Research Institute Board) and the Housing Ministers' Advisory Committee.

## **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.

## **JOHN COLES MBA (Fin) Grad Dip Bus**

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

John Coles has been with the State Housing Commission since 1986 and was re-appointed to the position of Executive Director Financial Services 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. John Coles was appointed to his present position of Executive Director Commercial Operations in 2004.

## **ROCHELLE BRADLEY B.Bus(Accounting) Grad.Dip PSM MLM FCPA**

### ***Executive Director Financial Services***

Rochelle Bradley joined the Department of Housing and Works in July 2004 after an extensive career at the Office of the Auditor General where she held a senior management position. She is a certified practising accountant and is the Deputy President of the WA Divisional Council of CPA Australia.

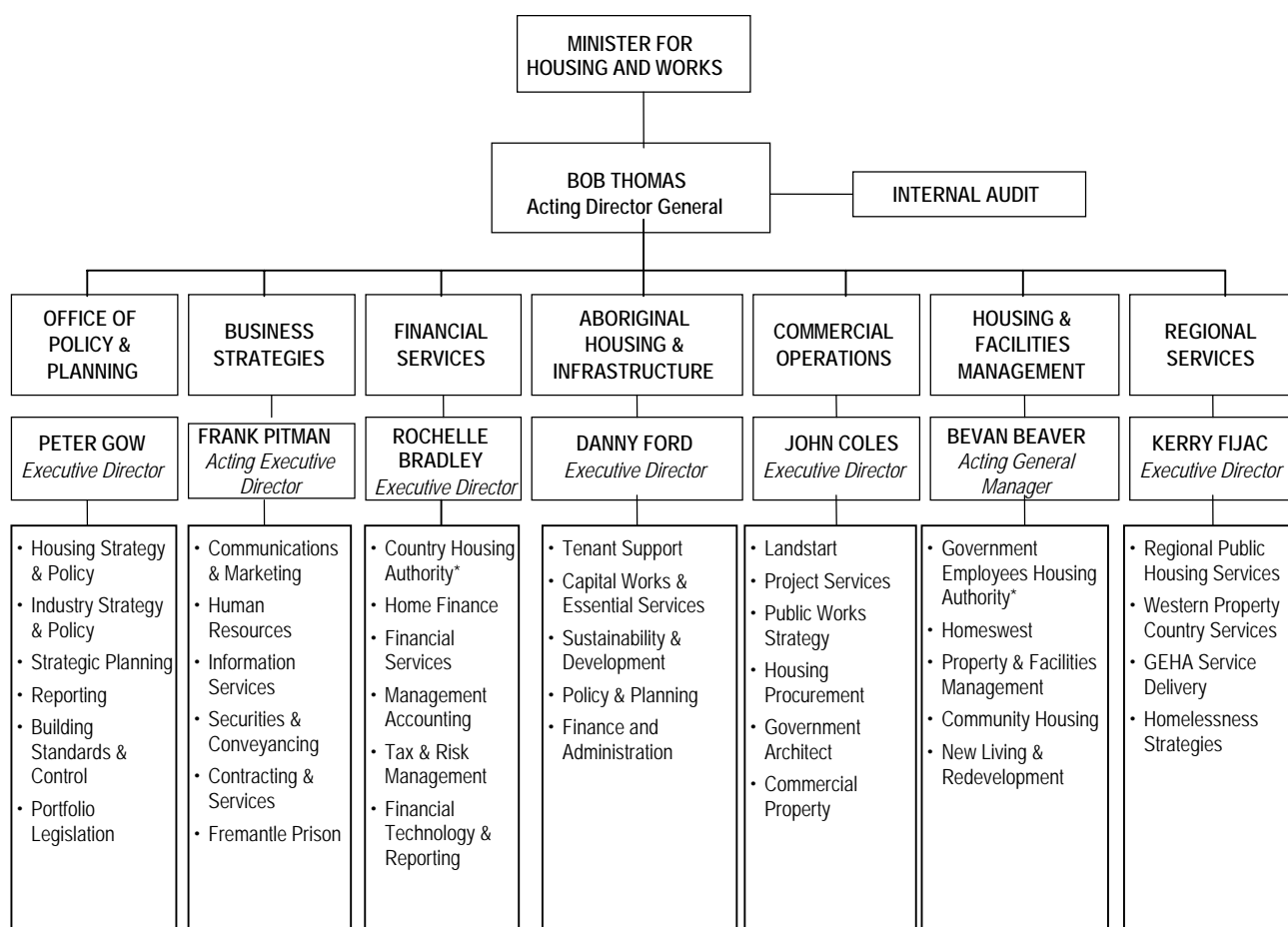
## **FRANK PITMAN, BE, Phd, FIE(Aust)**

### ***Acting Executive Director Business Strategies***

Frank Pitman joined the Department of Housing and Works in July 2001 as a result of the Government's Machinery of Government changes. He has occupied senior positions in government agencies (including the former Public Works Department, Building Management Authority and Department of Contracts and Management Services), and in the private sector. He has extensive experience with planning and delivery of capital works for non-residential buildings and infrastructure across the State.



## Organisational Structure



Note: \* Country Housing Authority and Government Employees Housing Authority are legal entities subject to legislative processes and will remain separate business units.

## 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. Established in the 1850s as the heart of the colony's convict system, it closed as an operating maximum-security gaol in 1991 and has since been developed into a popular tourism and compatible-use heritage precinct.

The Department of Housing and Works manages the day-to-day operation of the prison precinct. 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.



### Highlights of 2004-05

A number of strategic initiatives were implemented following the endorsement by State Cabinet in May 2004 of the Fremantle Prison Heritage Precinct Master Plan. The Plan recommended a framework for the future use and development of the precinct for the next 10 years.

The initiatives were led by the establishment of the Fremantle Prison Advisory Committee, which comprises five members with heritage and tourism expertise, together with representation for the local community through the City of Fremantle. The Committee's terms of reference focus on providing advice on the implementation of the Master Plan.

Signalling the start of an unprecedented \$2.8 million Government-funded program of works, a range of projects were initiated that promote a balance between conservation best practice and economic outcomes through adaptive re-use and sensitive development of tourism opportunities. These included:

- *Fremantle Prison Tunnels Tours*  
The development of the one kilometre labyrinth of tunnels located 20 metres underground as a new “soft adventure” tourism attraction;
- *The Gatehouse Conservation and Adaptive Re-use Project*  
To conserve heritage fabric and improve visitor access and amenity; and
- *Main Cell Block, New Division and Hospital Water Management Project*  
A targeted program of gutter, downpipe and roof replacement.

While most of these projects are works in progress, the Fremantle Prison Tunnels Tours were officially launched on 21 May 2005. In what is regarded as a unique and exciting new tourist experiences in Western Australia, the tunnels are forecast to attract in excess of 30,000 new visitors per annum.

In addition to creating the equivalent of eight new full time jobs, Tunnels Tours will generate sufficient surplus revenues to fund spending of \$327,000 on regular maintenance and repairs in the coming year.

This represents an increase of more than 60 per cent on 2004-05 and significantly closes the gap towards achieving an optimum annual budget, generated directly through economic activity on the site.

Underpinning the importance of Fremantle Prison as a place of cultural heritage significance, the Premier of Western Australia, the Hon. Geoff Gallop, nominated the site as the first government owned property to be included on the National Heritage List in August 2004.

### Outlook for 2005-06

Maintaining the focus on creating a sustainable future for the Prison precinct through the

implementation of the Master Plan, two new projects are to be initiated. These are:

- *Main Parade Ground Conservation and Adaptive Re-use Project*  
To enable visitors to safely access and experience the unique forecourt of the Main Cell Block and encourage its use as a venue for performances and special events;
- *Main Cell Block and Perimeter Wall Stonework Conservation Project*  
The commencement of a program to restore and preserve the limestone of these two highly significant convict-built structures.

The Gatehouse Conservation and Adaptive Re-use Project will enter its second phase with the delivery of a larger gift shop in alternative premises, together with enhanced spaces within the complex. Works will also commence on the development of a 50-seat café to standards expected of a heritage site of international importance.

These projects will continue the balanced approach to the application of program funds. The Main Parade Ground project will help conserve highly significant heritage buildings and vistas. It will also have the potential to generate activities which will make the site more accessible to the community and contribute to the Prison's future economic sustainability.

Consistent with general market forecasts, the number of visitors is predicted to continue the steady growth of previous years with up to 170,000 in combined precinct and tunnel tour sales expected to generate \$3 million towards the direct operating costs of the Prison for the full year.

## Obligatory Reporting

### Disability Services Plan

The Department is committed to providing the disabled with access to all of its services in keeping with the Disability Service Plan.

The Department's response to the five key outcomes to the Plan are as follows.

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

With its commitment to providing appropriate services for people with disabilities the Department continues to monitor and deliver appropriate services and outcomes.

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 customers. Regional offices in the southwest had minor works undertaken this year to ensure improved access.

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

The Department continues to review its literature and information in alternative formats is also available upon request.



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

The Department provides the opportunity for disabled people to be represented on various committees and consults with stakeholders and consumers on specific policy and program initiatives.

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

As an ongoing commitment, Disability Awareness sessions are conducted throughout the year. This has seen the development of a new Disability Awareness“Focus” session that will be provided to staff. Professional presenters will deliver an educational session about disability awareness.

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

Many of the Department’s customers are from culturally and linguistically diverse and indigenous backgrounds. The Department aims to ensure that language is not a barrier to these people.

The metropolitan regional offices have on-site interpreter services, including a telephone interpreter service available as needed. 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’s outcomes for youth are reported on in the State Housing Commission’s Annual Report.



## 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 Directorate provided a range of building-related management services to deliver the State Government's Works Program. The Capital Works Program refers to non-residential buildings on Government-owned land.

#### **Building Design and Works Contracts**

Project Services awarded 338 contracts for service to building design professionals with a combined value of \$24.4 million during the year. Over the same period, 222 non-residential building works contracts were awarded at a combined value of \$298 million.

### Significant Projects

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

Construction of the new two-storey, \$49 million Geraldton Hospital is approaching completion.

The practical completion date for Stage One has been set for 19 August 2005, which will see the Hospital open to the public at the end of August 2005.

Stage Two construction works, including the demolition of the old hospital, will commence after 19 August. It is anticipated that all work on the site will be completed by 27 June 2006.

#### **Mount Lawley Senior High School – Stage 3**

This is the final stage of the complete redevelopment of Mount Lawley Senior High School. This stage consists of a two-storey senior school, a library, student services and a school café. The scope of works also includes remaining demolition work, landscaping and upgrading of road works. The project budget is \$10.2 million.

The project is currently under construction and is on schedule for occupation for the opening of the school year in January 2006. External works will continue as scheduled into April 2006.

#### **Gordon Enquiry Multi Function Police Facilities**

The provision of these facilities is part of a government action plan to address family violence and child abuse in Aboriginal communities.

The total budget, excluding infrastructure and staff housing, is \$18.38 million for eight locations at Warburton, Balgo, Kalumburu, Bidyadanga, Dampier Peninsula, Jigalong, Warakurna and Warmun.

The Balgo project was completed in June 2005 with the balance in various stages of development.



#### **Perth Market Authority – Capital Works Program**

Perth Market Authority has commenced a major \$15 million development program. The construction of a \$5 million state-of-the-art cool chain trucking warehouse started in June 2005. The warehouse is expected to be completed by December 2005.

#### **Fisheries Research and Education Facility – Hillarys**

The \$16 million Research and Education Facility at the northern end of the Hillarys Marina was completed in March 2005. The new Facility was delivered within the original budget allocation.

The new facility comprises laboratories, offices and a sea-water aquarium system. Although it



is primarily a replacement for the obsolete Waterman research facility, it will also accommodate staff from other Fisheries divisions.

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

This \$20 million project involves the construction of a new justice and police facility that includes two new courts, a modern forensic facility, custodial areas and offices.

On 11 February 2005, the Department took over all of the construction contracts following the appointment of administrators to the builder, Devaugh Pty Ltd. The construction contract was approximately 50 per cent completed when the Administrators were appointed.

The new courts building is scheduled for completion by the end of July 2005, the new police complex by September 2005 and the refurbishment of the heritage buildings by the end of December 2005.

#### ***Rawlinson Primary School***

Rawlinson Primary School in Perth's northern suburbs was successfully completed in December 2004, ready for the start of the 2005 school year. The project was built within the approved budget of \$5.46 million.

#### ***Culture and the Arts - New Performing Arts Venue***

A new \$42 million performing arts venue is to be built on the corner of Roe and William Streets.

The new state-of-the-art venue will include a main theatre with a seating capacity of approximately 550 and a smaller studio with a seating capacity of 200.

As the project is a great opportunity to enrich the social and cultural value of the city, an international architectural design competition will be used to select the design team.

The new venue is scheduled for completion by December 2008.

#### ***Halls Creek Hospital***

The \$8.0 million replacement of the Halls Creek Hospital is to be an integrated hospital and multi-purpose centre on the existing hospital site. The new facility includes services for population health, primary care, eight acute inpatient beds, four boarder beds, an

emergency department and administration support services.

#### ***Osborne Park Hospital Theatres Redevelopment***

This \$9.5 million project includes the construction of a new theatre block and associated facilities. The construction work was staged to enable the hospital to continue to provide services.

The original construction tender was awarded to Consolidated Constructions in April 2003. Consolidated was placed under administration in March 2004 when construction was approximately 70% complete.

In April 2004, the Department awarded the contract to Cooper & Oxley, originally the second lowest tenderer, and works have been completed.

#### ***Port Hedland Hospital – Stage 1 Residential Care Facility***

This \$14.6 million project comprises the construction of a 56-bed, single-storey aged care facility and associated site works on a green-field site in the South Hedland town centre.

The construction tender was awarded to Jaxon Construction in May 2005. Occupation of the building is expected in June 2006.

#### ***Challenger TAFE – Australian Marine Complex – Oil and Gas Project.***

The need for this project stemmed from a shortage of appropriate training facilities in Western Australia for the Oil and Gas Industry. The project is being progressed by a partnership between State Government and private industry.

The project is to provide a world-class energy industry training facility and will enable relocation of current energy industry training capability that is based at Subiaco.

Consultant selection has been finalised and donations from private industry of plant and equipment for the process plant have started.

The project is being "fast tracked" to be completed by December 2006.

#### ***Roebuck Primary School - Stage 1***

Stage One of a new primary school in the Broome suburb of Roebuck was completed for occupation in July 2005 at a cost of \$5.3



million. The second stage, which will complete the school, is currently under construction and will be completed by August 2005 at a cost of \$3.7 million.

#### ***Caralee Community School***

This facility resulted from the amalgamation of Willagee and Carawatha primary schools and the Carawatha Language Development Centre. The school has been built on the old Willagee site and opened for the start of the school year 2005. The total project cost was \$7.6 million.

#### ***Melville Primary School***

Construction of a new Melville Primary School on the site of the existing Melville Primary School was completed in May 2005 at a total cost of \$6.7 million.

The new school was a replacement for the existing school buildings which were outdated, required high maintenance and did not meet current teaching and learning requirements. The new school will provide the latest in facilities and technology to cater for 420 students.

### **Special Government Projects**

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

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. This is the first project procured under the State's "Policies For Growth".

Facilities and Services Contracts were entered into with the Western Liberty Group on 23 December 2004. Existing buildings on the site were demolished in September/October 2004 through a State open tender process.

The Facilities Commencement Date was achieved on 20th June 2005. Construction is underway and completion of the new District Court building is expected in late 2007. Followed by the refurbishment of the existing Central Law Courts building.

#### ***WA Museum Relocation to Kew St Welshpool***

All WA Museum activities within the Francis Street building in Northbridge have been relocated to Kew Street in Welshpool because of the risk of asbestos contamination.

Funding approval was given in January 2004. All building works associated with the modifications of the facility at Kew Street were completed by December 2004. All museum collections were relocated from the Francis Street building to Kew Street by March 2005.

#### ***Multi-purpose Indoor Entertainment and Sports Stadium***

The multi-purpose indoor entertainment and sports stadium is a project which will cost over \$100 million. The State Government has offered financial assistance of \$50 million.

A Request for Proposal was issued to proponents on 14 April and closed on 14 July 2005.

The Minister for Works has carriage of the project and the Department chairs the inter-agency steering committee and project manages the procurement.

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

The Old Treasury Buildings are one of the State's most significant heritage assets.

The Government announced proposals for a conceptual design to be prepared showing how the site could be developed in accordance with heritage, planning and design guidelines.

This design work will be completed by the end of 2005 and then tendered to the market. During the financial year, external restoration to the heritage façade and replacement of roof tiles was completed.



#### ***Old Swanbourne Hospital***

The Department, with its appointed planning consultant and a local representative working group (including the City of Nedlands Mayor), undertook an extensive consultation process to enable the old Swanbourne Hospital Site to be

re-zoned and then placed to tender to allow for future development.

The City of Nedlands supported the rezoning at its meeting of 26 April 2005 and subsequently, the Minister for Planning and Infrastructure approved the request to have the site re-zoned. It is anticipated that the site will be tendered and disposed of during the 2005-06 financial year.



#### **Sunset Hospital Site**

The former Sunset Hospital in Birdwood Parade, Dalkeith, closed in 1995.

The site is on the Register of Heritage Places and any development will require approval from the Heritage Council and be subject to a heritage agreement outlining relevant conservation requirements.

A business plan, prepared to identify sustainable community uses for this heritage site, recommended a masterplan be drafted for future use of the site. This is under consideration and could be implemented during 2006.

#### **Pyrton**

Pyrton is a vacant hostel site in Eden Hill. The release of the Pyrton Draft Structure Plan resulted in 127 submissions being received on the 31 March 2005 closing date.

The plan proposed setting aside most of the 35 hectare site as open space to be funded by some residential development.

Subject to the necessary Aboriginal heritage and planning approvals, a plan to resolve the future of the Pyrton site will be implemented.

#### **Outlook for 2005-06**

The Project Services Directorate will be managing on behalf of government agencies, an unprecedented Capital Works Program for

2005-06. The total value of all works projects managed by DHW in 2005/06 is \$2.8bn with an expected actual expenditure for all works to be in the order of \$450m, which is almost double the usual works program and current staff capacity.

To enable the Directorate to deliver this program of works, new consultancy panels for architects, project managers and cost managers will be established to provide efficiencies within DHW and industry in expediting appointments of consultants.

Additional staff and a revised branch structure aligned with government departments will result in a more client focussed project delivery service.

The implementation of a new Strategic Asset Management Framework will provide certainty in project scope, budget and timeline for projects going forward into the delivery phase. A more active role in assisting agencies with project definition and planning will further assist in managing the capital program of works and provide Government with a thorough process for achieving its building works outcomes.

#### **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 2004-05, the Branch administered 378 leases for Government tenancies in 297 privately owned buildings. It managed 63,421 square metres of Government-owned office space in 18 buildings controlled by the Minister for Works. The Branch received \$16.5 million in gross rental payments from Government tenants in these buildings and returned \$9.4 million in net rent to the consolidated fund.

During the year, the branch hosted the Government Real Estate Group National Annual Conference, and printed and distributed the Office Accommodation Policies. It also completed a strategic accommodation plan for the Main Roads WA Headquarters and a draft strategic accommodation plan for the Department of Planning and Infrastructure. In addition, Cabinet endorsed the Old Treasury

Redevelopment Business Case prepared by the branch.

In 2004-05, all Government-owned buildings within the Commercial Property Branch portfolio were assessed under the Australian Building Greenhouse Rating (ABGR) and for water efficiency. In 2005-06 all privately owned tenancies over 1000m<sup>2</sup>, administered by the Commercial Property Branch, will be assessed for water efficiency and in accordance with the ABGR.

#### Outlook for 2005-06

In 2005-06, the Commercial Property Branch will complete the co-location of the Department for Community Development Policy Offices at Dumas House.

The Department has been contracted to manage the Federal Department of Transport and Regional Services' (DOTARS) non-residential property portfolio on Christmas and Cocos (Keeling) Islands. A public tender process to outsource the management contract from 1 July 2005 has been arranged.

The Commercial Property Branch will complete Strategic Accommodation Plans for the WA Police Service within the Central Business District and for metropolitan and regional areas.

### **Western Property Metropolitan**

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, for the convenience and safety of the public and staff. The total value of work delivered for 2004-05 was \$102.1 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 planned works to the value of \$56.2 million in 2004-05. Approximately 328 small business suppliers serviced the arrangement through a pre-qualified Service Providers' Panel. The value of breakdown repairs delivered in the same period was \$27.7

million. The Service Arrangers' Panel and the Service Level Contracts were reviewed in December 2004 and all but three Service Level Contracts were renewed for a further period. The three Service Level contracts not renewed will cease on 30 June 2005. From 1 July 2005 the affected services under these contracts will be delivered through an in-house team. Transition of works is currently being arranged.

#### **Building Relocation Services**

A new service delivery model for the building relocation service (primarily transportable buildings for schools) was successfully implemented, resulting in improved management of this service by the Government. This provided greater opportunities for industry development and allowed more service providers, including those in regional areas, to participate in service delivery arrangements. Building relocation services were provided to the value of \$17.6 million.

#### Outlook for 2005-06

#### **Whole of Government Procurement Reform**

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 and has highlighted opportunities for growth and savings. The Department has the leadership role to make improvements in building maintenance procurement.

A report on the savings initiatives in building maintenance completed in 2004 identified several improvement strategies. These included a move to lower cost contractors, improvements to planned maintenance procurement and the introduction of schedule of rates zone contracting in July 2006.

A small team of three people has been established to advance procurement reform strategies, closely liaising with the Department of Treasury and Finance to coordinate efforts and strategies.

Savings in the order of \$1.8 million have been demonstrated for the half-year to December 2004, well on track for achieving the \$3.6 million savings for the 2004-05 financial year.

As part of the procurement reforms, the Department has initiated a Whole of Government Lift Maintenance Contract, working cooperatively with the Health

Department. Significant savings are anticipated in the estimated \$2 million spent across government on lift maintenance.





## 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.”*

### Sustainability

The Department of Housing and Works has identified a number of ways to act on the State Sustainability Strategy, which was released by the Labor Government 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 DHW's actions are documented in full on its website [www.dhw.wa.gov.au](http://www.dhw.wa.gov.au)

Highlights for 2004-05 are listed below.

#### **Tender Shell Modifications**

The Department has incorporated sustainability clauses into its standard shell for contract documents issued for works contracts. This means that consultants designing and constructing public buildings are now required to consider issues such as energy and water efficiency, waste minimisation, building materials and durability. A checklist has also been included in the standard contract, to provide feedback for reviewing the clauses.

#### **Office Accommodation Policy**

In August 2004, the Department released *“Office Accommodation Policies: A Guide to the Procurement and Management of Western Australian Government Office Accommodation”*.

The Guide states that from 1 July 2006, the Government will only accommodate agencies in premises that achieve a minimum 3.5 star Australian Building Greenhouse Rating (ABGR). Existing government tenants are required to assess their energy performance and bring their tenancy to a minimum 4 star ABGR performance level, and all new tenancy fit-outs will achieve a minimum 4.5 star ABGR rating.

In addition to energy conservation, all government buildings are required to maximise water efficiency through the installation of

water efficient taps, showerheads, toilets and appliances which are rated at 3A or better.

#### **Reuse Criteria for Heritage Buildings**

The Department has developed a brief that provides guidelines for consultants to analyse the opportunities for reuse presented by heritage and other buildings. The document is intended as a guide to help agencies identify the advantages inherent in assets, if considering reuse or disposal.

### Year of the Built Environment 2004

In 2004, Australia celebrated the Year of the Built Environment (YBE2004). To mark the Year, over 800 events and activities were held around the Nation by governments, built environment professionals and representative bodies, industry and the communities at large.



Australians were urged to stop and think about how the built environment affects quality of life and how to contribute to a more positive and sustainable future for generations to come.

Each State and Territory established steering committees to manage and coordinate local events and activities. National coordination was maintained through a National Secretariat

managed from Western Australia through the Department of Housing and Works.

The Year proved highly successful, raising the profile of built environment issues that contribute to better construction processes, community health and well-being, sustainability and the reduction of greenhouse gases.

### **Western Australia: Over 100 Community Events**

A State Steering Committee, chaired by Warren Kerr, the National President of the Royal Australian Institute of Architects, and made up of 32 representatives from Government, professional and peak industry bodies and the community, supported the celebrations and activities within the State.

Lotterywest's \$300,000 Community Grant Funding Program stimulated a vigorous community participation program in Western Australia.

Channel 7 spread awareness of the Year through the television programme "*Home in WA*", and with its community service announcement program.

Printed media partners included *Architect and Builder Magazine*, the *Homes and Living Yearbook Edition*; and *National Building News*.

State Steering Committee organised events were:

- YBE 2004 Champion Awards - 4 May 2004
- Opening of Perth Convention and Exhibition Centre (PCEC) Pavilion 6- 26 August
- YBE 2004/WA 175th 2029 Joint Conference at PCEC 17-19 November 2004
- YBE 2004 Gala Ball - 20 November 2004

Professional member, representative and community groups at large have organised more than 100 events locally. Schools were specifically targeted with the preparation of teacher and student information work sheets and a poster campaign encouraging the involvement in education throughout the Year.

One of the Year's legacies has been the development of a State Built Environment Policy element within the State Sustainability Strategy. An 'Icon' project is under consideration through Lotterywest and the

Town of Victoria Park for a 'Built Environment Park' as a lasting reminder of the Year itself.

WA Governor Lieutenant General John Sanderson AC was YBE 2004's Patron, while the responsible Minister was the Hon Nick Griffiths.

## **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 30 June 2005 and can be extended on a month-by-month basis, as determined by the Department of Treasury and Finance.

### **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>2004-05</b>	<b>2003-04</b>
Energy Consumption (MJ)	108,621,828	47,820,473
Energy Cost (\$)	1,027,647	1,770,109
Greenhouse Gas Emissions (tonnes of CO <sub>2</sub> )	9,164	2,505,793
Performance Indicators		
MJ / m <sup>2</sup>	455	339
MJ /	452,591	253,018
FTE		



## 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>1</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.

### Western Property Regional Services

The Department carries out maintenance and minor works through its Western Property Regional Services Branch. In 2004-05, the Branch delivered maintenance and minor work programs to the value of \$48.2 million to client agencies in regional Western Australia, including:

- routine maintenance (\$2.9 million);
- restoration maintenance (\$11.3 million);
- minor works (\$15.7 million);
- small capital works (\$5.2 million); and
- breakdown repair services (\$10.7 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 \$15 million boost state-wide in 2004-05, with the following benefits for schools in regional areas:

- an additional \$1.6 million towards district preventative maintenance;
- \$7 million towards the “Fix Our Schools Program”; 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 \$10.6 million, three-year occupational health and safety program has continued throughout 2004-05 and is due for completion by June 2006. The various projects entailed the upgrading of police facilities throughout the state to meet occupational health and safety needs. Of the \$10.6 million, \$2.2 million was spent in regional areas in 2004-05.

- *Department of Education – 100 Schools Project*

This \$2.4 million program provided data cabling and power upgrades to schools throughout the state.

### One Call Centre

In the last six months the One Call Centre has taken on breakdown and emergency repair requests from government agencies for the Southwest and Southern Regions, as well as the Metropolitan area. This has brought about an overall increase in the volume of work directed through the One Call Centre.

This service expansion has been achieved with the same staffing levels of 27 local people from the Manjimup area. To 20 April 2005, 60,450 jobs were registered in the metropolitan area at a value of \$18.81 million. A further 8,714 jobs in the Southern and Southwest regions at a value of \$2.21 million brought the overall total to \$21.02 million.

<sup>1</sup> Australian Bureau of Statistics, 2001 Census Data.

The average time per call is 3.5 minutes. Recent survey results conducted by an external agency show a client satisfaction level with the call centre of 87%.

### ***Property Services Contracts in Regional Areas***

In early 2004, Cabinet endorsed the recommendations of the Business Solution and Implementation Plan for Procurement Reform within the Western Australian Government Sector Deliverable C Report. This report defined the procurement of property services as goods and services contracting and was therefore the responsibility of the Department of Treasury and Finance.

While this does not affect contracts established and managed by private sector service arrangers operating in the metropolitan area, it does impact on the role of Western Property operating in regional areas.

In August 2004 the State Supply Commission withdrew delegations to the Department under which Western Property Regional Services was operating.

remaining offices to be co-located are the Homeswest office and former CAMS office in Geraldton. These are expected to be finalised in 2005-06.

## **Obligatory Reporting**

### **Regional Development Policy**

#### ***Creation of a new Wheatbelt region***

A new Wheatbelt region was created in 2004 to become the Department's seventh country region. Situated in Northam, this regional office will focus on the specific needs of the Wheatbelt community and aims to provide a quality service with local input into the construction and management of public housing properties whilst continuing its service for Western Property customers. The region has aligned itself with the Wheatbelt Development Commission's boundaries and consists of approximately 1150 public rental properties, 685 GEHA properties and Western Property services.

#### ***Rationalisation of country offices***

The rationalisation of the number of offices in country areas following the establishment of the Department of Housing and Works has almost been completed. This project has involved the co-location of Homeswest and former Department of Contract and Management Services offices throughout regional Western Australia. The only

## Goal 5: Governance

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

### Legislative changes

#### **Architects Act 2004**

A new *Architects Act* was enacted by Parliament in 2004. The Act has not yet been proclaimed as Parliamentary Counsel is still drafting the regulations necessary to support its operation.

The Act reflects the Government's commitment to quality design and construction of the Western Australian built environment. The *Architects Act 2004* provides for effective registration and the maintenance of professional standards for architects. It controls the use of the title "architect" and seeks to prevent conduct from non-architects that may mislead consumers and the general public.

The *Architects Act 2004* continues the role of the Architects Board of Western Australia with a broadened composition to include adequate consumer and educational representation.

The *Architects Act 2004* delivers the State Government's commitment to reviewing legislation that regulates the architectural profession in line with National Competition Policy agreements.

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

The *Construction Contracts Act 2004* commenced operation on 1 January 2005.

The Act supports good payment practices in the building and construction industry by:

- prohibiting certain 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 received 37 applications by individuals seeking to be registered as adjudicators. Of these, 22 adjudicators have been registered, with the balance of applications pending.

The Department has received nine applications on behalf of organisations seeking to be nominated as prescribed appointors. Six of these organisations have been prescribed in the *Construction Contracts Regulations 2004*, with the balance of applications pending.

One of the qualifications for registered adjudicators under the Regulations is the successful completion of an appropriate training course that qualifies the person for the performance of the functions of an adjudicator under the Act. The Department has approved four training courses for adjudicators.

The Act provides that if a payment dispute arises under a construction contract any party to the contract may apply to have the dispute adjudicated by a registered adjudicator. Four applications for adjudication were reported to the Construction Contracts Registrar. Of these applications, two were reported as being determined and one as being partly determined (pending a Supreme Court ruling on jurisdiction). Of these applications, one was reported as being determined and one as being partly determined (pending a Supreme Court ruling on jurisdiction) and two applications are pending determination.

Details regarding registered adjudicators, prescribed appointors and approved training courses are listed on the Department's *Construction Contracts Act* webpage, along with general information regarding the legislation.

#### **Proposed Building Act**

The Department is reviewing the building regulatory framework and bringing it into line with national reforms.

Western Australia is now the only jurisdiction that does not have a holistic building regulatory environment that ensures compliance with

national building standards and maximum protection for the community.

The Department's Office of Policy and Planning is in the process of developing a new *Building Act* to replace the *Building Regulations 1989* and Parts 8 and 15 of the *Local Government (Miscellaneous Provisions) Act 1960*.

The new legislation will take into consideration National Competition Policy reform requirements by adopting the Building Code of Australia as the primary building standard. It will also introduce competition into the building certification process, and provide a registration system for appropriately qualified building surveyors.

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

- Defining buildings and other structures to be controlled under the Act;
- Prescribing design, construction and maintenance standards;
- Certifying compliance and issuing licences;
- Registering practitioners;
- Apportioning and limiting liability;
- Compliance and enforcement.

A discussion paper on a proposed *Building Act* will be released for public comment in the second half of 2005. Depending on the issues raised in response to the discussion paper, it is anticipated that the proposed Building Act would be drafted for introduction into Parliament in 2006.

#### ***Dividing Fences Act***

The *Dividing Fences Act 1961* provides a process for neighbours to agree on the fence that divides their properties, and to share the cost of construction and maintenance. The Act also provides for the courts to deal with disputes that may arise over dividing fences.

During the time that the *Dividing Fences Act 1961* has been in operation, a number of core areas have been identified as being of concern, or in need of review.

The Department is preparing a discussion paper to amend or replace the Act, drawing on a review completed in 2000 by the Department

of Local Government and Regional Development.

The Dividing Fences section receive between 15-20 calls per day on average, amounting to 4,000-4,500 calls a year.

Approximately 15,000 brochures per year are sent out to members of the public and to local governments all over the State. There are also numerous website hits on the department's website for downloading the brochure.

#### **Outlook for 2005-06**

#### **Review of Legislation**

##### ***Country Housing Act 1998***

Pursuant to the Minister for Housing and Works' obligation under section 46, a five year review of the Act is being conducted. This review is a separate process to the amendments that will be made to the Act as a result of the *Machinery of Government (Miscellaneous Amendments) Bill 2005* which is currently being progressed through the Parliamentary process.

##### ***Public Works Act 1902***

The Department is reviewing the Act to address shortcomings evident in the operation and administration of this Act. The review will be undertaken by the Department in consultation with other key agencies such as the Departments of Treasury and Finance, Planning and Infrastructure and with advice from the State Solicitor's Office, as well as other government agencies as appropriate.

##### ***Housing Societies Repeal Bill 2005***

The *Housing Societies Repeal Bill 2005* was introduced into Parliament on 18 May 2005.

The Bill will effectively wind up all housing societies operating pursuant to the *Housing Societies Act 1976*. The process will include provision for providing a distribution of built-up profits back to the residual members of the housing societies and also provide funds for the State to be used for social housing purposes.

The *Housing Loan Guarantee Act 1957* will be repealed when the *Housing Societies Repeal Bill 2005* is enacted. This legislation is currently in use through the provision of indemnities and guarantees to the housing societies for their loans to members and loans from banking authorities.

### **Local Government (Miscellaneous Provisions) Amendment Bill 2005**

The *Local Government (Miscellaneous Provisions) Amendment Bill 2005* will be introduced into Parliament this year. It contains proposals which were included in the *Local Government (Miscellaneous Provisions) Bill 2003* which progressed to the Second Reading stage in the Legislative Council, but lapsed on 23 January 2005.

In summary, the revised Bill will provide for the following:

- A broader head of power for the Municipal Building Surveyors Qualification Committee to issue certificates of qualification under the national accreditation framework for building surveyors;
- Retrospective issue of building approvals.
- A requirement for local governments to obtain advice from an appropriately certified building surveyor prior to approval or refusal of a building licence or retrospective building approval application. This will allow for more flexibility to obtain advice from a certified building surveyor employed by the local government, or engaged by the building owner with the consent of the local authority. This flexibility will help local governments deal with the current shortage of building surveyors by allowing local governments to engage private sector building surveyors on contract. It may also make the profession more attractive to people contemplating it as a career.

### **Machinery of Government (Miscellaneous Amendment) Bill**

This Bill provides for the State Housing Commission, the Government Employees Housing Authority and the Country Housing Authority to be merged to become a single Housing Authority under the *Housing Act*.

Management of the Housing Authority will be vested in the Chief Executive Officer who will manage the merged functions. The existing Boards will be abolished.

The functions of the Housing Authority will be described in each relevant Act. The separate funds set up under each Act have not been merged, and nor are the financial provisions. The Minister will be separate from the Housing Authority and has the power to direct the Authority.

This Bill had its Second Reading in the Legislative Council on 11 May 2004. However, it lapsed on 23 January 2005. It has been re-introduced into Parliament in this session.

### **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 to assist the State in building and maintaining Government buildings and accommodation to agreed standards. It is divided into three branches, dealing with Evaluation and Risk Management, Procurement and Construction Policy and the Built Environment.

Public Works Strategy also provides professional and administrative support to the Government Architect, Professor Geoffrey London who was appointed in February 2004.

### **Information Services**

During 2004-05 the Information Services Branch has provided new and upgraded applications and systems throughout the organisation.

A project has been underway to develop an enterprise-wide Programme Management Information System (PROMIS) to replace a series of legacy and manual systems. The first phase of PROMIS is on track for delivery in October 2005, with future phases providing specific functionality for several business units, and extending well into 2008.

In other notable developments, the Branch has:

- invested in a Financial Management and Budgeting software;
- delivered phase one of an Internet system to manage the Supported Housing Assistance Program;
- delivered an enterprise-wide Content Management tool (RedDot);



- delivered an Internet-based self-assessment, audit compliance software; and
- delivered a planned maintenance pilot system, which includes conducting mobile property inspections via a PDA.

Work has also been undertaken during 2004-05 to further ensure the security of the Department's data and IT equipment.

The Technical and Support Services (TSS) section has continued work on upgrading systems across the Department.

### **Records Management**

Records Management commenced the pilot project for electronic document and records management.

### **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*  
*Disability Discrimination Act 1992*

#### **State Legislation**

*Construction Contracts Act 2004*  
*Country Housing Act 1998*  
*Government Employees Housing Act 1964*  
*Housing Act 1980*  
*Housing Loan Guarantee Act 1957*  
*Housing Societies Act 1976*  
*Public Works Act 1902*  
*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 Injury Management 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*  
*Water Corporation Act 1995*  
*Water Boards Act 1904*  
*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.

### **Our People**

#### **Human Resource Management**

The Department of Housing and Works had 1257 staff at 30 June 2005, of which 240 were employed by Works. The following table indicates staff numbers:

<b>Employees</b>	<b>2004-05</b>	<b>2003-04</b>
<b>Permanent</b>		
Full-time	177	157
Part-time	40	4
<b>Contract</b>		
Full-time	17	14
Part-time	4	1
Casual	1	12
Trainee	1	1
Other	0	0
<b>Total Employees</b>	<b>240</b>	<b>189</b>

#### **Training and Development**

Targeted staff selection skills training commenced in 2005, aimed at addressing the under-representation of women at level 5 or above on recruitment selection panels. This will continue further into 2005.

Other key training initiatives planned for 2005 include:

- Development of sustainability awareness training to support the Department's Sustainability Action Plan;
- A customised computer training package to bolster staff skill levels with basic



computer working tools as well as the department's records management system TRIM; and

- Increased training support for staff managing the changes generated by the transition to the corporate Shared Services Centre.

The Department continued to support more specialised staff training needs through providing access to external public training and personal development opportunities across a diverse range of fields.

These ranged widely across Public Sector policy seminars, information technology practitioner professional development and end-user training, financial management and human resource issues.

The Department's Scholarship program diversified during this year with a much wider range of qualifications being recognised as having core status. This refers to the course or qualification being recognised as having a direct relationship to DHW core business.

This attracts increased financial support to staff participating in these programs. The numbers of staff granted scholarship support with core status increased by 90% in 2005, compared with the previous academic year. Forty-four staff benefited from scholarship support in 2005.

### **Occupational Safety and Health**

Employee safety and welfare continued to be a high priority for the Department, with a number of steps being taken to promote occupational safety and health across the workforce.

During the year a major initiative was introduced relating to the amendment of all Job Description Forms to reflect responsibility for occupational safety and health in all roles.

Other initiatives related to:

- the installation of a new emergency communication and evacuation system in the head office building. Emergency Wardens were re-trained in new procedures and evacuation drills were held for the head office workforce;
- significant progress towards the development of a dedicated Occupational Safety and Health internet site for staff;
- issuing Regional Services employees with personal alarms; and
- revised Incident Reporting forms to assist in the assessment and reporting of hazards.

In addition to the above, the Department's Safety Committee met on four occasions to review items such as security practices, protective equipment and facilities. Occupational Safety and Health was promoted to the Department's workforce by the publication of four OHS newsletters.

The Department's Wellness Program was expanded by the introduction of yoga classes for head office employees, supplementing the Department's voluntary influenza program and employee assistance (counselling) service.

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

The table below is inclusive of all employees of the Department of Housing and Works including the State Housing Commission.

	2004-05	2003-04	2002-03	2001-02
Number of lost time injuries	2	9	9	14
Frequency rate	0.93	4.35	3.3	9.9
Incident rate <sup>2</sup>	0.17	0.78	0.83	1.5

**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 2004-05, and no new rehabilitation cases were established during the year.

### **Industrial Relations**

A new Industrial Agreement was negotiated between the Department and the Liquor, Hospitality and Miscellaneous Union for Tour Guides and Ticket Sellers working at the Fremantle Prison complex.

### **Code of Ethics and Code of Conduct**

The Public Sector Code of Ethics and the Department's own Code of Conduct has been made available to all employees via the Department's InfoNET system. Information is provided on both items via the Department's on-line induction system and at the Department's induction course.

A review of the Department's Code of Conduct was commenced. The revised version will be based on the principles of *Building and Sustaining Integrity – A Strategic Approach* (an initiative developed by the Public Sector Standards Commission) and is expected to be launched by July 2005. The revised Code is again being developed on a consultative basis with relevant officers from various work areas providing their expertise and advice.

## **Obligatory Reporting**

### **Equal Employment Opportunity**

#### **Training**

Through 2004 and the first half of 2005, the internal training program has had a strong emphasis on Equal Opportunity. During 2004, twenty-four general awareness sessions were presented. Four of these formed Day Two of the Department's Orientation Program for new employees, nine were held at Head Office for existing staff and eleven were presented throughout the regions for new and existing staff.

A "Managing EEO Complaints" session was also presented at Head Office. Contact Officer refresher training continues to be held on an annual basis with another successful session held in August 2004.

In the first half of 2005, the Department renewed its commitment to ensuring that all staff participated in EEO training. Thus additional sessions were introduced in the metropolitan area following implementation of the original program. In order to meet the high turnover of staff in regional areas a number of sessions are planned for country branches.

#### **Accessing Abilities Strategy**

During the latter part of 2004 a project group was formed to identify possible strategies for encouraging the recruitment of people with disabilities. Through the group, initial contact has been made with specialist agencies across the state with a view to enhancing communication and thus building more productive relationships.

#### **Policies**

Amendments have been to the Department's Recruitment and Selection Policy to include targeted recruitment strategies designed to improve on the Department's diversity and equity indices.

#### **Diversity Survey**

A survey was circulated to all employees during April thus building on our existing database. The survey had a particular focus on disability issues and sought to gain ideas from staff for enhancing the workplace for the benefit of people with disabilities.

#### **Indigenous Employment**

The Department continued its commitment to Indigenous employment by providing entry-level employment opportunities to 12 trainees with further intakes planned. The majority of trainees have been retained beyond the completion of their traineeships and have contributed greatly to the diversity and strength of the workforce.

The Minister for Housing and Works attended the graduation ceremony held in April 2005 and acknowledged the achievement of the indigenous trainees who had completed their traineeships. The Minister reiterated his commitment to expanding the range of employment options provided to indigenous people by the Department.

During the reporting period the Department maintained its numbers of indigenous staff employed above 8% of the total Departmental workforce.

### **Public Interest Disclosure**

The Director General has complied with his obligations under the *Public Interest Disclosure Act 2003* by appointing a Public Interest Disclosure Officer and publishing internal procedures relating to the Department's obligations on the InfoNET system for employees to access. In addition, staff induction procedures include information on the *Public Interest Disclosure Act 2003* to raise the awareness of new staff.

During 2004-05 no public interest disclosures occurred under the Act.

### **Information Statement**

The Freedom of Information Act 1992, 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 2004-05***

As at the end of June 2005, 107 valid applications were received by the Department, through the State Housing Commission. Of these, 89 sought access to personal information and 18 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)

### **Corruption Prevention**

Fraud, corruption and misconduct detection and prevention forms part of the Department's business units risk management activities with appropriate reporting procedures established.

As the collective for the legal entities, the Department of Housing and Works, has implemented a risk management policy which incorporates strategies to minimise the risks of fraud, misconduct and corruption which include policies and guidelines for:

- Information access;
- Information Security – Access Controls;
- Fraud and Corruption;
- Staff Induction;
- Gifts and Benefits;
- Segregation of duties in relation to payments and other internal controls.

These in conjunction with the audits of contractors, internal audit operations & the stringent controls on financial payments have developed a culture of potential fraud, corruption and misconduct awareness.

### **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>2004-2005</b>
<b>Advertising Agencies</b>	
Bowtell Clarke & Yole	\$250,293.91
<b>Market Research Organisations</b>	
	Nil
<b>Polling Organisations</b>	
	Nil
<b>Direct Mail Organisations</b>	
	Nil
<b>Media Organisations</b>	
Marketforce	\$479,752.57
Media Decisions	\$239,774.44
<b>Total</b>	<b>\$719,527.01</b>
<b>Total Advertising and Market Research</b>	<b>\$969,820.92*</b>

\* Total figure includes expenditure for the State Housing Commission and Works entity.

### **Sustainability Action Plan**

The Department has formulated a Sustainability Action Plan in accordance with the Sustainability Code of Practice. This will be implemented over three years from 1 January 2005 to 31 December 2007. The full Plan can be downloaded from [www.dpc.wa.gov.au](http://www.dpc.wa.gov.au)

Highlights of actions to date are listed below:

#### **Waste**

The Department has appointed a consultant from the Government's Waste Audit Consultancy panel to conduct a waste audit. The waste auditor will assess the Department's waste management in five metropolitan offices, and formulate recommendations on waste minimisation, management, and recycling to all Department offices. The Department currently has recycling programs in place for paper, cardboard, aluminium cans and office machine consumables.

#### **Energy**

The Department has had an energy audit conducted and is identifying feasible energy savings initiatives to be incorporated in future office upgrades. Key areas include upgrades to lifts, air conditioning and lighting at 99 Plain Street, and air conditioning, electrical and lighting upgrades to other Departmental offices.

The Commercial Property Branch is monitoring and reporting on the Department's energy consumption against the government benchmarks established by the Energy Smart Government Program.

#### **Water**

The Commercial Property Branch has appointed a consultant to conduct an audit of water efficiency in the Department's buildings. The Department will develop strategies in response to the outcomes of the audit.

#### **Vehicles and Travel**

The Department's TravelSmart committee is in the process of surveying staff to identify actions to reduce unnecessary solo car journeys and promote travel alternatives such as cycling, walking, public transport, car-pooling and telework. The committee will use this data to develop a sustainable transport plan.

#### **Government Buildings, Built Assets and Land**

The Department has undertaken research into various building and construction issues. These projects include reports on insulation products, reverse brick veneer and use of solar water heaters.

#### **Capacity Building for Sustainability**

The Department's internal Sustainability Newsletter continues to keep staff informed about the latest local and global sustainability issues, projects, products, publications and workshops. For future awareness raising, the Department is developing Sustainability Awareness workshops for staff, as part of a training program, as well as an interactive webpage for staff information and feedback on sustainability issues.

A number of recent sustainability initiatives by the Department are detailed in a publication called *"Sustainability 2005: Department of Housing and Works Initiatives"*. The publication includes further information on many of the projects outlined above. It is available for viewing on [www.dhw.wa.gov.au](http://www.dhw.wa.gov.au)

The Department has become a member of the Green Building Council of Australia, to increase its knowledge base and influence. The Council's mission is to define and develop a sustainable property industry in Australia and to drive the adoption of green building practices through market-based solutions.

In addition to the initiatives noted above, the Department is also leading a consortium of public and private organisations, which will tender a bid to the Australian Greenhouse Office for the Solar Cities program.

If successful, the Solar Cities program will provide funding for photovoltaic panels and other energy efficient technologies to be developed and applied to a number of projects in Perth.



## 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 is:

- The efficiency and effectiveness of the agency's record keeping system is evaluated not less than once every five years;
- The agency's record keeping system was last evaluated on October 2003;
- The agency conducts a recordkeeping training program;
- A training program has been developed and will be implemented in the forthcoming period;
- The efficiency and effectiveness of the recordkeeping training program is reviewed from time to time;
- Reviews of the training program will be conducted at completion;
- The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the agency's record keeping plan.
- The recommendation for the induction program is currently open to the business for comment. It is planned for the induction program to be implemented within the agency in the forthcoming period.



**R F THOMAS**  
**ACTING DIRECTOR GENERAL**

10 August 2005

## Compliance with Public Sector Standards and Codes

1. 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.
2. 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.
3. 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
----------------------------	---



**R F THOMAS**  
**ACTING DIRECTOR GENERAL**

10 August 2005





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### DEPARTMENT OF HOUSING AND WORKS PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

#### **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 30 June 2005.

#### **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  
31 August 2005

## **Certification of Performance Indicators for the year ended 30 June 2005**

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 2005.

A handwritten signature in blue ink, appearing to read 'R F Thomas', with a long horizontal flourish extending to the right.

**R F THOMAS  
ACCOUNTABLE OFFICER**

**15 August 2005**

## Performance indicators 2004-05

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 services. The efficiency indicators relate services to the level of resource inputs required to produce them. A new outcome and performance indicators were established in the 2003/2004 financial year.

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

Goal two of the Strategic Planning Framework for the Western Australian Public Sector, is 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. The delivery, management and maintenance of the built environment provide impetus in the construction and property maintenance industries. This in turn, creates sustainable communities, strong metropolitan and regional development for the benefit of all Western Australians.

The Department contributes to this goal by delivering, managing and maintaining non-residential buildings across Western Australia on behalf of the Minister for Works. 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.

### ***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 indicator measures the performance of the Department in achieving the above outcome.

## Key effectiveness indicator

### *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 to the satisfaction of its clients.

For the past three 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 and are a measure of client satisfaction.

The sample size of 51 (91 per cent of population) ensured that the results were representative and stable. Survey statistics indicate a maximum sampling accuracy at 95% confidence level of  $\pm 4\%$ , with  $n=10$  of not applicable or don't know responses received.

Actual 2003-04	Actual 2004-05	Target 2004-05
75%	65%	75%

There has been a decrease in the level of satisfaction with the Department's service delivery from Executive level officers at client agencies. From comments received, this appears to partially stem from the mandatory obligation to use DHW services and to conform to government policies for building works. The present level and rate of works reform is also expected to negatively influence client satisfaction levels for the next 12 months. A general shortage of materials and labour in the building industry has led to delayed starts and slow progress on most contracts. As a result, projects are taking longer to complete, which is also contributing to the decrease in satisfaction.

### *Service: 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 efficiency indicators.

## Efficiency Indicators

### *1. 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 delivered 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.

Actual 2003-04	Actual 2004-05	Target 2004-05
\$26,306	\$26,840	\$34,700

*The reduction in the cost compared to the target is attributable to the increased turnover without significant corresponding increase in the cost to deliver the work.*

*The increase in turnover is attributable to more contracts for service to building design professionals being awarded this year (338) compared to last year (313).*

## **2. Property Management: Cost per million dollars of gross rentals 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, in millions of dollars, of buildings and accommodation managed.

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 2003-04</b>	<b>Actual 2004-05</b>	<b>Target 2004-05</b>
\$240,354	\$285,586	\$315,250

*The increase in cost from 2003-04 to 2004-05 is due to a greater number of leases (378) administered in 2004-05 compared to 2003-04 (356). The actual for 2004-05 was below the target mainly because gross rental payments were higher, and cost of the service was lower, than estimated.*

## **3. 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 delivered 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.

<b>Actual 2003-04</b>	<b>Actual 2004-05</b>	<b>Target 2004-05</b>
\$104,821	\$100,301	\$126,076

*The reduction in the cost compared to the target is attributable to the increased turnover without significant corresponding increase in the cost to deliver the work.*

*The increase in turnover is due to higher than expected building maintenance activity, mainly in the Education sector. The main focus of the extra activity was the building relocation service and the maintenance backlog program.*



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

For the past three 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 and are a measure of client satisfaction.

The sample size of 51 (91 per cent of population) ensured that the results were representative and stable. Survey statistics indicate a maximum sampling accuracy at 95% confidence level of  $\pm 4\%$ , with  $n=10$  of not applicable or don't know responses received.

Actual 2003-04	Actual 2004-05	Target 2004-05
75%	65%	75%

There has been a decrease in the level of satisfaction with the Department's service delivery from Executive level officers at client agencies. From comments received, this appears to partially stem from the mandatory obligation to use DHW services and to conform to government policies for building works. The present level and rate of works reform is also expected to negatively influence client satisfaction levels for the next 12 months. A general shortage of materials and labour in the building industry has led to delayed starts and slow progress on most contracts. As a result, projects are taking longer to complete, which is also contributing to the decrease in satisfaction.

***Service: 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 efficiency indicators.

**Efficiency Indicators**

***1. 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 delivered 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.

Actual 2003-04	Actual 2004-05	Target 2004-05
\$26,306	\$26,840	\$34,700

*The reduction in the cost compared to the target is attributable to the increased turnover without significant corresponding increase in the cost to deliver the work.*

*The increase in turnover is attributable to more contracts for service to building design professionals being awarded this year (338) compared to last year (313).*

**2. Property Management: Cost per million dollars of gross rentals 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, in millions of dollars, of buildings and accommodation managed.

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.

Actual 2003-04	Actual 2004-05	Target 2004-05
\$240,354	\$285,586	\$315,250

*The increase in cost from 2003-04 to 2004-05 is due to a greater number of leases (378) administered in 2004-05 compared to 2003-04 (356). The actual for 2004-05 was below the target mainly because gross rental payments were higher, and cost of the service was lower, than estimated.*

**3. 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 delivered 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.

Actual 2003-04	Actual 2004-05	Target 2004-05
\$104,821	\$100,301	\$126,076

*The reduction in the cost compared to the target is attributable to the increased turnover without significant corresponding increase in the cost to deliver the work.*

*The increase in turnover is due to higher than expected building maintenance activity, mainly in the Education sector. The main focus of the extra activity was the building relocation service and the maintenance backlog program.*



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### DEPARTMENT OF HOUSING AND WORKS FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

##### **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 30 June 2005 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, 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  
31 August 2005

**DEPARTMENT OF HOUSING AND WORKS**  

---

**CERTIFICATION OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

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 2005 and the financial position as at 30 June 2005.

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  
15 August 2005



R F Thomas  
Accountable Officer  
15 August 2005

**DEPARTMENT OF HOUSING AND WORKS**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$000	2004 \$000
<b>COST OF SERVICES</b>			
<b>Expenses from ordinary activities</b>			
Employee expenses	4	14,744	13,301
Borrowing costs expense	5	947	673
Supplies and services (a)	6	501,207	14,464
Depreciation and amortisation expense	7	3,226	3,505
Accommodation expenses	8	924	908
Capital user charge	9	12,828	11,631
Other expenses from ordinary activities	10	347	-
Total cost of services		534,223	44,482
<b>Revenues from ordinary activities</b>			
<i>Revenue from operating activities</i>			
User charges and fees	11	512,339	25,077
Commonwealth grants and contributions		89	-
<i>Revenue from non-operating activities</i>			
Other revenues from ordinary activities	12	1,651	48
Total revenues from ordinary activities		514,079	25,125
<b>NET COST OF SERVICES</b>		20,144	19,357
<b>REVENUES FROM STATE GOVERNMENT</b>			
Service Appropriation	13	30,826	26,789
Liabilities assumed by the Treasurer		718	266
Resources received free of charge		534	430
Total revenues from State Government		32,078	27,485
<b>CHANGE IN NET ASSETS</b>		11,934	8,128
Net (decrease)/increase in asset revaluation reserve		(1,023)	18,998
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		(1,023)	18,998
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>		10,911	27,126

(a) Administration expenses are included in Supplies and services



**DEPARTMENT OF HOUSING AND WORKS**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2005**

	<b>Note</b>	<b>2005</b>	<b>2004</b>
		<b>\$000</b>	<b>\$000</b>
<b>Current Assets</b>			
Cash assets	27(a)	33,291	13,026
Restricted cash assets	14	9,949	408
Receivables	15	41,609	5,122
Amounts receivable for services	17	25	25
Other assets	16	6	1
<b>Total Current Assets</b>		<b>84,880</b>	<b>18,582</b>
<b>Non-Current Assets</b>			
Amounts receivable for services	17	10,472	7,074
Property, plant and equipment	18, 19	147,886	150,350
Heritage properties	19, 20	22,260	21,505
Intangible assets	19, 21	322	482
<b>Total Non-Current Assets</b>		<b>180,940</b>	<b>179,411</b>
<b>TOTAL ASSETS</b>		<b>265,820</b>	<b>197,993</b>
<b>Current Liabilities</b>			
Payables	22	16,506	2,327
Interest bearing liabilities	23	-	4,079
Provisions	24	2,223	2,231
Prepaid revenues	25	45,866	484
<b>Total Current Liabilities</b>		<b>64,595</b>	<b>9,121</b>
<b>Non-Current Liabilities</b>			
Provisions	24	1,735	1,400
<b>Total Non-Current Liabilities</b>		<b>1,735</b>	<b>1,400</b>
<b>Total Liabilities</b>		<b>66,330</b>	<b>10,521</b>
<b>Equity</b>			
	26		
Contributed equity		18,564	17,457
Reserves		26,674	27,697
Accumulated surplus		154,252	142,318
<b>Total Equity</b>		<b>199,490</b>	<b>187,472</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>265,820</b>	<b>197,993</b>

**DEPARTMENT OF HOUSING AND WORKS**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2005**

	<b>Note</b>	<b>2005</b>	<b>2004</b>
		<b>\$000</b>	<b>\$000</b>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriations		27,403	23,746
Capital contributions		500	-
Holding account drawdowns		25	25
<b>Net cash provided by State Government</b>		<b>27,928</b>	<b>23,771</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee costs		(14,148)	(12,531)
Supplies and services		(498,649)	(15,663)
Borrowing costs		(1,140)	(681)
Capital user charge		(12,828)	(11,631)
Accommodation		(924)	(950)
GST payments on purchases		(49,420)	(42,282)
GST payments to the taxation authority		(6,622)	(6,179)
Other payments		(1,472)	(1,548)
<b>Receipts</b>			
User charges and fees		523,449	25,755
Commonwealth grants and contributions		89	-
GST receipts on sales		54,400	44,849
GST receipts from the taxation authority		1,496	2,569
Other receipts		13,597	18
<b>Net cash provided by/(used in) operating activities</b>	27(b)	<b>7,828</b>	<b>(18,274)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(2,562)	(2,488)
<b>Net cash (used in) investing activities</b>		<b>(2,562)</b>	<b>(2,488)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(4,079)	(3,590)
Proceeds from Treasurer's Advances		(7,000)	-
<b>Net cash (used in) financing activities</b>		<b>(11,079)</b>	<b>(3,590)</b>
<b>Net increase/(decrease) in cash held</b>		<b>22,115</b>	<b>(581)</b>
Cash assets at the beginning of the financial year		13,026	13,607
Cash assets transferred from other sources		8,099	-
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	27(a)	<b>43,240</b>	<b>13,026</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 2005**

	<b>2005 Estimate \$000</b>	<b>2005 Actual \$000</b>	<b>Variance \$000</b>	<b>2005 Actual \$000</b>	<b>2004 Actual \$000</b>	<b>Variance \$000</b>
<b>DELIVERY OF SERVICES</b>						
Item 107 Net amount appropriated to deliver services	28,606	30,826	2,220	30,826	26,454	4,372
Section 25 transfer of appropriation	-	-	-	-	207	(207)
Amount authorised by Other statutes						
- Salaries and Allowances Act 1975	128	-	(128)	-	128	(128)
<b>Total appropriations provided to deliver services</b>	<b>28,734</b>	<b>30,826</b>	<b>2,092</b>	<b>30,826</b>	<b>26,789</b>	<b>4,037</b>
<b>CAPITAL</b>						
Item 164 Capital Contribution	500	1,700	1,200	1,700	-	1,700
<b>ADMINISTERED</b>						
Item 108 Transactions for Administered Grants, Subsidies and Other Transfer Payments	2,917	4,407	1,490	4,407	74,424	(70,017)
<b>Total administered transactions</b>	<b>2,917</b>	<b>4,407</b>	<b>1,490</b>	<b>4,407</b>	<b>74,424</b>	<b>(70,017)</b>
<b>GRAND TOTAL OF APPROPRIATIONS</b>	<b>32,151</b>	<b>36,933</b>	<b>4,782</b>	<b>36,933</b>	<b>101,213</b>	<b>(64,280)</b>
<b>Details of Expenses by Service</b>						
Delivery, management and maintenance of Government buildings, projects, and office accommodation	49,402	534,223	484,821	534,223	44,482	489,741
Total Cost of Services	49,402	534,223	484,821	534,223	44,482	489,741
Less total revenues from ordinary activities	(23,909)	(514,079)	490,170	(514,079)	(25,125)	(488,954)
Net Cost of Services	25,493	20,144	(5,349)	20,144	19,357	787
Adjustments (I)	3,241	10,682	7,441	10,682	7,432	3,250
<b>Total appropriations provided to deliver services</b>	<b>28,734</b>	<b>30,826</b>	<b>2,092</b>	<b>30,826</b>	<b>26,789</b>	<b>4,037</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	500	3,344	2,844	3,344	2,488	856
Adjustments for other funding sources	-	(1,644)	(1,644)	(1,644)	(2,488)	844
<b>Capital Contribution (appropriation)</b>	<b>500</b>	<b>1,700</b>	<b>1,200</b>	<b>1,700</b>	<b>-</b>	<b>1,700</b>
<b>DETAILS OF REVENUE ESTIMATES</b>						
Revenues disclosed as Administered Revenues	412,004	14,014	(397,990)	14,014	507,039	(493,025)

- (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 2005**

---

**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 2005 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 in Australian dollars in accordance with Australian Accounting Standards (AASB), 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 'Financial Reporting by Government Departments'.

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.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

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) Changes in Accounting Policies

Treasurer's Instruction 1101A was amended during the financial year to provide clearer guidance in the classification of controlled and administered transactions. As a result, the Department re-classified its managed contracts previously classified as administered to controlled, and is now disclosing the activities on the face of the financial statements.

An adjustment of \$1.626m has been made in the Statement of Financial Performance for 2005 representing the re-classification of managed contract revenues and expenses. The proforma Statement of Financial Performance and Statement of Financial Position below show the information that would have been disclosed had the accounting policy always been applied.

	<b>2005 \$000 (Restated)</b>	<b>2004 \$000 (Restated)</b>
<b>Proforma</b>		
<b>Statement of Financial Performance</b>		
Total cost of services	534,223	466,337
Total revenues from ordinary activities	512,453	447,940
<b>NET COST OF SERVICES</b>	21,770	18,397
Total revenues from State Government	32,078	27,485
<b>CHANGE IN NET ASSETS</b>	10,308	9,088
<b>Proforma</b>		
<b>Statement of Financial Position</b>		
Total Current Assets	84,880	57,492
Total Non-Current Assets	180,940	179,411
<b>TOTAL ASSETS</b>	265,820	236,903
Current Liabilities	64,595	45,617
Non-Current Liabilities	1,735	1,400
<b>Total Liabilities</b>	66,330	47,017
<b>Total Equity</b>	199,490	189,886
<b>TOTAL LIABILITIES AND EQUITY</b>	265,820	236,903



**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

---

(b) Service Appropriation

Service 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.

(c) 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.

(d) 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 \$593.031m in 2005 (\$73.191m in 2004).

Retained revenues may only be applied to the services specified in the 2004-2005 Budget Statements.

(e) 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.

(f) 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.

---

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

---

(g) 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).

(h) 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

(i) 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 Department of Land Information (Valuation Services) are recognised in the financial statements.

(j) 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 and are depreciated 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.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

---

(k) 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.

(l) Accrued Salaries

The accrued salaries suspense account (refer note 14) 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 22) 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.

(m) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 14 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 and in any event where the debt is more than 150 days overdue.

(n) Intangible Assets

Significant costs associated with the acquisition or development of computer software are capitalised and amortised from the commencement of live production of the system on a straight line basis over the period of their expected benefit.

(o) 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.

(p) Interest-Bearing Liabilities

Borrowing costs expense is recognised on an accrual basis.

(q) 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.

(r) 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.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

---

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.

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. The Department contributes to this accumulation fund in compliance 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.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to GESB.

---

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

---

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).

(s) 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.

(t) Rehabilitation Costs

Restoration provisions arise where the Department has a present legal, equitable, or constructive obligation to undertake restoration works in respect of any property controlled by the Department.

A site rehabilitation account has been established to provide for costs of rehabilitating the Mt Walton disposal site after the final intractable waste operation takes place in the future. This provision will be added to each time a disposal operation occurs, ensuring the site will be appropriately restored. The provision is not discounted to its present value as the effect of discounting is not considered material. An environmental analysis is being obtained to provide a quantifiable estimate for the provision.

(u) Comparative Figures

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

(v) Rounding of Amounts

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

(w) 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. Services of the Department**

The key service of the Department:

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

This service 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.



**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$000</b>	<b>\$000</b>
<b>4 Employee expenses</b>		
Salaries	11,063	10,013
Superannuation	1,952	1,301
Change in leave entitlements	1,315	1,339
Other related expenses	414	648
	<u>14,744</u>	<u>13,301</u>

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.

<b>5 Borrowing costs expense</b>	<u>947</u>	<u>673</u>
----------------------------------	------------	------------

This represents the interest expense for the repayment of the loan for 151 Royal Street leased from the Government Employees Superannuation Board. Refer to note 23.

**6 Supplies and services**

Consultants and contractors	3,357	3,353
Maintenance and repairs	9,467	8,069
Managed Contracts (I)	484,820	-
Government accommodation	1,940	1,347
Communications	138	150
Motor vehicles	721	730
Consumables	215	178
Other	549	637
	<u>501,207</u>	<u>14,464</u>

(I) Managing contracts to provide the delivery, management and maintenance of Government buildings, projects and office accommodation. This was previously classified as administered. Refer to note 2(a).

**7 Depreciation and amortisation expense**

Buildings	2,463	2,749
Heritage buildings	223	216
Office machines and equipment	27	27
Air conditioning	245	165
Computer hardware	93	179
Intangible assets	161	161
Plant and equipment	14	8
	<u>3,226</u>	<u>3,505</u>

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$000	2004 \$000
<b>8 Accommodation expenses</b>		
Lease rentals	<u>924</u>	<u>908</u>
<b>9 Capital user charge</b>	<u>12,828</u>	<u>11,631</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 services. 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>10 Other expenses from ordinary activities</b>		
Doubtful debts expense. Refer to note 12.	<u>347</u>	<u>-</u>
<b>11 User charges and fees</b>		
Fees for managed building works	19,891	17,658
Managed Building Works (I)	393,530	-
Miscellaneous services	2,526	2,868
Rents for Government office accommodation	<u>96,392</u>	<u>4,551</u>
	<u>512,339</u>	<u>25,077</u>
<p>(I) Revenues for managed building works was previously classified as administered. Refer to note 2(a).</p>		
<b>12 Other revenues from ordinary activities</b>		
Reduction in doubtful debts provision (I)	-	32
Revenue transfer (II)	1,626	-
Other Revenues	<u>25</u>	<u>16</u>
	<u>1,651</u>	<u>48</u>

(I) The doubtful debts provision was reduced last financial year. This year an increase is shown in Other expenses from ordinary activities in note 10.

(II) This represents the net assets re-classified from administered to controlled. Refer to note 2(a).

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$000	2004 \$000
<b>13 Revenues from State Government</b>		
Appropriation revenue received during the year:		
Service appropriations (I)	<u>30,826</u>	<u>26,789</u>
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation (II)	<u>718</u>	<u>266</u>
Total Liabilities assumed by the Treasurer	718	266
Resources received free of charge (III) Determined on the basis of the following estimates provided by agencies:		
Department of Justice	331	221
Department of Land Information	<u>203</u>	<u>209</u>
	534	430
	<u><u>32,078</u></u>	<u><u>27,485</u></u>

(I) Service appropriations are accrual amounts reflecting the full cost of services 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 Superannuation 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.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$000</b>	<b>\$000</b>
<b>14 Restricted Cash</b>		
Current		
Fitout contribution (I)	9,949	-
Accrued salaries suspense account (II)	-	408
	<u>9,949</u>	<u>408</u>
(I) Building owners contribution in advance to fund fitout works for Government agencies' re-locations.		
(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.		
<b>15 Receivables</b>		
Trade Debtors	33,025	4,819
Provision for doubtful debts	(488)	(144)
Accrued revenues	8,020	447
Property managers trust (I)	1,052	-
	<u>41,609</u>	<u>5,122</u>
(I) This is the amount held in trust by the Department's corporate property manager that manages the rental services for the State Government owned buildings.		
<b>16 Other assets</b>		
Prepayments	6	1
	<u>6</u>	<u>1</u>
<b>17 Amounts receivable for services</b>		
Current	25	25
Non-current	10,472	7,074
	<u>10,497</u>	<u>7,099</u>
This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.		

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$000</b>	<b>\$000</b>
<b>18 Property, plant and equipment</b>		
Property		
Land at fair value (I)	46,922	42,335
Buildings at fair value (I)	98,170	72,930
Accumulated depreciation	(2,461)	(1,837)
	<u>95,709</u>	<u>71,093</u>
Leased Building at fair value	-	34,500
Accumulated amortisation	-	(863)
	<u>-</u>	<u>33,637</u>
Total properties (including land and buildings)	<u>142,631</u>	<u>147,065</u>
Office furniture and fittings at cost	1	1
Accumulated depreciation	(1)	(1)
	<u>-</u>	<u>-</u>
Office machines and equipment at cost	140	142
Accumulated depreciation	(94)	(69)
	<u>46</u>	<u>73</u>
Air conditioning at cost	2,726	1,954
Accumulated depreciation	(492)	(247)
	<u>2,234</u>	<u>1,707</u>
Computer hardware at cost	346	357
Accumulated depreciation	(346)	(264)
	<u>-</u>	<u>93</u>
Plant and equipment at cost	248	1,421
Accumulated Depreciation	(25)	(9)
	<u>223</u>	<u>1,412</u>
Construction works in progress at cost		
Building improvements - Dumas House	2,015	-
Fremantle Prison tunnel works	737	-
	<u>2,752</u>	<u>-</u>
	<u>147,886</u>	<u>150,350</u>

(I) Fair value has been determined from market valuations provided by the Department of Land Information (Valuation Services). The valuations are as at July 2003 from independent valuations provided. The valuations were made in accordance with a policy of annual revaluation.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2005**

**19 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.

<b>2004/05</b>	<b>Properties \$000</b>	<b>Heritage Buildings \$000</b>	<b>Construction Works in Progress \$000</b>	<b>Office Machines and Equip. \$000</b>	<b>Air Conditioning \$000</b>	<b>Computer Hardware \$000</b>	<b>Intangible Assets \$000</b>	<b>Plant &amp; Equip. \$000</b>	<b>Total \$000</b>
Carrying amount at start of year	147,065	21,505	-	73	1,707	93	483	1,411	172,337
Additions	233	-	1,472	-	772	-	-	106	2,583
Disposals	(203)	-	-	-	-	-	-	-	(203)
Revaluation increments/(decrements)	(2,001)	978	-	-	-	-	-	-	(1,023)
Reclassified as construction works in progress	-	-	1,280	-	-	-	-	(1,280)	-
Depreciation	(2,463)	(223)	-	(27)	(245)	(93)	-	(14)	(3,065)
Amortisation	-	-	-	-	-	-	(161)	-	(161)
Carrying amount at end of year	142,631	22,260	2,752	46	2,234	-	322	223	170,468

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b> <b>\$000</b>	<b>2004</b> <b>\$000</b>
<b>20 Heritage properties</b>		
Land at fair value	148	135
Buildings at fair value	22,335	21,586
Accumulated depreciation	(223)	(216)
	<u>22,112</u>	<u>21,370</u>
Total heritage properties	<u>22,260</u>	<u>21,505</u>
Fair value has been determined from market valuations provided by the Department of Land Information (Valuation Services). The valuations are as at July 2003 from independent valuations provided. The valuations were made in accordance with a policy of annual revaluation.		
<b>21 Intangible assets</b>		
Computer software at cost	804	804
Accumulated amortisation	(482)	(322)
	<u>322</u>	<u>482</u>
<b>22 Payables</b>		
GST payable to the Australian Taxation Office	1,358	1,217
Accrued expenses	14,707	498
Accrued salaries	-	536
Contractors retention	401	-
Other	40	76
	<u>16,506</u>	<u>2,327</u>
<b>23 Interest bearing liabilities</b>		
A government property at 151 Royal Street has been purchased by way of a finance lease arrangement from the Government Employees Superannuation Board with the final payment made in June 2005.		
Total value of lease liability at present value	-	4,079
Current		
Present value of lease payable within 1 year	-	4,079
The lease commitment is as follows:		
Payable within 1 year	-	5,231



**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$000	2004 \$000
<b>24 Provisions</b>		
Current		
Annual leave (I)	1,612	1,399
Long service leave (I)	611	832
	<u>2,223</u>	<u>2,231</u>
Non-current		
Long service leave (I)	1,445	1,400
Restoration costs (II)	290	-
	<u>1,735</u>	<u>1,400</u>

(I) 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.

The Department considers the carrying amount of employee benefits to approximate to the net fair value.

(II) The Department acquired an intractable waste facility at Mt Walton in April 2005. The facility was transferred from the Department of Environment to resolve their conflict of interest. The provision was established to provide for costs of rehabilitating the Mt Walton disposal site after the final intractable waste operation takes place.

Movements in Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

Restoration costs

Carrying amount at start of year	-	-
Additional provisions recognised	290	-
Carrying amount at the end of year	<u>290</u>	<u>-</u>

**25 Prepaid revenues**

Current		
Invoices raised for services to be completed next financial year	9,033	256
Private building owners fitout receipts in advance of work carried out (see note 14)	9,949	-
Liability for incomplete projects	26,884	228
	<u>45,866</u>	<u>484</u>

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$000	2004 \$000
<b>26 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	17,457	28,459
Capital contributions (I)	500	-
Distributions to owners (II)	(203)	(11,002)
Contribution from owners (III)	23	-
Adjustment to WABMA take up (IV)	787	-
Closing balance	<u>18,564</u>	<u>17,457</u>
(I) Capital contributions have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.		
(II) In 2005, a property was transferred to the Department for Planning and Infrastructure for sale. The proceeds were transferred to the Consolidated Fund.		
(III) Assets transferred from the Department of Environment for the Mt Walton intractable waste disposal facility.		
(IV) WABMA net assets originally taken up as a result of the Machinery of Government reform, have been re-classified as controlled.		
Reserves		
Asset revaluation reserve (I):		
Opening balance	27,697	8,699
Property revaluations	(1,023)	18,998
Closing balance	<u>26,674</u>	<u>27,697</u>
(I) 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(i).		
Accumulated surplus		
Opening balance	142,318	134,190
Change in net assets	11,934	8,128
Closing balance	<u>154,252</u>	<u>142,318</u>

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$000</b>	<b>\$000</b>
<b>27 Notes to the Statement of Cash Flows</b>		
(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	33,291	13,026
Restricted cash (see note 14)	9,949	408
	<u>43,240</u>	<u>13,434</u>
(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(20,144)	(19,357)
Non-cash items:		
Depreciation and amortisation expense	3,226	3,505
Doubtful debts expense	347	(32)
Superannuation expense	718	266
Resources received free of charge	534	430
Transfer of administered assets and liabilities to controlled	(1,626)	-
(Increase)/decrease in assets:		
Current receivables	(2,031)	527
Other current assets	(3,589)	(57)
Increase/(decrease) in liabilities:		
Current payables	(210)	(1,242)
Unearned revenues	26,970	(150)
Provisions	37	386
Other current liabilities	3,455	(1,644)
Change in GST Liability	141	(906)
Net cash provided by/(used in) operating activities (Statement of Cash Flows)	<u>7,828</u>	<u>(18,274)</u>
(c) Non-cash financing and investment activities		
During the year, assets valued at \$203,000 were transferred to other Government agencies that were not reflected in the Statement of Cash Flows. In the prior year, assets valued at \$11,002,000 were transferred to other Government agencies.		

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$000	2004 \$000
<b>28 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>287</u>	<u>659</u>
(b) Lease commitments		
Non-cancellable operating leases	<u>141,139</u>	<u>1,688</u>
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within 1 year	42,642	709
Later than 1 year and not later than 5 years	70,254	979
Payable later than five years	<u>28,243</u>	<u>-</u>
	<u>141,139</u>	<u>1,688</u>
The managed contracts for leasing of Government accommodation previously reported as administered transactions, have now been re-classified as controlled.		
(c) Major building works commitments		
Expenditure commitments for managed building works contracted for at the reporting date but not recognised as liabilities, are payable as follows:		
Within 1 year	65,119	-
Later than 1 year and not later than 5 years	<u>34,854</u>	<u>-</u>
	<u>99,973</u>	<u>-</u>
The managed contracts for building works for client agencies previously reported as administered transactions, have now been re-classified as controlled.		
<b>29 Contingent liabilities</b>		
The department had pending legal claims that were not recognised as liabilities. These claims have now been finalised.	<u>-</u>	<u>60</u>

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**30 Financial Instruments**

(a) Interest Rate Risk Exposure

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

		Fixed Interest Rate					Total
		Weighted Average Effective Interest Rate	Variable Interest Rate	Less Than 1 Year	1 to 5 Years	More than 5 Years	
2005		%	\$000	\$000	\$000	\$000	\$000
<b>Financial Assets</b>							
Cash assets	5.32		33,291	-	-	-	33,291
Restricted cash	5.32		9,949	-	-	-	9,949
Receivables			-	-	-	33,589	33,589
			<u>43,240</u>	<u>-</u>	<u>-</u>	<u>33,589</u>	<u>76,829</u>
<b>Financial Liabilities</b>							
Payables			-	-	-	1,799	1,799
			<u>-</u>	<u>-</u>	<u>-</u>	<u>1,799</u>	<u>1,799</u>
<b>2004</b>							
<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>-</u>	<u>-</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>-</u>	<u>4,079</u>	<u>-</u>	<u>1,293</u>	<u>5,372</u>

(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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$000	2004 \$000
<b>31 Remuneration of Senior Officers</b>		
<u>Remuneration</u>		
The remuneration for the senior officers of the Department 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:		
\$ 90,000 - \$ 99,999	-	-
\$ 100,000 - \$ 109,999	-	-
\$ 110,000 - \$ 119,999	-	1
\$ 160,000 - \$ 169,999	-	-
The total remuneration of Senior Officers is	<u>-</u>	<u>119</u>
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>32 Supplementary information</b>		
<u>Write-Offs</u>		
During the financial year \$3,000 of debts were written off that were un-recoverable, under the authority of:		
The Accountable Officer	3	3
The Minister	-	33
	<u>3</u>	<u>36</u>
<b>33 Remuneration of Auditors</b>		
Remuneration of the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	<u>85</u>	<u>-</u>

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 Actual \$000	2004 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>TOTAL APPROPRIATION TO DELIVER SERVICES</b>			
Net amount appropriated to deliver services	30,826	26,454	4,372
<p>The increase in appropriation is largely for new project specific funding (\$2.315m), increases in Capital User Charge and depreciation funding (\$1.729m) and other minor movements.</p>			
<b>CAPITAL</b>			
Capital Contribution (appropriation)	1,700	-	1,700
<p>The increased funding of \$1.7m in 2004/05 represents the capital funding for the Migrant Welcome Wall and the Old Treasury Building.</p>			
<b>ADMINISTERED</b>			
Amount provided for Administered Grants, Subsidies and Other Transfer Payments	4,407	74,424	(70,017)
<p>The decrease in administered activity is largely due to the completion of funding for the Perth Convention and Exhibition Centre.</p>			
<b>Details of Expenses by Service</b>			
Delivery, management and maintenance of Government buildings, projects, and office accommodation	534,223	44,482	489,741
<p>The managed contracts previously reported as administered transactions have now been re-classified as controlled. This has resulted in revenue and expenditure comparisons showing large variations between the current and previous year.</p>			
Total revenues from ordinary activities	(514,079)	(25,125)	(488,954)
<p>The managed contracts previously reported as administered transactions have now been re-classified as controlled. This has resulted in revenue and expenditure comparisons showing large variations between the current and previous year.</p>			



**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

---

	<b>2005</b>	<b>2004</b>	<b>Variation</b>
	<b>Actual</b>	<b>Actual</b>	<b></b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>(a) Significant variations between actual and prior year actual - continued</b>			
<b>DETAILS OF REVENUE ESTIMATES</b>			
Revenues disclosed as Administered Revenues	14,014	507,039	(493,025)

The managed contracts previously reported as administered transactions have now been re-classified as controlled. This has resulted in revenue and expenditure comparisons showing large variations between the current and previous year.

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 Estimates \$000	2005 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>TOTAL APPROPRIATION TO DELIVER SERVICES</b>			
Net amount appropriated to deliver services for the year	28,606	30,826	2,220
Various adjustments have been agreed to the output appropriation by way of supplementary funding for:			
	<b>\$000</b>		
Capital User Charge	516		
CSA related wages outcome	205		
Depreciation costs	529		
Planning costs for Multi-purpose Indoor			
Entertainment and Sports Stadium (MIESS)	1,000		
FRIT procurement savings (1st round)	(99)		
Bunbury Tower rent savings	(250)		
Settlement of mesothelioma claim	41		
Building appeals function	150		
Salaries and Allowances Act transfer	128		
	<u>2,220</u>		
<b>CAPITAL</b>			
Capital Contribution (appropriation)	500	1,700	1,200
The increased capital funding is for the construction of the Migrant Welcome Wall.			
<b>ADMINISTERED</b>			
Amount provided for Administered Grants, Subsidies and Other Transfer Payments	2,917	4,407	1,490
The movement is largely due to the finalisation and reduction in appropriation funding for the Melville Land Sales (Heathcote redevelopment), and increased appropriation funding for the grant paid to the Government Employees Housing Authority (\$2.0m) for the provision of air conditioning in housing for Government employees in the Pilbara region.			

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 Estimates \$000	2005 Actual \$000	Variation \$000
<b>(b) Significant variations between estimate and actual - continued</b>			
<b>Details of Expenses by Service</b>			
Total Cost of Services	49,402	534,223	484,821
The managed contracts previously reported as administered transactions have now been re-classified as controlled. This has resulted in revenue and expenditure comparisons showing large variations between the actual and estimated results.			
Total revenues from ordinary activities	(23,909)	(514,079)	490,170
The managed contracts previously reported as administered transactions have now been re-classified as controlled. This has resulted in revenue and expenditure comparisons showing large variations between the actual and estimated results.			
<b>Capital Expenditure</b>			
Purchase of non-current physical assets	500	3,344	2,844
The variance is largely due to the capitalisation of the Dumas House refurbishment costs and the Fremantle Prison tunnels.			
<b>DETAILS OF REVENUE ESTIMATES</b>			
Revenues disclosed as Administered Revenues	412,004	14,014	(397,990)
The managed contracts previously reported as administered transactions have now been re-classified as controlled. This has resulted in revenue and expenditure comparisons showing large variations between the actual and estimated results.			

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$000</b>	<b>\$000</b>
<b>35 Administered expenses and revenues</b>		
<b>Expenses</b>		
Grants expense for capital purposes	2,000	22,820
Depreciation	152	136
Accommodation - Lease rents	-	88,609
Managed contracts expenses	2,458	334,373
Net Loss from disposal of non-current assets	-	2,837
Net increase/(decrease) in asset revaluation	(1,228)	5,673
Payments to government	9,607	9,800
Other (I)	1,626	-
Total administered expenses	<u>14,615</u>	<u>464,248</u>
<b>Revenues</b>		
Managed contracts revenue	-	334,064
Rent	9,607	98,333
Other	-	218
Administered grants	4,407	74,424
Total administered revenues	<u>14,014</u>	<u>507,039</u>
<b>Administered assets and liabilities</b>		
<b>Current assets</b>		
Cash assets	1,188	9,771
Receivables and other	-	30,230
Total current assets	<u>1,188</u>	<u>40,001</u>
<b>Non-current assets</b>		
Properties at fair value	25,061	8,985
Construction work in progress	782	-
Right to receive (II)	51,300	51,300
Total non-current assets	<u>77,143</u>	<u>60,285</u>
<b>Total administered assets</b>	<u>78,331</u>	<u>100,286</u>
<b>Current liabilities</b>		
Payables and other liabilities	-	29,767
Treasurer's advance	-	7,000
Total liabilities	<u>-</u>	<u>36,767</u>
<b>Total net assets</b>	<u>78,331</u>	<u>63,519</u>

(I) An adjustment of \$1.626m has been made in the administered expenses representing the change in accounting policy for the re-classification of managed contract revenues and expenses previously classified as administered. Refer note 2(a).

(II) The asset recognised is the State Government's right to receive the Perth Convention and Exhibition Centre in 35 years from when construction was completed in 2003-04. This value has been determined by depreciating the construction costs at 2% per annum from completion date over 35 years, being the term of the lease.

---

**DEPARTMENT OF HOUSING AND WORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

---

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

Australia is adopting Australian equivalents to International Financial Reporting Standards (AIFRS) for reporting periods beginning on or after 1 January 2005. The Department of Housing and Works will adopt these Standards for the first time for the year ended 30 June 2006.

Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' prescribes transitional provisions for first-time adoption of Australian Equivalents to International Financial Reporting Standards (IFRS). Paragraph 36A provides an exemption from the requirement to restate comparatives in accordance with AASB 132 and AASB 139 on first-time adoption.

The Department is applying the existing GAAP in the comparative information within the scope of AASB 132 and AASB 139. The effect of this requirement is that the transition date for AASB 132 and AASB 139 purposes will be the start of the first Australian equivalents to IFRS reporting period, 1 July 2005, rather than the beginning of the earliest period for which full comparative information is presented, 1 July 2004.

AAS 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires disclosure of any known or reliably estimable information about the impacts on the financial statements had they been prepared using AIFRS.

The Department has considered the impacts using the best estimates available at the time of preparing the 30 June 2005 financial statements. These amounts may change in circumstances where the accounting standards and/or interpretations applicable to the first AIFRS financial statements are amended or revised.

There are no significant impacts expected on the statement of financial performance, the statement of financial position and statement of cashflows from adopting AIFRS.



# Western Australian Building Management Authority

ANNUAL REPORT 2004-05



Department of Housing and Works  
Government of Western Australia

## **Statement of Compliance**

### **WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**HON FRANCIS LOGAN MLA  
MINISTER FOR HOUSING AND WORKS; HERITAGE;  
MINISTER ASSISTING IN PLANNING AND INFRASTRUCTURE**

In accordance with Section 66 of the Financial Administration and Audit Act 1985, we hereby submit for your information and presentation to Parliament, the Annual Report of the Western Australian Building Management Authority for the year ending 30 June 2005.

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.

A handwritten signature in blue ink, appearing to read 'R F Thomas', with a long horizontal flourish extending to the right.

**R F THOMAS  
ACTING 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 30 JUNE 2005**

#### **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 30 June 2005.

#### **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  
1 September 2005

**Certification of Performance Indicators  
for the year ended 30 June 2005**

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 Works performance, and fairly represent the performance of the Authority for the financial year ended 30 June 2005.



**R F THOMAS  
ACTING DIRECTOR GENERAL**

15th August 2005

## Performance indicators 2004-05

### **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 1984/85 Capital Works Program and the 1996 borrowings for construction of the Peel Health Campus.

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 an efficiency indicator relating total cost per unit of output is not provided.

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 Treasury.

### **Efficiency and Effectiveness Indicator**

*The percentage of loan repayments made by the scheduled payment date specified in the Western Australian Treasury Corporation's loan repayment schedule.*

This indicator provides information on how the WABMA is managing its borrowings by providing data on the timeliness in which the Authority makes its loan repayments in relation to borrowings for the 1984/85 Capital Works Program and the Peel Health Campus as stipulated in the Western Australian Treasury Corporation (WATC) loan repayment schedule. It also shows whether all loans that should have been processed in relation to the financial year have been processed.

<b>Efficiency and Effectiveness Indicator</b>	<b>Actual for 2004/2005</b>	<b>Target for 2004/2005</b>	<b>Actual 2003/2004</b>
<i>Percentage of loan repayment transactions processed in accordance with the WATC loan repayment schedule.</i>	100%	100%	100%



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

#### 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 30 June 2005 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 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  
1 September 2005

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

---


**CERTIFICATION OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

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 2005 and the financial position as at 30 June 2005.

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  
15 August 2005



R F Thomas  
Accountable Authority  
15 August 2005

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$000	2004 \$000
<b>COST OF SERVICES</b>			
<b>Expenses from ordinary activities</b>			
Borrowing costs expense	2	10,869	12,177
Supplies and services	3	0	25
Total cost of services		10,869	12,202
<b>Revenues from ordinary activities</b>			
Interest revenue	4	4,697	4,865
Total revenues from ordinary activities		4,697	4,865
<b>NET COST OF SERVICES</b>		6,172	7,337
<b>REVENUES FROM STATE GOVERNMENT</b>			
Service Appropriation	5	6,679	7,989
Resources received free of charge		0	25
Total revenues from State Government		6,679	8,014
<b>CHANGE IN NET ASSETS</b>		507	677
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>		507	677



**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2005**

	Note	2005 \$000	2004 \$000
<b>Current Assets</b>			
Cash assets	11(a)	864	1,047
Lease receivable	6	1,797	1,625
<b>Total Current Assets</b>		<u>2,661</u>	<u>2,672</u>
<b>Non-Current Assets</b>			
Leases receivable	6	44,245	46,042
<b>Total Non-Current Assets</b>		<u>44,245</u>	<u>46,042</u>
<b>TOTAL ASSETS</b>		<u>46,906</u>	<u>48,714</u>
<b>Current Liabilities</b>			
Interest bearing liabilities	7	9,713	9,288
Prepaid revenues	8	1,495	1,589
Other liabilities	9	1,774	2,082
<b>Total Current Liabilities</b>		<u>12,982</u>	<u>12,959</u>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	7	125,210	134,923
<b>Total Non-Current Liabilities</b>		<u>125,210</u>	<u>134,923</u>
<b>Total Liabilities</b>		<u>138,192</u>	<u>147,882</u>
<b>NET ASSETS</b>		<u>(91,286)</u>	<u>(99,168)</u>
<b>Equity</b>			
	10		
Contributed equity		(3,139)	(10,514)
Accumulated surplus/(deficiency)		<u>(88,147)</u>	<u>(88,654)</u>
<b>EQUITY DEFICIT</b>		<u>(91,286)</u>	<u>(99,168)</u>

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$000	2004 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriations		6,679	7,989
Capital contributions		7,375	7,033
<b>Net cash provided by State Government</b>		<b>14,054</b>	<b>15,022</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Borrowing Costs		(11,188)	(12,412)
<b>Receipts</b>			
Interest received		4,603	4,758
<b>Net cash provided by/(used in) operating activities</b>	11(b)	<b>(6,585)</b>	<b>(7,654)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		1,625	1,471
Repayment of borrowings		(9,277)	(8,887)
<b>Net cash provided by/(used in) financing activities</b>		<b>(7,652)</b>	<b>(7,416)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(183)</b>	<b>(48)</b>
Cash assets at the beginning of the financial year		1,047	1,095
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	11(a)	<b>864</b>	<b>1,047</b>

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

---

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

---

**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.

(a) Service Appropriation

Service 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

---

(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 9).

(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 2005**

---

(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 2005**

	2005 \$000	2004 \$000
<b>2 Borrowing costs expense</b>		
This represents the interest on borrowings through WA Treasury Corporation by WABMA (see note 7) :		
Interest on 1984 - 1987 borrowings	6,573	7,722
Interest on Peel Health Campus borrowings	4,296	4,455
	<u>10,869</u>	<u>12,177</u>
<b>3 Supplies and services</b>		
Resources received free of charge	<u>0</u>	<u>25</u>
<b>4 Interest revenue</b>		
Interest implicit in lease payments received in respect of Peel Health Campus	<u>4,697</u>	<u>4,865</u>
<b>5 Revenues from State Government</b>		
Appropriation revenue received during the year:		
Appropriations (I)	<u>6,679</u>	<u>7,989</u>
Resources received free of charge (II)		
Determined on the basis of the following estimates provided by agencies:		
Office of the Auditor General	0	25
	<u>6,679</u>	<u>8,014</u>
(I) Appropriations are accrual amounts reflecting the full cost of services delivered.		
(II) Commencing with the 2004-05 audit, the Office of Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee for 2004-05 audit (\$12,000) will be due and payable in the 2005-06 financial year.		

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$000	2004 \$000
<b>6 Leases receivable</b>		
Leases receivable:		
Current	1,797	1,625
Non-current	44,245	46,042
	<u>46,042</u>	<u>47,667</u>
(a) Terms and conditions		
<p>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.</p> <p>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.</p>		
(b) Net fair value		
Net fair value of future cash flows associated with WABMA's leases receivable	<u>58,288</u>	<u>58,739</u>
<p>Net fair value of leases receivable is determined on a current risk adjusted market rates basis.</p>		
(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	51,129	57,458
Minimum lease payments receivable	<u>82,773</u>	<u>89,102</u>
Less future lease interest revenue	<u>(36,731)</u>	<u>(41,435)</u>
Leases receivable	<u>46,042</u>	<u>47,667</u>
Lease commitments receivable as at 30 June	<u>82,773</u>	<u>89,102</u>

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$000</b>	<b>\$000</b>
<b>7 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>(198,681)</u>	<u>(191,306)</u>
	86,393	93,768
Peel Health Campus borrowings	55,500	55,500
Add: Unamortised premium	309	321
Less: Repayments of borrowings	<u>(7,279)</u>	<u>(5,378)</u>
	48,530	50,443
Total borrowings through WA Treasury Corporation	<u>134,923</u>	<u>144,211</u>
Current	9,713	9,288
Non-current	<u>125,210</u>	<u>134,923</u>
	<u>134,923</u>	<u>144,211</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 2005 are:

Fixed interest rate maturities

1 year or less	36,510	38,868
1 to 5 years	35,348	38,454
Over 5 years	<u>14,535</u>	<u>16,446</u>
Total borrowings with interest rate risk	86,393	93,768

The weighted average effective interest rates are:

	<b>2005</b>	<b>2004</b>
	<b>%</b>	<b>%</b>
1984 - 1987 borrowings:	6.98	7.80
Peel Health Campus borrowings:	9.05	9.05



**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$000</b>	<b>\$000</b>
(iii) Net Fair Values		
1984 - 1987 borrowings:		
Carrying amount	86,393	93,768
Net fair value	89,273	97,310
Peel Health Campus borrowings:		
Carrying amount	48,530	50,443
Net fair value	57,507	58,778
<b>8 Prepaid revenues</b>		
Peel private hospital lease payment	<u>1,495</u>	<u>1,589</u>
<b>9 Other liabilities</b>		
Accrued interest	<u>1,774</u>	<u>2,082</u>
<b>10 Equity</b>		
Contributed Equity		
Opening balance	(10,514)	(17,547)
Capital Contributions (I)	7,375	7,033
Closing balance	<u>(3,139)</u>	<u>(10,514)</u>
(I) Capital Contributions have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.		
Accumulated surplus/(deficiency)		
Opening balance	(88,654)	(89,331)
Change in net assets	507	677
Closing balance	<u>(88,147)</u>	<u>(88,654)</u>

**WESTERN AUSTRALIAN BUILDING MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 \$000	2004 \$000
<b>11 Notes to the Statement of Cash Flows</b>		
(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	<u>864</u>	<u>1,047</u>
(b) 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)	(6,585)	(7,654)
Non-cash items:		
Resources received free of charge excluding assets	0	(25)
Increase/(decrease) in liabilities:		
Current payables	308	235
Unearned revenues	94	107
Other current liabilities	11	0
Net cost of services (Statement of Financial Performance)	<u>(6,172)</u>	<u>(7,337)</u>
<b>12 Remuneration of Auditor</b>		
Remuneration of the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators. Refer Note 5(II)	<u>0</u>	<u>25</u>

**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 2005**

---

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

Australia is adopting Australian equivalents to International Financial Reporting Standards (AIFRS) for reporting periods beginning on or after 1 January 2005. The Western Australian Building Management Authority will adopt these Standards for the first time for the year ended 30 June 2006.

AAS 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires disclosure of any known or reliably estimable information about the impacts on the financial statements had they been prepared using AIFRS.

There are no significant impacts expected on the statement of financial performance, the statement of financial position and statement of cashflows from adopting AIFRS.