



State Housing Commission

ANNUAL REPORT 2004-05



Department of Housing and Works
Government of Western Australia

Department of Housing and Works

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Statement of Compliance

STATE HOUSING COMMISSION

**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 State Housing Commission for the year ended 30 June 2005.

The report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985 and incorporates special reporting requirements imposed on the State Housing Commission 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.



**I F TAYLOR
CHAIRMAN**



**R F THOMAS
ACTING DIRECTOR GENERAL**

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About the State Housing Commission

The State Housing Commission ("the Commission") is a Western Australian Statutory Authority, constituted under the *Housing Act 1980*. The Commission is one of the entities within the Department of Housing and Works.

The Department brings together:

- the housing services provided under the *Housing Act 1980*, the *Government Employees Housing Act 1964* and the *Country Housing Act 1998*; with
- the state capital works and maintenance services provided under the *Public Works Act 1902*; and
- service delivery, maintenance and management of non-residential Government buildings in Western Australia.

The Commission's powers and functions derive from the *Housing Act 1980* and its operations are supported by the Department of Housing and Works. The Commission's functions include:

- Aboriginal Housing and Infrastructure;
- Keystart Home Loan Scheme;
- Landstart, a land development and sales agency;
- Homeswest – Public Rental Housing;
- Bond Assistance;
- Community Housing; and
- Policy and Planning

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.

Key Statistics 2004-05

The Commission has a total of 39,200 housing properties encompassing:

- 34,870 rental properties;
- 1,800 units in joint venture projects with supporting organisations;
- 1,223 properties built in remote areas for Aboriginal people;
- 836 properties for other community housing groups, and;
- 471 properties for crisis accommodation.

In addition, there are a further 119 resident-funded joint venture properties which appear on the Commission's asset register, effectively resulting in 39,319 properties.

The Commission assists low to moderate income Western Australians to purchase their own homes through a home loan portfolio of 19,243 loans, which includes shared-equity in 2,176 properties. There are a further 17,155 customers currently paying off bond loans, which have enabled them to enter the private rental market.





Director General's Overview

This has been another highly successful year for the organisation as it adapts to the challenges posed by the drive towards the twin goals of sustainable and affordable housing.

During the year, the restructuring that Keystart underwent two years ago started to pay dividends, with a record number of home loans being approved, the majority of them for first homeowners who would otherwise have been in private or public rental.

Landstart continues to ensure an adequate supply of serviced land for those seeking home ownership, especially first home buyers, mainly through its tried and tested joint venture programs, with nine joint ventures currently operating around the State.

Similarly, many West Australians of limited means have had the opportunity to break into home ownership through the refurbishment and sale of Homeswest properties through the New Living program.

In the course of the year, over 1,600 new dwellings were completed or commenced under the Homeswest General Rental Program. This sizeable building program, along with a high level of bond assistance for people seeking private sector rental ensured that most Western Australians were well housed.

The strength of the organisation lies in its people, and I pay tribute to all of our employees for their hard work throughout another challenging year. I warmly acknowledge the strong leadership of the former Minister for Housing and Works, the Hon Nick Griffiths, and the new Minister, the Hon Francis Logan for his great enthusiasm and support of public housing and the work the organisation is doing.

Warmest thanks to the Chairman of the State Housing Commission, Ian Taylor and Commissioners, who have been most supportive of myself and the Executive Directors, always backing the organisation in its many different roles.

Finally, may I wish former Director General Greg Joyce, who retired from the position in January this year after many years of devoted service to the organisation, all the very best in his retirement.

He should take much of the credit for the fact that most Western Australians are well housed and that the majority of householders in the State own their own homes.

BOB THOMAS
ACTING DIRECTOR GENERAL

Highlights

- The Commission approved 5,417 home loans totalling a record \$784 million, with 3,624 of those loans provided for first homeowners.
- 85 Homeswest rental tenants achieved first home ownership through the Goodstart scheme.
- The Access Loan Scheme for people with disabilities assisted 44 families into home ownership.
- The Aboriginal Home Ownership Scheme enabled 86 families to purchase their first homes.
- A total of \$55.39 million was spent on maintenance and improvements to rental properties.
- The Bond Assistance Scheme approved a total of 12,021 loans totalling \$5.03 million.
- A total of 186 units of accommodation were provided under the four Community Housing Programs.
- The Town Planning for Aboriginal Communities Project (TPACP) won the National Planning Institute of Australia's Award "For Excellence in Rural and Regional Planning".
- A total of 2,004 were commenced as part of the Homeswest rental, Aboriginal Housing and Community Housing programs and 1,802 units were completed at a cost of \$173.9 million.
- Refurbishment of 941 established units was commenced across all programs and 895 units completed at a total expenditure of \$30.8 million.
- Under the Homeswest General Rental Program, 852 new dwellings were commenced and 794 completed
- 188 dwellings were spot purchased for the Commission's combined Homeswest General Rental, Aboriginal Housing and Community Housing Programs at a cost of \$32.4 million.
- Land sales during the year generated revenue of \$158.4 million.
- Under the Rental Sales Scheme, 109 rental properties worth \$15.4 million were sold to tenants.
- 314 residential dwellings were refurbished for sale across the State under the New Living Program at a cost of \$15.4 million. Of these, 301 were sold to provide income of \$41.86 million.
- The Regional Upgrade Strategy commenced to replace 800 properties and refurbish a further 200 properties in regional areas over the next four years in regional WA.
- The Homeless Helpline received 1318 contacts and assisted 1029 households into housing.
- Joint ventures sold a total of 2,265 lots yielding in revenue of \$93.1 million. A total of \$52.3 million was expended for a yield of 2,209 lots.

The Executive

BOB THOMAS Dip Pub Admin

Acting Director General

Bob Thomas joined the 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 Department (formerly 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

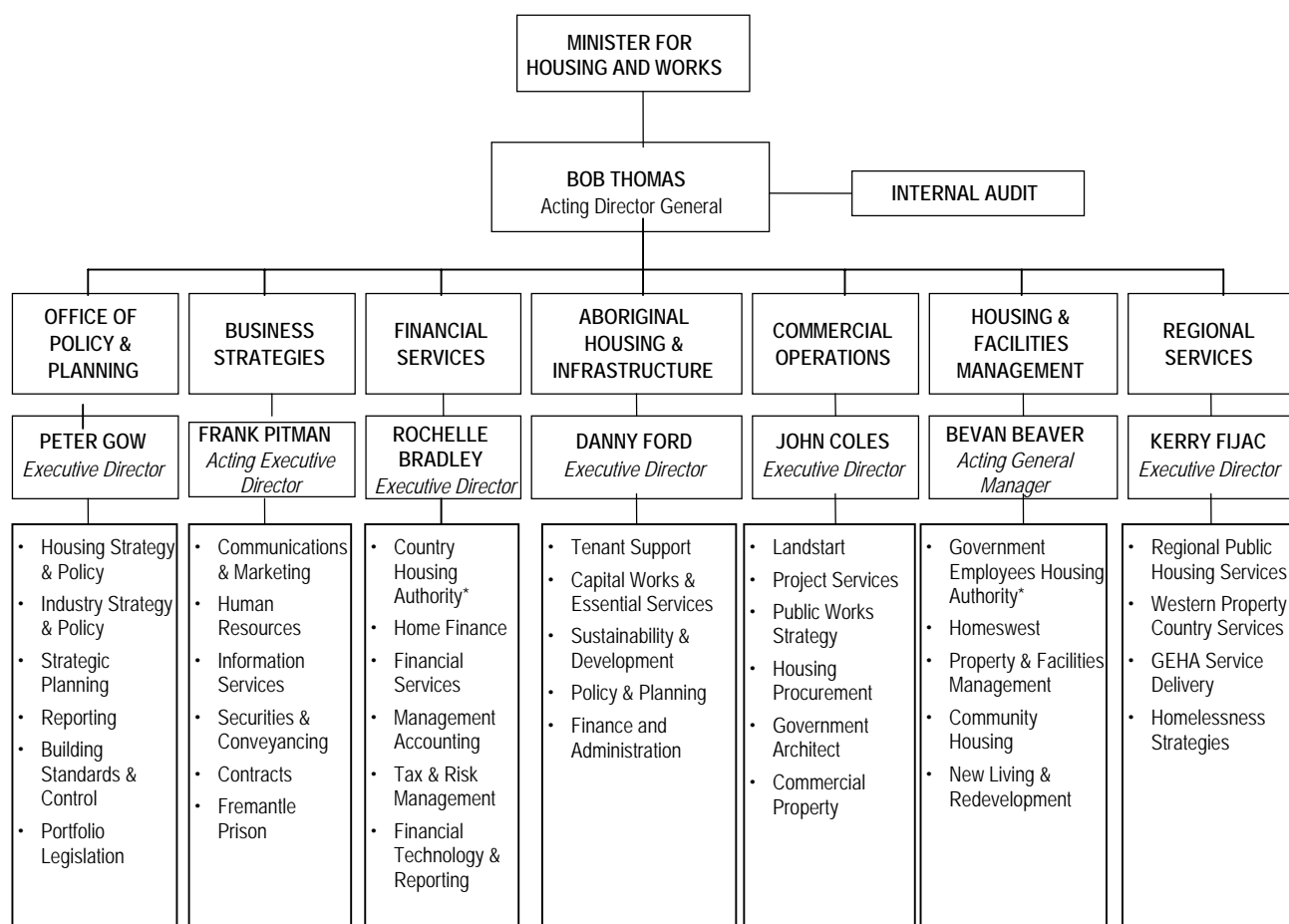
Rochelle Bradley joined the Department of Housing and Works in July 2004 after an extensive career at the Office of the Auditor General where she held a senior management position. She is a certified practising accountant and is the Deputy President of the WA Divisional Council of CPA Australia.

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.”

Home Loans

Keystart, the home lending arm of the Commission, assists Western Australians to achieve their dream of home ownership through low deposit, affordable home ownership schemes.

In addition, the Commission has shared equity schemes to assist low income earners, such as the Goodstart Scheme for Homeswest rental tenants and applicants, the Access Scheme for people with disabilities and the Aboriginal Home Ownership Scheme.

The Commission also has schemes to assist private sector borrowers who risk losing their home as a result of a drop in income. The Restart Scheme helps those who have lost their jobs and are looking for work and the pilot Sole Parent Family Home Loan Assistance Scheme helps sole parents who have lost their partner through bereavement or separation.

Keystart Home Loan Scheme

During the year, Keystart provided record funds for new loans. Lending reached \$784 million which is the largest amount of loans paid out for any year since the Scheme's inception. The main reasons for Keystart's success were a buoyant property market, successfully tailored loan products and stamp duty changes introduced on the 1 July 2004.

Highlights of 2004-05

- The Keystart Scheme approved 5,417 loans amounting to \$784 million;
- A total of 3,624 loans were provided for first homeowners;
- \$550 million was approved for the purchase of 4,129 established homes during the year;
- \$234 million was approved for new construction, represented by 1,288 new building starts, providing more jobs for Western Australians.

Other Loan Schemes

- During the year, the GoodStart Scheme assisted 85 of the Commission's rental tenants and applicants on the Commission's rental waiting list into home ownership.
- Forty-four families were assisted under the Commission's Access Loan Scheme for people with disabilities.
- The Aboriginal Home Ownership Scheme assisted 86 families to make the transition from rental to home ownership during the year.
- The Restart scheme approved the refinancing of loans for 13 families.

Outlook for 2005-06

The high levels of activity experienced during the early part of the 2004-05 year started to ease in the latter part of the financial year as borrowers reacted to prospects of further interest rate rises and an already high property market. This trend is expected to continue in 2005-06 and a reduction in the number of loans provided is forecast.

- The Commission anticipates providing an estimated \$660 million across all of its home loan schemes to assist in excess of 5,200 families into home ownership during.
- Keystart, the largest Scheme, is expected to provide 5,000 loans amounting to \$651 million.
- The GoodStart Scheme is expected to assist a further 80 families, the Access Scheme 60 families and the Aboriginal Scheme, 70 families.
- The Restart Scheme and Sole Parent Family Home Loan scheme will also be available to assist families who have private sector home finance and are experiencing difficulties with their loan repayments.

Rental Housing

The Commission, through Homeswest, provides rental accommodation, rental subsidies and various structured programs for thousands of families on low to moderate incomes.

Rental Housing manages 34,870 properties of the 39,200 properties in the total housing portfolio throughout the state. An extensive regional network including three metropolitan and seven country regional offices and 16 branch offices support the day-to-day management of these tenancies.

Mainstream Rental

An ongoing review of Homeswest Rental Policy continued in 2004-05. Changes implemented included:

- the Good Neighbour Policy;
- increased asset eligibility limits for seniors; and
- the Grand Families Policy.



The Commission undertook a range of initiatives, including:

- the introduction of the Good Neighbour Policy, an initiative aimed at curbing the incidence of antisocial behaviour by formally outlining the obligations of tenant and landlord;
- commencement of a review of tenant eligibility in regard to under-occupation of four, five and six bedroom houses;

- implementation of an internet-based Self Assessment Program which enables self-auditing and reporting to management on key operational controls;
- a review of its key customer service provision roles, with a view to providing tighter property management and a higher level of service to social housing tenants.
- enhanced customer service through the provision of additional staff in Rental Services;
- progressing a trial of handheld PDA's (Personal Digital Assistants) for Accommodation Managers to improve the level of standardisation of maintenance reports and property inspections;
- the installation of Residual Current Devices (RCDs), also known as "Safety Switches" in all of its rental properties. There are 23,000 existing homes that require RCDs to be installed. A \$5 million special allocation by Treasury was made in 2004-05 to start the RCD installation program;
- the completion of the co-location of the Albany Housing and Works offices;
- a review and update of fire and emergency procedures in Homeswest complexes was undertaken; and
- the Homeless Helpline received 1318 contacts and assisted 1029 households into housing.

The Regional Refurbishment Program saw 241 completions. The program aims to refurbish and improve the amenity of older properties not situated in New Living areas.

The Commission continued to make a positive contribution to inter-agency initiatives through senior officer representation on: the Gordon Enquiry Implementation Taskforce; the Homelessness Strategy Monitoring Committee; the Early Years Taskforce; the Stronger Families Reference Group; the Family and Domestic Violence Co-ordinating Committee; the WA Drug and Alcohol Strategy Senior Officers Group and the Crime Prevention Taskforce.

Supported Housing Assistance Program

The Supported Housing Assistance Program is delivered by non-government agencies statewide to Homeswest tenants. The agencies use a holistic case management approach to cater for each household. Referred tenant(s) are also linked to appropriate alternative supports to assist them

to fulfil their obligations and responsibilities as public housing tenants.

In 2004-05 the DHW budget for SHAP was \$2.250m, with 568 tenancies being referred to the program and 121 tenancies successfully completing their term in the program.

EOC Inquiry "Finding a Place"

The Equal Opportunity Commission released a report in December 2004 "Finding a Place" following an inquiry into discriminatory practices in the provision of public housing and related services to Aboriginal people in Western Australia. The Commission is responding to agreed recommendations and has appointed Shelter WA to work through issues of concern identified in the report. Shelter also provides guidance to the Homeswest Operational Standing Committee (HOSC), practical advice to the Commission and assists with the implementation of endorsed strategies.

Maintenance

Maintenance is carried out regularly on all Homeswest rental properties, either on a day-to-day basis, when the property is vacated, or through its refurbishment programs.

A total of \$55.39 million was spent on maintenance and improvements to rental properties during the year.

This included:

- \$20.96 million on day-to-day maintenance;
- \$10.15 million on maintenance of vacated properties;
- \$12.83 million on refurbishments and improvements such as heating, ceiling fans, disability fittings and fencing;
- \$7.72 million on planned maintenance, including internal and external painting;
- \$3.73 million on maintaining the grounds and gardens at housing complexes; and

In addition, \$16.38 million was spent on refurbishing properties and bedsitter conversions for retention under the New Living Program.

Homeswest spent \$4.70 million to renew or replace damaged items through insurance funding, compared to \$4.12 million in 2003-04. Much of this cost was associated with damage from severe storm activity, vandalism and theft.

Bond Assistance

The Commission's Bond Assistance scheme was established in 1985 to help people on low incomes gain access to the private rental market by accessing interest-free bond loans.

The scheme remains popular with customers and the private real estate industry and included:

- approval of a total 12,021 loans valued at \$5.03 million;
- loan repayments by customers in excess of \$5.08 million; and
- seventy per cent of loan repayments (\$3.58 million) were made through direct deductions from Centrelink payments of loan customers.

As at 30 June 2005, there were 17,155 bond applicants paying off bond loans valued at \$3.91 million.

Ingoing Fees (Rent in Advance and Letting Fee)

As part of the Commission's commitment to reducing homelessness, ingoing fees were provided during the year to applicants on an as-needs basis. Ingoing fees can include the rent in advance or letting fee component of a private rental property. Applicants were assessed as capable of undertaking a private rental lease and were either rough sleepers or at risk of becoming homeless with no other accommodation options available.

As at 30 June 2005, 355 customers had been assisted with a total of \$95,608 comprising:

- rent in advance to the value of \$83,253; and
- letting fees to the value of \$12,355.

Appeals

The Homeswest Appeals Mechanism is a three-tier process that provides an avenue for customers to appeal an adverse decision. All decisions that affect customers adversely are automatically reviewed by another Homeswest officer not involved in the original decision-making process. The Regional Appeals Committee hears unresolved decisions which may be taken up with the Public Housing Review Panel, should they remain unresolved.

A total of 1,995 appeals were lodged, which represented an increase of 48.9 per cent compared to the total of 1,340 lodged in 2003-

04. Of these, 385 were deemed ineligible or carried over into 2005-06.

The Regional Appeals Committee determined 1,610 appeals of which:

Decision	2004-05	
	No. Appeals	%
In favour of appellant	484	30.1
Dismissed	936	58.1
Partially upheld	148	9.2
Resolved prior to hearing	28	1.7

Note: Of the appeals, 14 or 0.9 per cent were adjourned.

The Public Housing Review Panel determined 198 appeals of which:

- 53 or 26.7 per cent were upheld;
- 138 or 69.8 per cent were dismissed;
- One or 0.5 per cent was partially upheld; and
- Six or 3.0 per cent were resolved prior to the hearing.

Seven appeal matters were ineligible for consideration by the panel. During the year, appeals to the Public Housing Review Panel decreased by 11.2 per cent from 223 in 2003-04 to 198 in 2004-05.

Pricing Policy – Rent

Each State Housing Commission property is allotted a market rent based on information provided by the Valuer General's Office.

Tenants who are unable to pay the full market rent receive a rental concession. Tenants who receive a rental concession and were in occupation before 12 July 1997, pay 23 per cent of their assessable household income in rent, and those who moved in after that date pay 25 per cent.

Community Housing

Community Housing includes rental accommodation managed by non-profit community organisations, housing associations and local governments. It provides tenants with an alternative to renting in public or private rental markets. Community housing offers tenants security of tenure, links to local community supports and an opportunity to participate in the design, location and management of their accommodation.

Community housing programs cater to a range of client groups. Applicants seeking housing assistance must meet the eligibility criteria for public housing accommodation.

The Commission manages four distinct community housing programs:

- Joint Venture Housing Program;
- Community Disability Housing Program;
- Community Housing Program; and
- Crisis Accommodation Program.

Community groups involved in the management of this accommodation include regional housing associations, church and welfare organisations, local governments, aged care providers and housing cooperatives.

A total of 186 units of accommodation have been provided across Western Australia under the Community Housing programs, including:

- 40 under the Joint Venture Housing Program;
- 109 under the Community Disability Housing Program;
- 16 under the Community Housing Program; and
- 21 under the Crisis Accommodation Program.

Highlights of 2004-05

- Implementation of the Community Housing Strategic Plan 2003-08 commenced.
- Lodging House Research commenced.
- Comprehensive Mental Health Housing Strategy was approved.
- Inaugural biannual Community Housing state conference was held.
- Inaugural biannual Community Housing awards for best practice by providers was presented.

Joint Venture Housing Program

The following joint venture housing projects were completed in the metropolitan area during the year:

- Three units for people with disabilities for the Cerebral Palsy Association of WA Inc. in Coolbinia and Kewdale; and

- 21 units for seniors for Fremantle Housing Association in Warnbro.

In addition, three units for singles and 13 units for seniors were constructed in regional WA.

Program for 2005-06

- Sixteen units for families;
- Eight units for seniors.
- One unit for people with disabilities.
- 65 units in country areas throughout the State, including 52 for seniors, a mixed development of eight units for families and singles, and five units for families.

Community Disability Housing Program

Under the Community Disability Housing Program:

- 72 units were provided by Spot Purchase or construction;
- 34 units were allocated from General Rental housing; and
- 3 units were reallocated between groups from existing stock.

Community Housing Program

The following Community Housing Program projects were completed in the metropolitan area the year.

- One unit for Aboriginal youth in Morley for Djooraminda/CentreCare.
- Two units for families in Beechboro and Stratton for the Eastern Metro Regional Housing Association.
- Two units for families in Mandurah for the Milligan Foundation Housing Association.
- Five units for singles in Glendalough.
- Two units for families in Beckenham for South City Housing.

In addition, ten units for students at Cyril Jackson High School are over 75 per cent complete.

In country WA, three units were completed for families and one unit for people with disabilities.

Program for 2005-06

- Seven units for families.
- Four units for Aboriginal families.

Crisis Accommodation Program

The following Crisis Accommodation Program projects were completed during the year:

- Three units for women and children escaping domestic violence in Tuart Hill and Joondanna for Mercy Community Services Inc.
- One unit for women and children escaping domestic violence in Gosnells for South City Housing Association.
- Three units for single people in Maylands and Inglewood for Vincentcare;
- Two units for youth in Nollamarra for Ebenezer Homes Inc.
- One unit for people with disabilities in Woodvale for the Autism Association.
- Three units for families in Sampson, Thornlie and Westfield.



Upgrades were also provided for two youth refuges in Bunbury and one in Baldivis for Agencies for South West Accommodation and Anglicare. A further unit for families was made available from regional stock for the City of Fremantle.

In regional WA, a further four units were completed for youth and one unit for single people. An additional two units for youth were made available from regional stock and two upgrades were undertaken for Karratha Youth Housing.

Program for 2005-06

- Fourteen units for homeless men.
- Ten units for singles and childless couples.
- Two units for women.
- Seven units for families.

Outlook for 2005-06

The development of joint venture programs around the State will continue in 2005-06. Key provider organisations in the metropolitan area will be given preferred provider status.

The Mental Health Housing Strategy will be commenced.

Coordinator Disability Services

The Commission has an ongoing commitment to the needs of people with disabilities. A designated Coordinator Disability Services oversees this important area. The position is responsible for strategic planning, policy development, coordinating staff training and developing customer services initiatives for the organisation.

This year there were significant achievements in the delivery of housing services and programs for people with a range of disabilities.

During 2004-05, \$16.45 million was spent on housing for people with disabilities. Homes were provided through various programs including the Community Housing Programs and public rental housing.

This expenditure included funding towards the completion of 50 purpose-built mobility homes and the purchase of 56 homes from the private market to meet the individual housing design needs of customers with a range of disabilities.

Forty-four loans to the value of \$5 million were provided under the Access Home Loan Scheme to individuals and families with disabilities to enable them to build, buy or modify existing properties to meet their individual housing needs.

Highlights of 2004-05

- A new Disability Awareness "Focus" course.
- Access Home Loan seminars in metropolitan and country areas.
- Post occupancy evaluations undertaken.
- Attendance at forums on issues affecting people with disabilities including: an Accessing Abilities Strategy seminar; a Youth Forum workshop and a Mental Health Taskforce Strategy seminar.

Partnerships

The Commission continues to be an active member of various committees and steering groups. It works collaboratively and cooperatively to promote and provide appropriate services and programs for people with disabilities. The Coordinator Disability Services represents the Commission on the Mental Health Housing Strategy Strategic Coordination Group.

Modifications

Modifications to existing homes continue to provide appropriate responses to meet the changing needs of our customers. During this financial period \$625,000 was allocated for these improvements.

Aboriginal Housing & Infrastructure

The Commission provides a range of mainstream services for Aboriginal people, including:

- public and community rental housing;
- home loan assistance, including a targeted Aboriginal home loan scheme;
- bond assistance to enable people to access private rental housing; and
- a range of counselling and support services.

In addition, the Commission provides an extensive range of Aboriginal-specific services, mainly targeted to Aboriginal remote and town-based communities. These services include:

- new houses, major upgrades and refurbishments;
- assistance with critical housing repairs and maintenance;
- essential services (power, water and sewerage), capital works, maintenance, repairs and water testing for 91 larger communities;
- other community infrastructure capital works;
- assistance and support for community housing management, governance and administration;
- Aboriginal training, employment and business opportunities; and
- tenancy support and advocacy programs.

The Commission's policies and programs continue to be guided by the *Agreement for the Provision of Housing and Infrastructure for*

Aboriginal and Torres Strait Islander People in Western Australia July 2002-June 2007, and the Interim Indigenous Housing Agreement, 2004-05 following the abolition of the Aboriginal and Torres Strait Islander Commission.

A new three year Agreement was entered into from July 2005, which will retain the core benefits of the previous Agreements, specifically:

- pooled funding;
- administration of all funds by the State;
- regional Aboriginal involvement in needs-based planning; and
- Aboriginal representation in strategic policy and planning.

Full pool funding was achieved in 2004-05 and will continue for the next three financial years.

The following significant initiatives were undertaken in 2004-05:

- The development of a comprehensive three-year strategy to improve housing repairs and maintenance outcomes in Aboriginal communities, to be implemented from 2005-06.
- Commencement of reviews of all major organisations and communities funded by the Commission to provide housing management and tenancy support services. Completed reviews have led to the implementation of strategies to improve accountability and performance and new tenancy support and advocacy arrangements will be introduced in 2005-06.
- Revision and re-tendering of the Contracted State Program Manager (CSPM) contract for essential services. The new contract was awarded to Parsons Brinckerhoff Pty Ltd. Regional Service Provider contracts under the Remote Areas Essential Services Program will be reviewed and retendered.
- The co-hosting of a Statewide forum in November 2004 by the Aboriginal Housing and Infrastructure Council (AHIC) and the Department of Premier and Cabinet's Social Policy unit, on Aboriginal town-based communities' problems and issues.



- Implementation of a private rental housing access pilot project being managed by the East Metropolitan Community Housing Association to assist Aboriginal people to gain entry into the private rental market.
 - Development of a pilot loans scheme targeted to Aboriginal tenants in private rental accommodation experiencing temporary financial difficulties.
 - The roll-out of the in-home practical support program across a number of communities, targeted at individuals to improve day-to day-home and house living skills.
 - Research and development of a number of home ownership products and incentives to improve Aboriginal home ownership rates.
 - Development of a needs based planning data base to assist with the development of Regional Housing and Infrastructure Plans.
- and
- Completion of a consultancy to investigate and develop a range of models for regional service delivery of housing and infrastructure programs which will inform future administrative and program management arrangements.

Urban Construction

In 2004-05, 37 accommodation units in urban and rural areas were commenced and almost \$7.9 million was spent under the urban construction program. Minor works to

Aboriginal housing properties amounted to a total expenditure of \$480,378.

In-Home Practical Support Program

The In-Home Practical Support Program is a contemporary version of the "Homemaker Program" which operated in the 1970s and 1980s. The objective of the program is to improve the sustainability and longevity of Indigenous housing in remote, regional and urban areas by developing the home living skills of Aboriginal people participating in the program. The program will be extended to new areas in 2005-06.

Outlook for 2005-06

The Strategic Plan will be revised early in the 2005-06 financial year, following the signing of the new Indigenous Housing Agreement.

AHIC will continue to work on strategic policy issues, including the need to consolidate Commonwealth and State policy positions on community housing and infrastructure provision, sustainability and viability issues.

In 2004-05 the Commission took over responsibility for development of Regional Housing and Infrastructure Plans (RHIP) from ATSIC. The Commission will focus its programs in accordance with the priorities identified in the RHIPs.

During 2005-06, the proposed urban building program comprises 33 constructions. A minor works program is also planned.

The 33 construction units for 2005-06 will be stock replacements as part of the Regional Upgrade Strategy which targets ageing rental properties in regional WA.

Housing Procurement

The Commission manages an extensive housing procurement program in order to provide suitable public rental accommodation throughout the state. While the majority of dwellings are constructed, some existing dwellings are also purchased to cover housing shortages in particular areas.

In addition, the Commission refurbishes existing properties and converts bed-sitter style accommodation into one and two-bedroom units to improve the amenity level and extend the useful life of dwellings.

The Commission, as part of its combined Homeswest General Rental, Aboriginal

Housing and Community Housing programs, procured new properties through construction and spot purchase and undertook refurbishment and bed-sitter conversions on existing properties. A total of 2,004 units were commenced which will accommodate 2046 households and 1,802 units were completed, at a cost of \$173.9 million.

During the year, the residential construction industry faced unprecedented demand from consumers. This resulted in severe shortages of labour and materials which affected contract periods and industry competitiveness. As a result, projected expenditure, commencements and completions could not be met for procurement of new properties.

The total value of housing procurement during 2004-05 was as follows:

- *New properties procured through construction and spot purchase.*

A total of 1047 units were commenced, which will accommodate 1089 households, and 897 units completed at a cost of \$140.4 million.

- *Refurbishment of existing properties.*

941 units were commenced and 895 units completed at a total expenditure of \$30.8 million.

- *Bed-sitter conversions and minor works on existing properties.*

16 were commenced and 10 units completed at a total expenditure, including minor works, of \$ 2.8 million.

Homeswest General Rental Program

852 new dwellings were commenced, which will accommodate 883 households, and 794 were completed. Of the 852 units commenced:

- 179 units or 21 per cent were for seniors;
- 506 or 59 per cent were for family accommodation; and
- 167 or 20 per cent were for one and two-bedroom households for people aged 18 to 54 years.

Some of the notable projects that commenced during the year included:

- Summers Street, Perth ("Norwood Park" site) – 37 family, seniors' and single persons' units.

- Hay Street, Subiaco – 20 family and single persons' units.
- Bidstrup Court, Rockingham – 23 seniors' units.
- Sherlock Court, Waikiki – 18 single persons' units.

Aboriginal Housing Programs

171 new dwellings were commenced and 69 were completed in the metropolitan area, country towns and remote communities. In addition, the refurbishment of 198 units commenced and 133 units were completed.

Community Housing Programs

Twenty-four new dwellings were commenced, which will accommodate 35 households and 34 were completed. In addition, the refurbishment of four units commenced and five units were completed.

Spot Purchase Program

The Spot Purchase program enables the Commission to acquire properties as an alternative to constructing new dwellings. The program operates for a number of reasons.

- There may be a shortage of available land in an area.
- In some areas, there is a need to distribute the Commission's ownership more evenly throughout the community.
- The program can facilitate the acquisition of individual units in apartment complexes close to essential services, particularly for the Community Disability Housing Program.
- The program can assist in preparing for future needs in areas of high demand by the acquisition of properties with eventual redevelopment potential; and
- The program can assist in meeting the immediate housing needs of people in crisis.

A total of 188 dwellings were spot purchased for the Commission's combined Homeswest General Rental (165), Aboriginal Housing (7) and Community Housing (16) programs across the state at a total cost of \$32.4 million. Of this total expenditure, \$27.3 million was funded through the Homeswest General Rental program.

Fifty-six of the 165 properties in the Homeswest General Rental program were spot purchased for customers accessing the Community Disability Housing Program.

Community Disability Housing Program

In the Community Disability Housing Program, which is part of the Homeswest General Rental program, 74 dwellings were commenced to accommodate 103 households and 72 were completed through new construction and spot purchase.



Mobility Units

A total of 52 purpose-built mobility units commenced construction which will accommodate 74 households and a further 48 were completed for tenants with disabilities in the Homeswest General Rental program.

Joint Venture Housing Program

Projects under the Joint Venture Housing Program (referred to as Joint Charity Projects in the financial statements) are undertaken with not-for-profit organisations, local authorities and church groups to provide additional housing options in local communities.

As part of the Joint Venture Housing Program, which falls under the Homeswest General Rental program, 47 dwellings were commenced to accommodate 49 households and 40 were completed. Notable Joint Venture projects commenced included 29 units in Woodbridge with St Vincent De Paul, four units in Bullsbrook with Eastern Metropolitan Community Housing Association and six units in Kellerberrin with Milligan Units Inc.

Resident-Funded Joint Venture Program

The Resident-Funded Joint Venture Program, which is part of the Homeswest General Rental program, provides an alternative home ownership opportunity enabling seniors to move to more appropriate housing. At the same time, the program provides them with more disposable income for day-to-day living expenses.

In 2004-05, 30 units were commenced under the program in joint venture with Retirees WA. Seven of these units were in Innaloo and the other 23 were in Busselton.

Minor Works

The Commission performed minor works upgrades of selected rental properties for a total of \$2.6 million (excluding Aboriginal housing upgrades). During the year, ten bed-sitter units were converted into ten one-bedroom units in Maylands.

Industry Consultation

To achieve its objective of providing low-cost, high-quality rental accommodation, the Commission enters into regular consultation with housing industry groups such as the Housing Industry Association and the Master Builders' Association, and professional associations such as the Royal Australian Institute of Architects.

Effective project management of housing procurement relies on the private sector providing efficient, high-quality services. The Commission continually seeks to improve its housing designs and housing amenity by asking for customer feedback on completed projects.

Safety Audits

The Commission continues its commitment to safety in the workplace by funding the Master Builders' Association to carry out safety audits on Homeswest construction sites.

Outlook for 2005-06

In 2005-06 the Commission plans to construct, purchase or refurbish housing units, with 2009 units to be commenced, which will accommodate 2112 households, and 2082 completed.

Construction and spot purchase activities across all programs will cost \$224.2 million in 2005-06. This will see 1,347 units commenced to accommodate 1,450 households and 1,364 units of new accommodation will be completed. This includes:

- 820 General Rental units, including 200 units for Regional Upgrade Strategy;
- 110 units, which will accommodate 209 households, for the Community Disability Housing Program, including 36 units for Mental Health Strategy;

- 90 joint venture units with charitable and church groups to accommodate 94 households;
- 178 Aboriginal Housing units, including 33 units for Regional Upgrade Strategy;
- 49 units for the Community Housing and Crisis Accommodation Programs; and
- 100 units for the Not for Profit Housing Company.

A significant number of dwellings will continue to be purpose-built to assist people with disabilities.

In addition, 633 refurbishments of existing dwellings will commence and 29 bedsitter conversions are planned.

In the minor works program, \$3.5 million has been allocated for upgrade works to existing properties at locations such as Highgate, Subiaco and Kalamunda. This includes conversion of bed-sitter units into 29 one-bedroom units.

Through the General and New Living refurbishment programs, 547 units will commence and 541 will be completed. The conversion of bed-sitter units into six one-bedroom units will also be completed. The total cost will be \$21 million. In addition, refurbishment will commence on 85 units and 140 units will be completed through the Aboriginal Housing Program.

As part of the Community Housing and Crisis Accommodation Programs, the refurbishment of one unit will commence and 2 units will be completed.

Land Sales

The Commission sells land from the development of its broad-hectare land holdings and through redevelopment and infill sources. Land sales generating revenue of \$158.4 million took place in a number of locations in the metropolitan area, as well as in Bunbury, Geraldton, Dalyellup and Albany. The Commission achieved significant returns at Dianella (\$21.3 million), Mirrabooka (\$5.9 million), Banksia Grove (\$9.2 million), Willagee (\$3.5 million), Kwinana (\$6.5 million), Langford (\$3.2 million), Dalyellup (\$13.4 million), Ellenbrook (\$25.1 million) and Butler (\$25.9 million). Sales were also made to the Western

Australian Planning Commission for \$1.7 million.

Outlook 2005-06

Revenue during 2005-06 of \$186.4 million is expected. It is anticipated that the main revenue sources for the year will be: Dianella (\$3.5 million); Banksia Grove (\$3.4 million); Kwinana (\$7.1 million); Bunbury (\$7.6 million); Willagee (\$5 million); Langford (\$2.1 million); New North (\$3.4 million); Dalellyup (\$23 million); Ellenbrook (\$26.4 million) and Butler (\$38 million).

Rental Sales Scheme

The Rental Sales Scheme is open to eligible State Housing Commission tenants who are interested in purchasing their rental properties. Under this scheme, purchasers are eligible for a grant of up to \$3,000 in assistance for stamp duty and settlement costs. Purchasers are also eligible for a discount in recognition of capital improvements undertaken by the tenant.

The Rental Sales Scheme achieved better than expected income from the sale of properties. During the year, 109 rental properties worth \$15.4 million were sold to tenants under the scheme. In addition, 61 vacant ex-rental properties that were considered surplus to requirements were sold for more than \$4.6 million.

Outlook for 2005-06

It is envisaged that during 2005-06 the Rental Sales Scheme will sell 80 properties for \$10.5 million to tenants and 45 vacant properties to the public for \$2.2 million.

The New Living Program

The New Living Program is the largest urban renewal initiative in Western Australia.

The New Living Program was conceived out of a need to undertake major redevelopment and refurbishment of the Commission's estates, the majority of which were designed and constructed in the 1960s and 1970s.

New Living projects vary in size and complexity, but generally involve the refurbishment of Commission-owned dwellings for both sale and retention and the enhancement of infrastructure in the area, such as streetscape improvements and upgrading of parks. Local communities assist development of the projects through input, participation and promotion. Some projects

also have a land development component for the creation of new lots for sale to the public.

There are currently seven New Living projects under way in metropolitan Perth and a further ten in country areas. The metropolitan projects, covering 14 suburbs include Bentley, Coolbellup, Eastern Horizons (Midland, Midvale, Middle Swan, Swan View and Koongamia), Langford, the "New North" (Balga, Girrawheen, Koondoola and Westminster), Phoenix Rise (Hamilton Hill) and Queens Park. It should be noted that projects in Armadale, Lockridge, Karawara and Kwinana (Calista, Medina, Orelia and Parmelia) have already been completed.

The country projects include Albany (Spencer Park and Mt Lockyer), Bunbury (Carey Park and Withers), Collie, Moora, Esperance (Nulsen), Narrogin, South Kalgoorlie, Geraldton (Rangeway, Spalding, Utakarra and Waggrakine), Carnarvon (South Carnarvon, Brockman, Morgan Town) and South Hedland.

During the year some 314 residential dwellings were refurbished for sale across the State at a cost of \$15.4 million. Of these, 301 were sold to provide income of \$41.86 million. The sales market during the year was buoyant and followed a similar trend to that of the last few years.

A further 509 properties were refurbished for retention as rental housing at a cost of \$16.4 million, including \$128,000 for bedsitter conversions. In addition, 116 vacant lots of land were sold throughout the State, earning \$8.9 million in income. Some \$4.2 million was also spent during the year on land development to produce 108 vacant lots and infrastructure enhancements, including the upgrading of parks and streetscapes.

New projects in Bentley, Queens Park and Southwell (Hamilton Hill) gathered momentum during the year. The focus of activity in Bentley was on the internal refurbishment of the 300-unit "Brownlie Towers" complex, which is to be kept for public rental housing. A total of 188 units have already been completed and this phase of the project is scheduled for completion by the end of 2005-06.

In Queens Park, the demolition of the 268 dwelling "Maniana" precinct progressed in earnest. Approximately 130 dwellings have now been demolished. On completion of demolition works, the resultant land will be subdivided and sold to the general public.

The Masterplan for the "Phoenix Rise" project in Hamilton Hill has now been prepared in partnership with the City of Cockburn. The first sales of refurbished dwellings occurred during the year and significant redevelopment activity is now progressing throughout the suburb. The Langford Sales and Information Office was officially closed during the year. The last remaining dwelling refurbishments and vacant lot sales are progressing and it is anticipated that the Langford project will be finalised early in 2005-06.

Outlook 2005-06

Another significant year of activity is anticipated for the New Living program during 2005-06. It is estimated that 381 dwellings will be refurbished for sale under the program at a cost of \$21.8 million. Of these, 361 are expected to be sold to private buyers, providing income of \$48 million. In addition, 427 dwellings have been earmarked for refurbishment and retention as rental housing, at a cost of \$18 million. A further \$9.2 million will be spent developing 160 vacant lots and completing infrastructure projects. It is estimated that 98 lots will be sold for approximately \$10.2 million.

Other projects include:

- Over \$8.5 million will be spent refurbishing 155 dwellings under the "New North" project. It is anticipated that 65 vacant lots will be created on the site of the demolished "Mia Mia" complex in Balga for sale to the public.
- The last of the large-scale apartment complexes in Coolbellup known as "Gunya" (30-units) will be refurbished and sold during the year.
- \$2 million will be set aside for the external refurbishment of the Harler Place complex in Mosman Park and a further \$1 million for the internal refurbishment of the Wandana housing complex in Subiaco.
- Significant external works will also be completed on the "Brownlie Towers" complex in Bentley including installation of new lifts, a new roof and the removal of asbestos. A New Living Program will be initiated in the Bentley precinct.
- New projects will be initiated in Forrestfield, Beaconsfield and Northam.
- Public tenders have been invited to implement a revamped New Living

program in South Hedland on a major scale.

- A New Living project has also commenced in Ashfield where six properties will be refurbished for sale.

Support Operations

Housing Strategy WA

In September 2001 Cabinet endorsed the development of a Housing Strategy WA to explore the State's capacity to continue providing quality, affordable housing over the next 30 years.

In 2004-05, consultation on strategies that might form the body of a state housing strategy was conducted through the Housing Advisory Committee and relevant state government agencies. A draft discussion paper was prepared to enable community consultation on the strategy. However, before it could be presented to Cabinet for endorsement, the state election intervened. The consultation document is now being updated and refreshed to submit to Cabinet, for a full public consultation in the first half of 2005-06.

Commonwealth-State Housing Agreement

The 2003 Commonwealth-State Housing Agreement provides Commonwealth and State funding for public housing, with the current agreement running until 30 June 2008. Each State and Territory has a bilateral housing agreement with the Australian Government, setting out how funding under the multilateral housing agreement will be used to address housing needs in their respective State or Territory. Western Australia's bilateral agreement is available on the Commission's web site.

A feature of the 2003 agreement is that five per cent of base funding (\$3.5 million in 2003-04 for Western Australia) will be dependent on timely reporting and adequate performance, particularly in two key areas:

- reducing workforce disincentives for public tenants; and
- increasing the amount of private investment in public housing.

Reports must be made within six-months of the end of the financial year. The Australian Government Minister informed Western Australia, along with all other jurisdictions, that the state had met its performance targets for

2003-04 and, therefore, would not be sanctioned.

The Housing Industry Forecasting Group

The Housing Industry Forecasting Group was established in August 2000 to research, forecast and disseminate information to government and industry on the state's housing industry. The Group, chaired by Warwick Hemsley, Managing Director of Peet & Company Ltd, has representation from the peak economic, housing and land development bodies as well as key government agencies. The work of the Group is gaining recognition for its specialised local industry intelligence.

The Group released its fifth round of reporting in 2004-05. This report comprised a main report in October 2004 that presented the outlook for 2004-05 and 2005-06. As part of the cyclical process, an interim report was released in April 2005 to update the current forecasts in light of new housing and economic data.

The Group's report highlighted the continued strong growth in the housing industry in Western Australia and the growing backlog of work in the industry. The report indicated that this was pushing out the time taken to complete construction and impacting on the production costs of new housing. Reports from HIFG can be accessed on the [Commission's website](#).

Housing Advisory Committee

The Housing Advisory Committee provides advice to the Minister for Housing and Works on all housing matters. The Committee's membership is drawn from across the housing sector, including the non-government sector, the residential construction industry and relevant government departments. The Office of Policy and Planning provides secretariat services to the Committee.

The Housing Advisory Committee has two standing committees.

- The Regional Housing Standing Committee to advise on State Government policy related to regional housing issues, including housing for government employees and key workers in non-metropolitan areas, and
- The Homeswest Operational Standing Committee to review existing and new operational housing policy for public housing in Western Australia.

During 2004-05, the Minister for Housing and Works chaired the Housing Advisory Committee.

National Housing Research

In 2004-05 the Commission contributed \$100,000 to the Australian Housing and Urban Research Institute for housing and housing-related research projects. The Commonwealth and other states and territories also contribute to the Institute's total funding of \$2.5 million.

Since 2000, the Institute has funded more than 100 housing research projects. It has published numerous final reports, as well as research and policy bulletins that summarise the key findings and policy implications of completed research projects. All reports are available on the Institute's website at www.ahuri.edu.au.

Currently, Western Australia and the Northern Territory represent the interests of the States and Territories on the Institute's board of directors.

The Executive Director of the Office of Policy and Planning is a member of the board of management of the Housing and Urban Research Institute Western Australia. The Housing and Urban Research Institute is responsible for overseeing the direction and development of the Australian Housing and Urban Research Institute research centre in Western Australia.

Associate Professor Fiona Haslam McKenzie was appointed as full-time director of the WA research centre, a position jointly funded by AHURI and Curtin and Murdoch Universities. An objective of the appointment is to strengthen the housing research focus of the WA centre to better compete with the more established Eastern States' housing research centres in winning future AHURI research projects.

Affordable Housing

Western Australia is part of a national initiative exploring ways to supply sustainable levels of affordable housing to the community in the medium to long term.

Housing jurisdictions across Australia and around the world are increasingly grappling with outmoded supply models and this is driving a throng of innovative approaches to leverage additional resources into social housing through:

- the Community sector;
- the Private sector; and
- other partnerships.

Nationally, Housing Ministers are developing and implementing an affordable housing agenda through the National Affordable Housing Project, which is now producing a Framework for National Action on Affordable Housing.

The project has identified the following groups as the main targets for action.

- Young singles on statutory incomes seeking accommodation across the spectrum of housing markets.
 - Working families with children who are excluded from public housing, find Commonwealth Rent Assistance insufficient and are increasingly excluded from home ownership by rising property prices.
 - Indigenous people impacted by low home ownership levels, difficulties in accessing the private rental market and a lack of appropriate housing stock.
- and
- Low to moderate-income workers who struggle for accommodation where service industry jobs are abundant or other work opportunities exist.

The Commission responded in July 2004 by forming the Affordable Housing Steering Committee chaired by the General Manager, Housing and Facilities Management.

The committee oversees the development of policy relating to affordable housing, while liaising with government committees, departments, peak bodies, and not-for-profit organisations. It is also responsible for the development of new products and services on affordable housing initiatives.

To that end, the committee has supplied the Commission with an action schedule designed to clarify the potential for areas to supply more affordable products and services in their own right or in joint venture with the private or community sector. Further work flowing out of this process includes investigations into:

- incorporating planning principles for sustainability into future land and housing projects, particularly on government-owned land;

- new products that will make home ownership more affordable for people in targeted income groups and special needs groups;
- new service models to deliver an expanded product range; and
- increasing Aboriginal Home Ownership through new product development.

Obligatory Reporting

Disability Services Plan

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

The Commission ensures the principles outlined in the five key outcomes out below are addressed through the following actions.

The Five Disability Services Plan Outcomes

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 Commission continues to monitor and deliver appropriate services and outcomes.

During this period, post occupancy evaluation surveys were conducted on a sample of recently constructed homes. Home visits were undertaken to assess the design features and functional aspects of purpose built mobility homes, provided for tenants with a range of disabilities.

2. *Improved access to the Commission's offices.*

This is an ongoing review process across all agency offices, to ensure buildings are accessible for staff and the Commission's customers. Regional offices in the southwest had minor works undertaken this year to ensure improved access.

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

The Commission 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 Commission provides the opportunity for people with disabilities 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 of disability awareness.

Cultural Diversity and Language Services

Many of the Commission's customers are from culturally and linguistically diverse and Indigenous backgrounds. The Commission 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 on a needs basis. Telephone interpreter services are also available to country regions and customers with hearing impairments.

The Commission 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 Commission continued to work in partnership with Anglicare and Fremantle Community Youth Services to provide housing support for young people. The Commission provides housing for a range of youth schemes, and the Department for Community Development provides funding for the management services.

The schemes supported by the Commission include:

- Youth Externally Supported Housing;
- Fremantle Regional Externally Supported Housing; and
- Broome Youth Accommodation Service, administered by the Nirrumbuk Aboriginal Corporation.



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.”

Land Acquisition and Strategic Planning

The Commission actively acquires land and progresses planning approvals to assist in the delivery of affordable residential land, including the provision of sites to meet its housing construction programs.

Overall, actual expenditure on land acquisitions this year was \$36 million, compared with the budget allocation of \$47.2 million. The variance is as a result of delays in settlements on prospective acquisitions with various private vendors, including joint venture partners being postponed to the next financial year. The Commission acquired a total of 30 group housing development sites, 18 in the Perth region and 12 in country regional centres. Approximately 53 single residential allotments were purchased - seven in the Perth Region and 46 in country centres.

The Commission acquires single residential, grouped housing lots and broad-hectare land to meet immediate and longer-term housing needs. Broad-hectare¹ sites comprising about 7.6ha were acquired in Australind, South Hedland and Wangara.

Land use planning projects, which have been subject to formulation over the past year, include broad-hectare sites at Henley Brook (Albion Town), Kiara, Forrestdale, Swan View and Stratton.

A revised structure plan for Albion covering the Commission's holding (148 hectares) and other private owners, has been submitted to the Swan Council in conjunction with the Investa Property Group. The plan provides the basis for progressing with the re-zoning and environmental approval process. Similarly, a preferred development plan for Kiara (14 hectares) has been considered by the Swan Council and will now enable the re-zoning process to proceed.

¹ Broad-hectare land is previously unsubdivided land typically in excess of one hectare.

The Forrestdale project relates to a site of 27 hectares with a focus on devising a comprehensive approach to sustainable land development. Following investigation and stakeholder engagement phases in conjunction with an inter-agency committee, the Commission has prepared a structure plan which features innovative urban design, housing diversity, mixed use development, energy efficiency and water conservation measures. The Commission's aim is to showcase a sustainable built form project, which also provides a component of affordable housing.

Sites at Swan View (4 hectares) and Stratton (20 hectares) have been the subject of structure planning, including consultation with stakeholders.

In a redevelopment context, work has continued on a master plan to guide improvements to the Brownlie Towers precinct in Bentley. A guide plan has also been prepared for Hilton, aimed at facilitating modest increases in housing density. The Commission has collaborated closely with the City of Gosnells through the Maddington-Kenwick Partnership and is planning a number of housing projects to promote housing diversity.

Over the past year, discussions continued with various government agencies in respect of the purchase of strategically located land, which is surplus to the original purpose.

The Commission acquired sites in established areas offering potential for approximately 135 dwellings from agencies such as the Police, Landcorp, Main Roads WA and the Public Asset Rationalisation Committee. In addition, the Commission has acquired two inner city properties in West Perth and East Perth that offer potential for around 150 units.

Outlook for 2005-06

A budget of approximately \$43.5 million is planned in 2005-06 to target specific sites in the metropolitan area and regional centres.

Land Development

The Commission continued the in-house development of broad-hectare holdings in order to:

- assist in the supply of lots for the construction of rental housing;
- provide a continual supply of affordable land, with an emphasis on first homebuyers; and
- bring in a revenue stream to fund the Commission's social programs.

The Commission undertook residential development at Banksia Grove, Dianella, Kwinana and Mirrabooka. A total of \$11.8 million was expended for a yield of 279 lots.

Outlook for 2005-06

The 2005-06 program has a budget for development expenditure of \$19.5 million, with major activity at Brookdale (\$2.2 million), Kwinana (\$6.5 million) and Bunbury (\$4.9 million), for a total yield of 517 lots.

Landstart Redevelopment Program

The Landstart Redevelopment Program involves the rationalisation of ageing public housing stock in areas close to existing services and where the zoning allows for subdivision. These conditions create opportunities for the Commission in the form of new construction and available land on which private homebuyers can build.

Established suburbs with existing infrastructure are an attractive option for private and public housing. Redevelopment enhances the potential yield of housing and creates innovative solutions to streetscapes.

During 2004-05 the focus of the program was on the amalgamation of contiguous lots to create multi-unit sites for the Commission's construction program. Major Dwelling Unit Equivalent (DUES) yields occurred in Innaloo (19), Osborne Park (23), East Perth (70) and Gosnells (13).

In addition to amalgamations, the program also focussed on the creation and sale of vacant

lots in Willagee. During the year, civil works for Stage 7 of the Willagee Redevelopment project were undertaken and involved the creation of 60 vacant lots. Of these, some 18 lots were made available for sale during the year. The Commission will retain 13 lots and the balance of 29 lots will be sold during the 2005-06 financial year.

During the year, a total of 25 vacant lots were sold under the program providing revenue in excess of \$4 million. A further 22 residential dwellings were also sold in "as is" condition in areas such as Beachlands (Geraldton), Hilton and Willagee. The sale of these sites, most of which had development potential, provided revenue of \$5.6 million.

Outlook for 2005-06

The outlook for the Redevelopment Program during 2005-06 involves the sale of 36 vacant lots, mainly in Willagee. These sales will provide approximately \$6 million in income. A further 18 dwellings will be sold in Beachlands, Hilton and Willagee providing an additional \$3.6 million in revenue. It is anticipated that 53 DUES will be created under the program.

Joint Ventures

The joint venture method is now a tried and tested feature of the Commission's development mechanism and is the focus of Landstart's development and marketing program. Nine joint ventures are currently operating.

The joint ventures enable the Commission to access the innovative presentation and marketing strengths of the private sector and create partnerships for sharing the risk in major developments.

The joint venture method also reduces demands on the Commission's cash flow, releasing funds for other activities.

A wide range of products are made available to the consumer, particularly in the larger joint venture projects. The Ellenbrook, Brighton, Clarkson and Dalyellup projects produce cottage, traditional, dress circle and country style lots suitable for the first homebuyer, young families and "empty nesters".

Joint ventures sold a total of 2,265 lots yielding in revenue of \$93.1 million. A total of \$52.3 million was expended for a yield of 2,209 lots.

Brighton

The Brighton joint venture at Butler between Landstart and the Butler Land Company is expected to yield over 6,600 lots with an expected population of 28,000 permanent residents.

2004-05 has seen strong growth and sales in Brighton, with over 524 sales achieving income of \$25.9 million. Expenditure for the year was \$19.2 million, yielding 549 lots.

In 2005-06 a further 682 lots will be produced at a cost of \$28.9 million, with anticipated revenue of \$38 million from the sale of 549 lots.

Beeliar

Landstart entered into a joint venture with Beeliar Partnership Pty Ltd for the development and sale of the remainder of its landholdings at Beeliar.

The project, now known as Mevé, is 22 kilometres from the Perth CBD on Beeliar Drive in the City of Cockburn. It has a capacity to yield approximately 723 lots.

2004-05 was a successful sales year, with 120 lots sold during the financial year and revenue raised of \$5.3 million.

2005-06 will see the development and release of stages six, seven and eight, resulting in a further 123 lots. Income is anticipated to be \$5.4 million from 107 expected lot sales.

Clarkson

"Somerly" at Clarkson is a joint venture between Landstart and Urban Pacific Limited. The venture commenced in June 2002 and lots were released in November of that year.

Somerly comprises 162 hectares and has been serviced by the Clarkson Railway Station since October 2004. This makes Somerly the first transit-oriented development in the North-West corridor.

The Somerly joint venture has successfully negotiated with local Aboriginal people to preserve culturally significant pinnacles that were exposed during site works. A plan to formally document the significance of these pinnacles and to recognise their importance to the original traditional owners is currently being prepared.

With over 650 lots already sold, the Clarkson Joint Venture is well under way. Revenue for

2004-05 was \$8.8 million from 397 sales and 480 lot yields.

It is anticipated that 261 lots will yield in 2005-06 with 332 sales and revenue of \$8.9 million.

Albany (Woodrise)

The Heath Development Company and Landstart have undertaken a joint venture for the development of a 15.5 hectare site on the corner of Angove and Ulster Roads, Albany.

This project will ultimately produce around 190 residential lots and is located about three kilometres from the centre of Albany and close to most services.

The majority of development was completed in 2004-05 with 41 sales for the year achieving \$1.4 million in revenue.

With development to be completed in 2005-06, the focus will shift to marketing the remaining lots. Income is anticipated to be \$0.6 million from the sale of 41 lots.

Seacrest (Wandina)

Seacrest comprises over 153 hectares of land in the southern approach to Geraldton within the Shire of Greenough.

Local developer, Springdale Holdings Pty Ltd is participating in the joint venture development of this land which will eventually yield over 1400 lots.

For the first time in Geraldton, each lot is being cabled for modern technology.

With a number of Government-instigated major infrastructure projects now happening in Geraldton, Seacrest will be an attractive proposition for new homebuyers. Seacrest enjoyed over 208 sales in 2004-05, with income of \$5.9 million.

In 2005-06 revenue is anticipated to be \$7.3 million from the sale of 200 lots at Seacrest. Development expenditure is anticipated to be \$3.8 million, yielding 242 lots.

Quinns (Brighton Beachside Estate)

The joint venture development between Landstart and Heath Development at Brighton Beachside is approximately 36 kilometres north of Perth City via the Mitchell Freeway and 12 kilometres from Joondalup Centre.

The estate has the potential to yield approximately 365 lots and shares technology with the adjoining Brighton estate, including

cabling for the internet and television. The average lot size is 550 square metres.

In 2004-05, 62 sales were achieved at Quinns, with an income of \$5.4 million.

The sales forecast for 2005-06 comprises 69 lots and will consist primarily of traditional and cottage lots, offering the buying public a good choice of design and price range. Revenue is anticipated to be \$6 million.

An exit strategy is now being prepared in anticipation of this project's completion in 2005-06.

Dalyellup

Dalyellup Beach Development is a joint venture between landowners, the Commission and developers Home Satterley Dalyellup Pty Ltd.

The 660 hectare coastal strip is located west of the Bussell Highway at Dalyellup, south of Bunbury. Dalyellup Beach incorporates over 130 hectares of coastal reserve, 50 hectares of tuart forest and 11 hectares of foreshore reserve.

To date, approximately 1419 lots have been released for sale with an estimated 3,300 lots to be released over the life of the development.

Dalyellup has won 9 awards to date, with the most recent being as national finalist in the 2004 Urban Development Institute of Australia Awards (UDIA) for excellence in the State Masterplanned Development category.

Demand for land has remained strong in Dalyellup. There were 273 lot sales in 2004-05 achieving income of \$13.3 million with expenditure of \$17.6 million yielding 243 lots.

It is anticipated that 2005-06 will yield 467 lots at a cost of \$14 million. Revenue is expected to achieve \$23 million from 384 sales.

Ellenbrook

The Joint Venture at Ellenbrook will ultimately consist of seven unique villages surrounding a town centre. Each village will offer a different architectural style and provide a variety of home-site options.

Ellenbrook's fifth village, named Charlotte's Vineyard, combines formal planting, public art and streetscapes among natural bushland. The central focus of the village is a seven-hectare centrepiece of picturesque parkland and conservation area. The second Government primary school in Ellenbrook has

been opened near the lake in Charlotte's Vineyard.

Ellenbrook has won a total of 17 national awards with the latest being the UDIA inaugural Urban Sustainability Award in 2004.

The joint venture acquired an adjoining land parcel which will yield 174 lots as a joint venture development with Kishu Pty Ltd which purchased the Vines Estate and golf course.

Ellenbrook developed 541 lots with expenditure of \$16.9 million in 2004-05 whilst achieving 499 sales with revenue of \$25.1 million.

In 2005-06 anticipated revenue is \$26.4 million from 450 lot sales with expenditure of \$15.5 million yielding 387 lots.

Wellard

The Village at Wellard is a 2,600 lot residential estate that is being developed around the future Wellard train station. It includes 50 hectares of public open space, schools, civic facilities and commercial opportunities. There will be a mixture of residential lots available, from cottage lots to larger traditional-sized lots, together with architect-designed apartments and townhouses.

The development is the southern corridor's first green-fields transit-orientated development. The Village at Wellard is unlike anything else in Perth's southern corridor – a development that combines modern facilities and conveniences with the world's best environmental practices.

Construction of a convenient modern bus station will commence this year and planning for a state-of-the-art train station in the Village Centre is underway. Homes within the Village will be located within a convenient 10 minute walk of the train station.

Wellard settled 140 lots this year with revenue of \$1.48 million.

In 2005-06 it is anticipated there will be 169 sales, achieving income of \$2.03 million, with development yielding 152 lots. Planned earthworks for the construction of the town centre and for the railway line have commenced.

Outlook for 2005-06

In 2005-06, the Commission will appoint partners from the private sector to jointly

develop the balance of Landstart holdings at Banksia Grove and Brookdale.

Plans are underway for longer-term projects at Albion Town (Henley Brook), Golden Bay and Amarillo.

Landstart plans a development program of 2,506 lots at a cost of \$62.7 million through the joint venture program and forecasts sales of 2,301 for \$117.6 million.

Conveyancing Fees

The Securities Branch remained on budget to collect the estimated annual revenue for Conveyancing Fees. As at end of June 2005 the Branch collected \$1.7 million.

Based on income projections for 2005-06, the Branch envisages that it will achieve a similar outcome, subject to the housing market generating similar levels of activity as 2004-05.

Loan Interest Rates

Pursuant to Section 42 of the *Housing Act 1980*, the Commission may, by determination approved by the Minister and published in the Government Gazette, fix a standard rate of interest to apply to all loans.

The interest rate is determined by the Commission's cost of funds, the level of borrower concessions provided across the various home loan schemes, and the effective home loan lending rate charged by the financial institutions, once all added costs are taken into account. The maximum home loan rate charged by the Commission is currently 7.24 per cent, per annum. The rate was published in the Government Gazette on 15 March 2005.



Goal 3: The Environment

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

The Commission's Environmental Policy Statement outlines its commitment to the sustainability of the environment. The statement commits the Commission to:

- developing and implementing procedures to minimise any adverse effects from its activities on the environment;
- complying with all government policy, and environmental laws and regulations relevant to its business and activities;
- integrating environmental considerations into all asset planning, design, construction and operational processes;
- ensuring that suppliers are made aware of the Commission's environmental policies and arrangements under the GreenSmart partnership code;
- ensuring environmental requirements are incorporated into tender and contract documents;
- planning for the efficient use of land with consideration for housing density, orientation, connective street layout, best practice drainage design, retention of bushland, integration of public open space and climatically suitable landscaping;
- consulting and cooperating with environmental agencies and the community on environmental issues; and
- developing and implementing, where practicable, resource efficiency, waste management and recycling programs.

Sustainability

The Commission has also identified what actions it should implement in accordance with the State Sustainability Strategy. These actions are documented in full on the Department of Premier and Cabinet website at www.sustainability.dpc.wa.gov.au.

In 2004-05 the Commission undertook several 'one off' residential projects to demonstrate the

economic and environmental benefits of sustainable housing. These include:

Filter House, Broome

The Commission's sustainable house in Broome, dubbed the Filter House, was completed this year, with the official opening in October 2004. The house has been allocated to a tenant family, and is working in conjunction with the Sustainable Energy Development Office to monitor their water and energy consumption.

Reverse Brick Veneer

A trial development of six reverse brick veneer units is nearing completion in Innaloo. Once occupied, the units will be monitored to record their thermal performance and to test the tenants' perceptions of this construction type.

Pier Street, Northbridge

Architects have been appointed to design two new, multi-residential State Housing developments on Pier Street, Northbridge. The focus for the two developments will be sustainable design and energy efficiency. Containing approximately 70 units each, the projects will provide accommodation for single people and families. Construction is expected to begin early in 2006.

Concrete Housing, Bicton

The Government Architect convened a workshop, attended by representatives from government and industry, to assess the costs and benefits of concrete housing. In light of the findings of this workshop, the Commission has elected to trial a development of concrete housing in Bicton and has selected an architect to design the project. The houses are to demonstrate the innovative use of precast concrete, optimise energy efficiency and place emphasis on passive solar principles and sustainability.

Harrisdale Eco-Village

The Harrisdale Eco-Village aims to establish a vibrant, mixed-use development in Forrestdale. This sustainable community project, which is still in the urban design

phase, will include a variety of housing types arranged in a site-responsive urban design. The community will make use of renewable energy sources and will be the first in Western Australia to comprehensively manage the water cycle.

Framed Construction

The Commission will undertake trial developments of framed houses in regions throughout the State to test the thermal performance of lightweight construction in various climates. Once completed, the houses will be monitored to assess the costs and benefits of framed construction.

Joint Venture Land Development Environmental Initiative - Mevé

As part of the overall Mevé community development plan, the Minister for Housing and Works, the Hon. Francis Logan MLA, local residents and schoolchildren participated in the Nesting Box project. The Nesting Box project has seen the erection of 40 nesting boxes for native fauna in and around Mevé. This project will help to sustain the breeding program for local native birds and animals. 2005-06 will see further sustainability initiatives carried out in partnership with the local community as part of the Mevé habitat link strategy.

Obligatory Reporting

Waste Paper Recycling

The Commission uses Paper Recycling Industries for waste paper removal. This Common Use Arrangement 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.

Energy Smart Government Policy

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

Note: 2002-2004 figures refer to Hay Street and Broome offices only.

Energy Smart Government Policy	2004-05	2003-04	2002-03
Energy Consumption (MJ)	15,454,353	679,179	391,455,014
Energy Cost (\$)	611,733	21,147	2,754,472
Greenhouse Gas Emissions (tonnes of CO ₂)	3,771	173,603	100,056
Performance Indicators			
MJ / m ²	780	633	286,554
MJ / FTE	15,196	778	352,980

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 population².

A further 20 per cent live within 600km of Perth, leaving a mere 7 per cent occupying three quarters of the state.

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

Through its mainstream rental program, the Commission provides rental accommodation, rental subsidies and various structured programs for families on low to moderate incomes. There were 10,208 rental properties in regional locations as at 30 June 2005, accounting for almost 30 per cent of all rental housing stock.

Roebourne Enhancement Program

The Commission continued the Roebourne Enhancement Program which began in 2002-03, to remove asbestos and refurbish houses in the town. During the year, work on eight units was commenced and seven units were completed.

The New Living Program

New Living projects are of varying size and complexity, but generally involve the refurbishment of the Commission's dwellings for sale or retention; the beautification and enhancement of infrastructure in the area (streetscape improvements, upgrading of parks and provision of entry statements); community participation; and in some instances, a land development component for the creation of new lots for sale to the public.

There are currently ten projects underway in regional Western Australia. These projects include Albany (Spencer Park and Mt Lockyer), Bunbury (Carey Park and Withers), Collie, Esperance (Nulsen), Narrogin, South

Kalgoorlie, Geraldton (Rangeway, Spalding, Utakarra and Waggrakine), Moora, Carnarvon (South Carnarvon, Brockman, Morgan Town) and South Hedland.

Outlook for 2005-06

- Almost \$3 million will be spent refurbishing over 60 dwellings under the “One Bunbury” project in Carey Park and Withers, and
- A project in Northam is scheduled to commence soon.

Community Housing

Community Housing programs provide a significant contribution to housing needs in regional Western Australia. In 2004-05 the following projects were completed:

Joint Venture Housing Program

- Three units for singles for the Wheatbelt Aboriginal Corporation in Northam.
- Two units for seniors for the Shire of Victoria Plains in Bolgart.
- Nine units for seniors for the Shire of Irwin in Port Denison.
- Two units for seniors for the Shire of Williams in Williams.

Community Housing Program

- Two units for families for Great Southern Community Housing Association in Albany.
- One unit for people with disabilities for ACTIV Foundation in Busselton.
- One unit for families for Bunbury Housing Association in Bunbury.

Crisis Accommodation Program

- Two units for youth in Albany for the Albany Youth Support Association.
- Two units for Aboriginal youth in Geraldton for Geraldton Streetwork Corporation.
- One unit for single people in Geraldton for Drug Arm Inc.

² Australian Bureau of Statistics, 2001 Census Data.

Two units for youth were also made available in Boulder from regional stock for the Salvation Army. Upgrades were completed on two units in Karratha for Karratha Youth Housing.

Outlook for 2005-06

Community Housing programs will continue to support regional development with the following projects planned for 2005-06.

- Five units for families.
- 65 units in country areas throughout the State, including 52 for seniors, a mixed development of eight units for families and singles, and five units for families.

Aboriginal Housing

In regional Western Australia, 20 per cent of Indigenous people live in 230 discrete communities, mainly in the Kimberley region. Delivery of sustainable housing and infrastructure to Aboriginal and Torres Strait Islander people is therefore a priority. The Commission aims to ensure that communities have access to essential service infrastructure (such as water and power); that essential services are maintained; community infrastructure is improved; new housing provided and existing housing upgraded, renovated and maintained.

Many strategies have been developed to address the particular issues in providing housing and infrastructure to regional and remote Aboriginal towns and communities.

Aboriginal Tenants' Support Service

The aim of the Aboriginal Tenants' Support Service (ATSS) is to provide culturally appropriate support and information to Aboriginal tenants or prospective tenants in regional areas of Western Australia. The Service assists them to obtain housing, understand their tenant rights and responsibilities and maintain a tenancy.

In 2004-05, the Aboriginal Tenants' Support Service operated in a number of regional areas including:

- Port Hedland – the Port Hedland Regional Aboriginal Corporation.
- Albany and Narrogin – the Southern Aboriginal Corporation, and
- Carnarvon – the Kuwinywardu Aboriginal Regional Unit.

The ATSS has been subject to a thorough review in 2004-05 and a new service delivery model will be implemented in 2005-06. The model will focus on providing a professional advocacy, advice and education service to Aboriginal public and private housing tenants throughout the state.

Community Construction and Essential Services Program

The pooling of Commonwealth and State construction programs has led to a significant increase in the number and variety of projects commenced. Construction started in 2004-05 on a total of 134 properties (including six spot purchased), funded by the Aboriginal and Torres Strait Islander Commission and the State Housing Commission.



During the year, the construction of 40 houses was completed. The housing construction program included the design review and further construction of innovative transportable housing designs developed in 2003-04 for the very remote Western Desert communities.

Other significant works included the commencement of 22 new houses in the Tjuraballan COAG site to complement the Housing for Health project being undertaken in this region.

The Remote Area Essential Service Program provides programmed maintenance to power water and wastewater services in Aboriginal communities. It also provides four-weekly water testing and a breakdown repair service. The Program has been expanded from 71 to 78 communities with total expenditure of \$8.02 million.

Other capital works and maintenance works projects have included:

- continuation of the Bunuba housing construction project, with the Bunuba

Aboriginal Corporation contracted to undertake the works;

- completion of community-based housing construction projects at Karalundi and the Ngaanyatjarra Lands;
- upgrade of the airstrip at Kadjina;
- construction of workshops, community laundries and kitchens;
- major upgrades to 198 dwellings and essential maintenance to a further 259 houses through Fixing Houses for Better Health 4 and the Tjuraballan Housing for Health Project;
- Survey Fix One utilising the Housing for Health methodology was completed at all communities in the Tjuraballan Council Of Australian Governments' trial site to assess housing stock and carry out basic repairs to address environmental health problems.
- Survey Fix One under the Fixing Houses for Better Health program was also completed at Jigalong, Leonora, Katampul, Ninga Mia, and Kurrawang communities; and
- contract let for major civil works project at Blackstone community, including a new power station, waste water system, water reticulation, power reticulation and sealing all internal roads. The essential maintenance works were successfully managed through the Indigenous Housing Management System.

Outlook for 2005-06

During 2005-06, construction will commence on 90 houses, with 146 houses scheduled for completion in remote Aboriginal communities across the state. The Commission will continue to implement policy initiatives to encourage community employment and training opportunities within construction projects. Wherever possible, the Commission will foster the employment of Aboriginal apprentices.

The Remote Areas Essential Services Program will be expanded through the integration of essential services capital works projects that were previously delivered through several other programs. The program provides an essential repair and maintenance service for power, water and wastewater infrastructure to remote Aboriginal communities in Western Australia.

The integration will provide a better-coordinated program and alleviate some of the difficulties encountered in the past in relation to commissioning and transferring management of essential service infrastructure.



The Town Reserve Regularisation Program was implemented in 23 communities, involving upgrades to essential and municipal services and the preparation of community layout plans.

Projects undertaken through the Town Reserve Regularisation Program achieved the following objectives.

- Assessment of water, wastewater and power reticulation to eleven town reserve communities in the East and West Kimberley and commence upgrades as required.
- Completion of community layout plans for six town reserve communities in the West Kimberley and eight town reserves in the Pilbara/Gascoyne.
- Commencement of road upgrades at two East Kimberley town reserves.
- Construction of underground power reticulation at Nulleywah community.
- Agreement reached with Western Power to regularise power reticulation management in town reserve communities.
- Emergency repairs undertaken to town reserve essential service infrastructure to 45 town reserves on a needs basis.

Sustainability and Development Program

The Sustainability and Development Program aims to improve the capacity, governance, sustainability and management of Aboriginal community housing organisations and communities throughout Western Australia. The Program's activities in 2004-05 included:

- Appointment of Project Managers in Broome and Kununurra with a view to further increasing a regional presence.

- Funding to Aboriginal housing organisations and communities to employ key administration personnel to help Community Councils in the day-to-day running of the community.
- Provision of operational support and assistance in the development of housing management plans.
- Implementation of the National Skills Development Strategy for Indigenous Community Housing Management, linking training opportunities.
- Creation of 45 employment opportunities in Aboriginal communities throughout the state including Housing Officer, CEO, Community Development Officer and Coordinator positions.
- Allocation of Community Housing Operational Support funding to 12 Aboriginal housing organisations.
- Implementation of the Indigenous Housing Management System, a personal computer-based housing management tool that will assist communities to manage their houses and related assets.

Outlook for 2005-06

The Sustainability and Development Program will:

- continue to provide housing management funding support for housing officers and additional administrative funding, while assisting communities to develop and improve housing management policies and procedures;
- continue the roll-out of the Indigenous Housing Management System and provide ongoing user training and support;
- assist TAFE in developing and delivering the Certificate IV in Social Housing training package to remote Aboriginal communities and town-based Aboriginal housing organisations;
- establish a comprehensive recruitment and workplace relations service for remote Aboriginal communities and organisations in Western Australia;
- undertake financial and operational reviews on nominated communities throughout Western Australia;
- participate with the Department of Local Government and Regional Development Strategic Direction Framework and support projects to increase local government

involvement in the delivery of municipal services; and

- promote the preferential tendering policy and strategies that encourage and support the development of Aboriginal businesses and enterprises by providing additional price advantages in addition to "Buy Local" considerations.

Community Layout Plan Program

The Town Planning for Aboriginal Communities Project (TPACP) has proven to be an award-winning joint venture for the Commission, the Department of Planning and Infrastructure and the Department of Indigenous Affairs.

This year the TPACP has received a 2004 Premier's Award - in the category of "People and Communities; Social and Community Development". The project also recently won the Planning Institute of Australia Award [WA chapter] – "Award for Excellence in Rural and Regional Planning Achievement".

The project has now received national recognition as the winner of a National Planning Institute of Australia Award – "Award for Excellence in Rural and Regional Planning."

TPACP represents an exceptional collaboration between Commonwealth, State and Local Government agencies, the private sector and Aboriginal communities and demonstrates a long-term commitment by participating agencies.

The project has provided a way to address fundamental quality of life issues relating to drinking water, housing, flooding and separation of incompatible land uses resulting in improved living conditions in Aboriginal communities.

Indigenous Housing Management System

The Sustainability and Development Program will provide ongoing training and support to Indigenous Housing Management System users.

The final version of the System (2.10) is now available to Aboriginal communities and Aboriginal housing organisations in Western Australia. Twenty installations were completed in 2004-05. It is anticipated that a further twenty installations will be completed in the 2005-06 financial year.

In-Home Practical Support Program

Organisations in Katanning, Newman, Port Hedland, Derby, Fitzroy Crossing and Bidyadanga have been contracted to deliver the IHPS to identified communities in regional and remote areas.

Landstart Joint Ventures

The Commission undertakes a number of Joint Venture land development programs for the development of regional sites for future residential housing. There are three joint ventures currently operating in regional WA:

- ***Albany (Woodrise)***
The Heath Development Company and Landstart has undertaken a joint venture for the development of a 15.5 hectare site on the corner of Angove and Ulster Roads, Albany.
- ***Seacrest (Wandina)***
Seacrest comprises over 153 hectares of land in the southern approach to Geraldton within the Shire of Greenough. It will eventually yield over 1,600 lots and will provide for striking ocean views as well as lots overlooking the Moresby Ranges to the east. Local developer Springdale Holdings Pty Ltd and Landstart are participating in the joint venture development of this land.
- ***Dalyellup***
Dalyellup Beach Development is a joint venture between landowners, the Commission and developers, Home Satterley Dalyellup Pty Ltd. The joint venture commenced in 1999 and uses the natural landform to create villages that are separated by linear parks, providing a unique blend of bushland and coastal precincts.

Obligatory Reporting

Regional Development Policy

The Commission implements policy initiatives to encourage employment and training opportunities within construction projects in Aboriginal communities. Wherever possible, the Commission will foster the employment of Aboriginal apprentices and trainees.

Midwest Training Group

The Commission continued its partnership with the Midwest Training Group in Geraldton for

the training of Aboriginal apprentices in the construction industry. Midwest Training Group (MWTG) is a registered builder, operating as MTG Builders and provides direct employment to its apprentices. Under this partnership arrangement, the Commission bypasses the tender process (with State Supply Commission permission) by negotiating an agreed contract market price with MTG Builders and provides a designated number of construction projects each year (approximately three to four houses).

In 2004-05, MWTG provided training to five carpentry apprentices in the construction of four houses in Geraldton. Two of these houses have been completed and the other two are near completion.

MWTG have been awarded a contract for the construction of a further two townhouses in Geraldton for 2005-06.

Albany Skill Hire

DHW has an established partnership with Albany Skill Hire to provide for the employment of apprentices in the construction industry in the Albany region. The training company nominates a host builder that then submits a contract price for the project outside the open public tender process.

Albany Skill Hire employed two Aboriginal apprentices in the construction of five houses near Katanning which were completed in 2004-05, with a further four townhouses nearing completion.

South Metropolitan Youth Link

South Metropolitan Youth Link (SMYL) have initiated a group training scheme in Derby and has indentured six Aboriginal apprentices who were initially to work on the construction of a new health facility for Derby Aboriginal Health Services (DAHS). These apprentices were employed on the understanding that there would be sufficient ongoing work when the health facility was completed to ensure the continuation of their training could be maintained for the length of their apprenticeships.

Outlook for 2005-06

Three tenders for 4 units in Derby went out late April/early May. Each of these tenders contained an addendum requiring the contractor to either, employ directly or through a subcontractor, an Aboriginal apprentice or trainee from the commencement on site to the practical completion of the works.

The wording "one apprentice" in this clause can be interpreted as "the equivalent of one apprentice" that is, the allocation of total time for one apprentice can be made up by several apprentices from different trades each contributing to the all up value of one person.

Regional Upgrade Strategy (Stock Replacement)

In 2004-05, the Commission commenced a four year Regional Upgrade Strategy that will see the replacement of 800 properties and the refurbishment of a further 200 properties in regional Western Australia. The replacement and refurbishment of ageing properties is being undertaken in close consultation with the community.

Since much of the original public housing stock in country towns was built for families, this program also enables the Commission to expand housing types to meet the specific needs of seniors and one or two-person households.

Under the Regional Upgrade Strategy, 100 new dwellings were commenced in the towns of Denmark, Gnowangerup, Katanning, Kojonup, Tambellup, Boyanup, Boyup Brook, Brunswick Junction, Busselton, Capel, Collie, Donnybrook, Harvey, Kalgoorlie, Carnarvon, Cue, Mount Magnet, Port Hedland, Roebourne, Broome, Derby, Bakers Hill, Cunderdin, Dalwallinu, Narrogin, Northam, Wundowie and Wyalkatchem. In addition, the refurbishment of 84 units commenced in country towns throughout the state.



Goal 5: Governance

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

Board of Commissioners

The Board of Commissioners comprises seven members, with six drawn from the community and the General Manager of the State Housing Commission as an *ex officio* member. The Board is accountable to the Minister for Housing and Works and is supported by the Department of Housing and Works' executive staff. Board members have special skills and differing backgrounds, and provide best practice governance.

Composition of the Board

Ian Taylor **Chairman**

Ian Taylor is the Chairman of the Landstart Board and a member of the Keystart Board of the State Housing Commission. He is also the Chairperson of the Regional Development Council and a former Deputy Premier of Western Australia.

David Coates **Deputy Chairman**

David Coates is a partner in accounting firm Deloitte Touche Tohmatsu and has extensive experience in the financial reconstruction of major companies, including several in the property and building sectors.

Peter Yu **Commissioner**

Peter Yu is a Yawuru man from Broome. He is currently Chair of the Aboriginal Housing Infrastructure Council in WA. Mr Yu has worked in an advocacy role on behalf of Aboriginal interests in the Kimberley area and other parts of Western Australia for most of his career.

Dr Ann Zubrick **Commissioner**

Dr Ann Zubrick is a Director of AAAJ Consulting Group and an educationalist with special interests in education, community and service planning. She chairs the Council of Methodist Ladies' College and is a member of several boards including Therapy Focus, which

provides therapy services to school-aged children with disabilities.

Mike Bonney **Commissioner**

Mike Bonney is a licensed finance broker and consultant. He has provided management services to many cooperative housing societies in WA. Mr Bonney is a former National President of the Australian Cooperative Housing Society Association and a former Chairman of the Inner City Youth Service.

John Gherardi **Commissioner**

John Gherardi has had a long-standing involvement in social housing policy and has been associated with the Commission through various consultative bodies and program committees. He has been involved in the provision of community housing for many years, and is Director of City Housing. Mr Gherardi is Chief Executive of Ruah Community Services and a Director of the WA Council of Social Services.

Greg Joyce **Director General (General Manager State Housing Commission)**

Greg Joyce joined Homeswest in 1973. He was appointed General Manager in 1992 and became Director General of the Department of Housing and Works in July 2001. He maintained his position of General Manager, State Housing Commission until his retirement in January 2005.

Bob Thomas **Acting Director General**

Bob Thomas was appointed Acting Director General in February 2005 after the retirement of Greg Joyce. This acting position is to be in place until a replacement Director General is appointed.

Board Governance

The Board of Commissioners is accountable for the performance of the State Housing Commission as required under the *Housing Act 1980*, and is responsible for its overall corporate governance.

The Board formulates strategic direction, establishes policies, sets the budget and programs and monitors achievements against agreed targets and outcomes, subject to the control and direction of the Minister for Housing and Works.

Written reports on the Commission's activities and financial statements are provided to the Board each month.

Board members are appointed on the recommendation of the Minister for Housing and Works for up to three years. Commissioners are bound by the provisions of the *Statutory Corporations (Liability of Directors) Act 1996*. In addition, the Board has adopted for itself and members of other Boards associated with the Commission, the Code of Conduct of the Australian Institute of Company Directors.

Remuneration for Board members is: Chairman \$48,300 plus expenses, Deputy Chair \$26,500 and Members \$19,320. Members are also reimbursed for justifiable expenses incurred carrying out their responsibilities. More details can be found in the Financial Statements.

In 2004-05 there were ten Board meetings. Attendance is shown below.

Board Member	Position	No. Meeting s 2004-05	Max. Possible Attende d
Ian Taylor	Chairman	9	10
David Coates	Deputy Chairman	10	10
Peter Yu	Commissioner	9	10
Dr Ann Zubrick	Commissioner	9	10
Mike Bonney	Commissioner	10	10
John Gherardi	Commissioner	10	10
Greg Joyce	Director General	5	5
Bob Thomas	Acting Director General	5	5

Audit Committee

On 28 July 2004, in line with the Office of the Auditor General's recommendation that Chief Executive Officers should not be members of Audit Committee's, the Director General stepped down as a Member of the State Housing Commission Audit Committee.

On 18 August 2004, the SHC Board of Commissioners supported a recommendation of the Director General to establish one Audit Committee to address both the State Housing Commission and the Department of Housing and Works.

The new Department of Housing and Works Audit Committee, in relation to State Housing Commission matters, is an advisory Committee established to assist the Accountable Authority discharge its responsibilities under Section 55 of the Financial Administration and Audit Act 1985, in relation to Housing activities.

The State Housing Commission Audit Committee met twice during the year.

Member	Position	No. of Meetings 2004-05	Max. Possible Attended
David Coates	Chairman	2	2
Ian Taylor	Independent Member	2	2
Greg Joyce	Director General	1	1

Internal Audit Function

In accordance with the requirements of the Financial Administration and Audit Act 1985, the Management Review and Audit Branch (which incorporates internal audit services) operates as an independent appraisal activity. The branch provides management with consulting activity to ensure that activities are carried out effectively and efficiently in accordance with sound business practices and all legal requirements. The branch also assists the Board of Commissioners with their corporate governance responsibilities.

A comprehensive Strategic Audit Plan, which addresses key business risks and focuses on reviewing the efficiency and effectiveness of operations of the organisation, is reviewed annually.

By direction of the Audit Committee, the function also provides assistance to the Board in implementing desired risk management

strategies, and continues to significantly support the risk management framework.

The Department of Housing and Works Audit Committee met twice during the year.

Member	Position	No. of Meetings 2004-05	Max. Possible Attended
David Coates	Chairman	2	2
Ian Taylor	Independent Member	2	2
Lloyd Guthrey	Independent Member	2	2
Lee Gimblett	Independent Member	1	1

Aboriginal Housing and Infrastructure Council

The Aboriginal Housing and Infrastructure Council (AHIC) met five times during the year.

In 2004-05, AHIC consolidated its position as the principal source of advice on policies and strategies to improve housing outcomes for Aboriginal people in Western Australia.

Member	Position	No. of Meetings 2004-05	Max. Possible Attended
Peter Yu	Chairperson	5	5
Barbara Henry	State Representative	1	1
Sue Wyatt	State Representative	2	5
Barry Taylor	ATSIC Representative	1	1
Brian Champion	ATSIC Representative	5	5
Sandy Davies	ATSIC Representative	2	4
George Hamilton	ATSIC Representative	5	5
George Hayden	ATSIC Representative	2	5
Danny Ford	Executive Director AHID	5	5
Doc Reynolds	Ex-officio member	2	4

Landstart Advisory Board

The State Housing Commission appoints the Landstart Board after consultation with the Minister. The Landstart Board comprises five members and met six times during the year.

Member	Position	No. of Meetings 2004-05	Max. Possible Attended
Ian Taylor	Chairman	6	6
Lloyd Guthrey	Member	6	6
William Griffith	Member	6	6
Greg Joyce	Member	2	3
John Coles	Member	6	6
Bob Thomas	Member	3	3

The Landstart Board meets to strategically consider all aspects of Landstart's functions, including land acquisition.

Its responsibilities include development, provision of land for rental construction, sale of land to the public, joint venture land development projects and the financial and functional management of the land asset.

Decisions on major land acquisitions and sales are referred to the Commission.

Joint venture boards or management committees provide governance of joint venture land development projects. Each participant has equal representation on joint venture boards and committees which meet monthly, bimonthly or quarterly according to the progress of the project.

Keystart Advisory Board

The Keystart Board has seven members appointed by the State Housing Commission Board after consultation with the Minister. The Board is responsible for the administration of the Keystart Housing Scheme and associated company and trust structure.

The Keystart Board met eleven times during the year.

Member	Position	No. of Meetings 2004-05	Max. Possible Attended
Lloyd Guthrey	Chairman	10	11
Greg Joyce	Director	5	7
Ian Taylor	Director	9	11
Mike Bonney	Director	11	11
David Butler	Director	9	11
Raymond Chadwick	Director	11	11
Rochelle Bradley	Director	9	11
Bob Thomas	Director	3	4

Delegation of Authority

In most circumstances, under the *Housing Act 1980*, authority to undertake transactions is conferred on the Minister for Housing and Works and/or the Board of Commissioners.

However, Section 13 of the Act provides that the Board can, with the consent of the Minister, delegate by an instrument in writing, any of its powers and functions under the Act, to an officer of the Commission. Generally, these delegations are always subject to Board and Ministerial budget and program approval (and other requirements) on a tri-annual basis. An appropriate delegation regime framework was developed, and a comprehensive Register created to demonstrate those formal delegations. The original Register was developed in 1993 in consultations with the Crown Solicitors Office.

Information Services

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

The Commission has committed another three to five years to its Housing application, Caretaker, with Fujitsu winning the tender to support the application. The new contract provides the Commission with far greater value, both in comparison with the previous contract, as well as with the rest of the industry. Significant enhancements pertaining to providing better customer service, integration with other government agencies and improving internal efficiencies have been carried out in the past year.

Our People

Human Resource Management

The Department of Housing and Works had 1257 staff at 30 June 2005, of which 1017 were employed by the Commission. The following table indicates staff numbers for the Commission, including staff provided for the Government Employees Housing Authority and the Country Housing Authority.

State Housing Commission Employees			
Employees	2004-05	2003-04	
Permanent			
Full-time	785	737	
Part-time	102	49	
Contract			
Full-time	110	67	
Part-time	11	6	
Casual	0	0	
Trainee	9	14	
Other	0	0	
Total Employees	1017	873	

Training and Development

In addition to the strong emphasis on Equal Opportunity, the Commission's training program also focussed on supporting the activities of the public housing workforce. This included training in Understanding Family and Domestic Violence, Managing Challenging Behaviour, Aboriginal Cultural Awareness, Mental Illness Awareness and Personal Security.

The new Certificate IV in Social Housing received further support from the Commission this year and a course Steering Committee with Executive representation was created in March 2005. The course got underway with its first intake in Semester 1, 2005.

Further intakes are planned and underpinning this course is an "up-front" workplace assessment aimed at providing recognition of existing skills whilst using an accredited framework for the identification of skills and knowledge gaps.

Planned enhancements include the creation of a professional learning network and resource that will increase exchange opportunities between the workforces of the three sectors which make up the social housing industry - Indigenous housing, community housing and Homeswest public housing.

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.

The Commission continued to support more specialised staff training needs by providing access to external public training and personal development opportunities across a diverse range of fields. These ranged widely across Public Sector policy seminars, IT practitioner professional development and end-user training, financial management and human resource issues.

The Commission'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 the Commission's 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.

Outlook for 2005-06

Key training initiatives planned for 2005 include:

- Development of sustainability awareness training to support the Commission'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.
- Increased training support for staff managing the changes generated by the transition to the corporate Shared Services Centre.

Occupational Safety and Health

Employee safety and welfare continued to be a high priority for the Commission, 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 Commission'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 Commission's workforce is the publication of four OSH newsletters.

The Commission's Wellness Program was expanded by the introduction of yoga classes for head office employees, supplementing the Commission'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.

	2004-05	2003-04	2002-03	2001-02
Number of lost time injuries	2	9	9	14
Frequency rate ¹	0.93	4.35	3.3	9.9
Incident rate ²	0.17	0.78	0.83	1.5

Note: ¹The number of lost time injuries per million hours worked.

²The 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.

Code of Ethics and Code of Conduct

The Public Sector Code of Ethics and the Commission's own Code of Conduct has been made available to all employees via the Commission's InfoNET system. Information is

provided on both items via the Commission's on-line induction system and at the Commission's induction course.

A review of the Commission'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.

Communications and Marketing

The Communications and Marketing unit is responsible for all internal and external communications. Its primary aim is to distribute relevant information to key stakeholders to support the Commission's mission and the objectives of the strategic plan.

During 2004-05 the unit was involved in several major projects including:

- ongoing management of the Commission's badging and corporate branding;
- ongoing reviews of all publications;
- ongoing management of the Commission's website content;
- implementation of a new content management system for websites;
- project management of all advertising and sponsorship on behalf of Landstart and Keystart;
- ongoing community consultation in relation to major projects and initiatives; and
- response to media enquiries, production of press releases and speeches for the Commission and the Minister and management of events around the state, including media support for the upcoming National Housing Conference in Perth, October 2005.

Performance Reporting

The Balanced Scorecard provides management and the Board of Commissioners with a comprehensive overview of organisational performance. The scorecard not only includes measures of financial performance, but complements these with operational measures on customer satisfaction, internal processes and the Commission's human resources.

The mission, objectives, guiding principles and strategies identified in the Strategic Plan have specific measures identified which are represented by the four key result areas of the Balanced Scorecard. The four key results areas are:

- **Sustainability** - which reflects the Commission's ability to remain solvent and capable of delivering housing assistance in the future;
- **Customer Service** - which measures the degree to which the Commission is responsive to customer needs for housing assistance;
- **Internal Processes** - which measure the efficiency of the Commission's internal processes to deliver housing assistance; and
- **Learning and Growth** - which measure the Commission's ability to learn and adapt to change and implement new initiatives.

The Commission continues to participate in a Balanced Scorecard industry group managed by Curtin University of Technology which exists to share ideas and information on Balanced Scorecard methodology used in the private and public sectors.

Compliance with Legislation

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

Commonwealth Legislation

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

State Legislation

- *Construction Contracts Act 2004*
- *Housing Act 1980*
- *State Supply Commission Act 1991*
- *Financial Administration and Audit Act 1985*
- *Residential Tenancies Act 1987*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *Equal Opportunity Act 1984*

- *Government Employees Superannuation Act 1987*
- *Occupational Health, Wealth and Safety Act 1987*
- *Workers' Compensation and Injury Management Act 1981*
- *Industrial Relations Act 1979*
- *Industrial Relations Amendment Act 1993*
- *Minimum Conditions of Employment Act 1993*
- *Freedom of Information Act 1992*
- *Environmental Protection Act 1986*
- *Statutory Corporations (Liability of Directors) Act 1996*
- *Fair Trading Act 1987*
- *Consumer Credit (Western Australia) Act 1996*
- *Transfer of Land Act 1893*
- *Valuation of Land Act 1978*
- *Land Administration Act 1997*
- *Local Government Act 1995*
- *Water Corporation Act 1995*
- *Public Works Act 1902*
- *Town Planning and Development Act 1928*
- *Metropolitan Region Scheme Act 1959*
- *Aboriginal Heritage Act 1972*
- *Native Title (State provisions) Act 1999*
- *Swan Valley Planning Act 1995*
- *State Title Planning Act 1995*
- *Heritage of Western Australia Act 1990*

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

Obligatory Reporting

Sustainability Code of Practice

In accordance with the Sustainability Code of Practice, the Commission has formulated a Sustainability Action Plan to be implemented over three years from 1 January 2005-31 December 2007. The full Plan can be downloaded from the DPC website at www.sustainability.dpc.wa.gov.au.

Actions progressed to date are:

- **Waste**
The Commission has appointed a consultant from the Government's Waste Audit Consultancy panel to conduct a waste audit. The waste auditor will assess the Commission's waste management in five metropolitan offices and formulate recommendations on waste minimisation, management and recycling to all Commission offices.

The Commission currently has recycling programs in place for paper, cardboard, aluminium cans and office machine consumables.
- **Energy**
The Commission 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 the lifts, air conditioning and lighting at 99 Plain Street, an air conditioning upgrade to the Fremantle Office and electrical and lighting upgrades to 108 Adelaide Terrace, East Perth.

The Commercial Property Branch is monitoring and reporting on the Commission'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 Commission's buildings. The Commission will develop strategies in response to outcomes of the audit.
- **Vehicles and Travel**
The Commission'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 Commission has undertaken research into various building and construction issues. Past projects include reports on

insulation products, and reverse brick veneer, which has led to a trial development of reverse brick veneer houses being constructed in Perth. More recent topics include solar water heaters, which resulted in a review of the Commission's policy on water heaters for State housing; and framed construction, which has prompted pilot developments of framed houses throughout the State.

- **Capacity Building for Sustainability**

The Commission's internal Sustainability Newsletter continues to keep staff informed on the latest local and global sustainability issues, projects, products, publications and workshops.

For future awareness raising, the Commission is developing Sustainability Awareness workshops for staff as part of the training program, as well as an interactive webpage for staff information and feedback on sustainability issues.

A number of recent sustainability initiatives by the Commission 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 the Commission's website at www.dhw.wa.gov.au.

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, 24 general awareness sessions were presented. Four of these formed Day Two of the Commission'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 Commission 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 Commission's Recruitment and Selection Policy to include targeted recruitment strategies designed to improve on the Commission's diversity and equity indices.

Diversity Survey

A survey was circulated to all employees during April, thus building on the 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 Commission continued its commitment to Indigenous employment by providing entry-level employment opportunities to 11 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 Commission.

During the reporting period the Commission maintained its numbers of Indigenous staff employed above 8% of the total Department of Housing and Works' workforce.

Corruption Prevention

Fraud, corruption and misconduct detection and prevention forms part of the Commission'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 minimize 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; and
- Segregation of duties in relation to payments and other internal controls.

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

Advertising and Marketing

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

Advertising and Market Research	2004-05
Advertising Agencies	
Bowtell Clarke & Yole	\$249,281.55
Market Research Organisations	Nil
Polling Organisations	Nil
Direct Mail Organisations	Nil
Media Organisations	
Marketforce	\$236,015.50
Media Decisions	\$162,376.45
Total	\$398,391.95
Total Advertising and Market Research	\$647,673.50

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 the publishing of

internal procedures relating to the Commission's obligations on the Department's InfoNET system. 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 Commission 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.


Disclosure of Pecuniary Interest

Except as mentioned below, senior officers do not have an interest in any existing or proposed contracts made with the organisation.

All Commissioners abide by the Code of Conduct of the Australian Institute of Company Directors in respect of conflict of interest.

Specifically, one Commissioner declared pecuniary interests in firms that have business dealings with the Commission or companies owned by the Commission.

Commissioner John Gherardi was a Director (resigned March 18, 2005) of the Perth Inner City Housing Association prior to his resignation on 18 March 2005, which is



involved in the provision of housing to low-income earners using funds allocated under the Commission's Community Housing Programs. He is also the Chief Executive Officer of Daughters of Charity Services (WA), trading as Ruah Community Services, which has a Service Agreement with the Commission to provide support services to people in the private rental market through the Homeless Helpline initiative.

Where conflicts arises, Commissioners have no involvement whatsoever in the Board process.

Statement of Compliance with State Records Act 2000

In the administration of the State Housing Commission, operating as part 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

Compliance with Public Sector Standards and Codes

1. In the administration of the State Housing Commission, operating as part 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
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Number of breaches found, including details of multiple breaches per application:	0
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Number still under review:	0
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R F THOMAS
ACTING DIRECTOR GENERAL

Tables

Housing Industry Awards

The Commission's construction projects, which won or were finalists for the awards were:

Housing Industry Association Awards

2004 Kitchens & Bathroom Awards

FINALIST	Most Accessible Bathroom Project of the Year Spencer Street, Yokine
WINNER	Most Accessible Kitchen Project of the Year Spencer Street, Yokine

2004 Perth Housing Awards

FINALIST	Townhouse/Villa Project Up to \$150,000 per dwelling BGC Construction – Barnes Street, Innaloo
FINALIST	Townhouse/Villa Project Up to \$150,000 per dwelling Premier Building Solutions – Birkett Avenue, Beeliar

2005 Kitchen & Bathroom Awards

WINNER	Most Accessible Bathroom Project of the Year Endius Homes – Haig Street, Ashfield
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2005 Great Southern Housing Awards

WINNER	Townhouse/Villa Project of the Year J & TW Dekker – David Street, Albany
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2005 Green Smart Awards

FINALIST	Building of the Year H & M Tracy Construction & Project Management – Bin Sallik Avenue, Broome
JOINT WINNER	Energy Efficiency Award of the Year H & M Tracy Construction & Project Management – Bin Sallik Avenue, Broome

Master Builders Awards

Kalgoorlie/Esperance Region – August 2004

WINNER Unit Development (Over \$100,000)
Sime Building and Construction – 17 Foy Street, Esperance

Great Southern Region – October 2004

WINNER Group Dwelling (Under \$500,000)
Rommstead Homes – 33 Lancaster Road, McKail (Albany)

WINNER Group Dwelling (Over \$500,000)
Trevor Parsons – 24 Butts Road, Yakamia (Albany)

Metropolitan Housing Excellence Awards – March 2005

FINALIST Contract Homes (Under \$100,000)
Premier Building Solutions – Birkett Avenue & Hybanthus Loop,
Beeliar

FINALIST Contract Homes (Under \$100,000)
BGC Construction – Kookaburra Avenue, Greenfields

Kimberley Region – June 2005

WINNER Contract Homes (Over \$1m) – Callan Constructions – Unit 4/25
Lockyer Street, Karratha

Statistical Summary

RENTAL WAITING LIST BY CUSTOMER TYPE	2004-05	2003-04	2002-03	2001-02	2000-01
Family	7,495	7,190	7,268	7,800	8,667
Senior Single	1,771	1,615	1,600	1,762	1,707
Senior Couple	306	280	286	297	314
1 Bedroom Applicants	3,553	3,703	3,827	4,335	4,768
TOTAL	13,125	12,788	12,981	14,194	15,456

RENTAL WAITING LIST BY BEDROOM NUMBER	2004-05	2003-04	2002-03	2001-02	2000-01
2 Bedroom family	3,904	3,800	3,859	4,389	4,774
3 Bedroom family	2,770	2,660	2,757	2,768	3,231
4 Bedroom family	691	640	564	559	602
5+ Bedroom family	130	90	88	84	60
Senior Single (bsr, 1 & 2br)	1,771	1,615	1,600	1,762	1,707
Senior Couple (1br & 2br)	306	280	286	297	314
1 Bedroom Applicants (bsr & 1br)	3,553	3,703	3,827	4,335	4,768
TOTAL	13,125	12,788	12,981	14,194	14,456

NEW TENANCIES BY CUSTOMER TYPE	2004-05	2003-04	2002-03	2001-02	2000-01
Family	2,233	2,542	2,891	3,059	3,001
Senior Single	622	797	764	711	665
Senior Couple	194	246	213	164	285
1 Bedroom Tenant	1,022	1,098	1,291	1,273	1,225
TOTAL	4,071	4,683	5,159	5,207	5,176

RENTS	2004-05	2003-04	2002-03	2001-02	2000-01
Rebated	27,307	28,085	28,142	27,835	27,687
Full Rent	5,754	5,058	5,004	5,414	5,539
TOTAL	33,061	33,143	33,146	33,249	33,226

TENANT INCOME SOURCES	2004-05	2003-04	2002-03	2001-02	2000-01
Age Pension	23.7%	23.7%	22.8%	22.1%	23.1%
Disability Support Pension	20.5%	20.2%	19.9%	19.2%	18.3%
Parenting Payment Single	16.7%	17.5%	17.6%	17.8%	17.7%
Newstart Allowance	6.5%	7.1%	7.6%	7.7%	7.5%
Veteran Services	2%	2.1%	2.2%	2.3%	2.3%
Low Wage Income	5.7%	6.4%	6.7%	6.3%	6.2%
Other	7.5%	7.9%	8.1%	8.3%	8.2%
Full Rent	17.4%	15.1%	15.1%	16.3%	16.7%

RENTAL ARREARS	2004-05	2003-04	2002-03	2001-02	2000-01
Average Arrears per Account	\$15.49	\$16.26	\$22.54	\$14.16	\$13.44
Percentage Accounts in Arrears	8.46%	13.69%	18.52%	9.8%	10.47%

RENTAL STOCK BY BEDROOM NUMBER	2004-05	2003-04	2002-03	2001-02	2000-01
Bedsitter	267	298	372	420	486
1 Bedroom	7,935	7,809	7,650	7,431	7,163
2 Bedroom	9,860	9,791	9,710	9,677	9,635
3 Bedroom	13,686	14,089	14,305	14,675	15,018
4 Bedroom	2,653	2,604	2,568	2,493	2,459
5+ Bedroom	469	447	420	372	350
TOTAL	34,870	35,038	35,025	35,068	35,111

RENTAL STOCK BY DWELLING TYPE	2004-05	2003-04	2002-03	2001-02	2000-01
House	12,633	12,591	12,852	13,083	13,447
Duplex	4,556	4,654	4,652	4,676	4,612
Medium-High Density (1)	17,681	17,793	17,521	16,905	16,593
Other (2)	0	0	0	404	459
TOTAL	34,870	35,038	35,025	35,068	35,111

BUILDING COMMENCEMENTS (3) BY CUSTOMER TYPE	2004-05	2003-04	2002-03	2001-02	2000-01
Family	541	522	530	479	491
Singles	167	143	267	188	170
Seniors	181	262	200	264	309
TOTAL	889	927	997	931	970

LAND PRODUCTION	2004-05	2003-04	2002-03	2001-02	2000-01
Lots produced (4)	2,838	1,979	2,132	1,705	1,350

Notes

All stock numbers relate to Public Housing and Aboriginal Rental Housing Program dwellings only and percentages are rounded.

- 1) Medium-High Density: Townhouses, Flats and Apartments
- 2) Other: Cluster House and Non Standard
- 3) Commencements: Letter of Acceptance, excludes Purchase Housing (homes built for sale). Includes spot purchase (acquisitions) and joint ventures
- 4) Lots produced include land development and redevelopment, estates improvement and joint ventures.

2004-05 Construction, Spot purchase, Refurbishment and Bedsitter Conversion programs

Program	Commencements	Completions	Expenditure (\$M)	Carryover Completions	Carryover Expenditure (\$M)
CONSTRUCTION AND SPOT PURCHASE PROGRAMS					
State Housing Rental Program					
Constructed (Rental)	610	589			
Purchased (Rental)	165	165			
Constructed (Joint Venture)	47	40			
Purchased (Joint Venture)	0	0			
Constructed (Resident-Funded Joint Venture)	30	0			
Program Total	852	794	109.649	981	98.865
Aboriginal Housing Urban Program					
Constructed (Rental)	30	22			
Purchased (Rental)	7	7			
Program Total	37	29	7.900	37	5.007
Aboriginal Housing Communities Program					
Constructed (Commission)	133	37	14.017	120	28.738
Constructed (ATSIC)	1	3	1.557	1	0.788
Program Total	134	40	15.574	121	29.526
Community Housing Programs					
Community Housing Program	8	16	3.815	20	0.788
Crisis Accommodation Program	16	18	3.439	7	0.828
Program Total	24	34	7.254	27	1.616
Subtotal	1047	897	140.377	1166	135.014

Program	Commencements	Completions	Expenditure (\$M)	Carryover Completions	Carryover Expenditure (\$M)
REFURBISHMENT AND BEDSITTER CONVERSION PROGRAMS					
State Housing Rental Program					
Refurbishments	203	241	4.971	6	0.150
Bedsitter Conversions	10	10	2.636	0	2.060
Program Total	213	251	7.607	6	2.210
New Living Program (Retained Properties)					
Refurbishments	528	509	16.254	186	2.768
Bedsitter Conversions	6	0	0.128	6	0.172
Program Total	534	509	16.382	192	2.940
Aboriginal Housing Communities Program					
Refurbishments	198	133	9.006	122	9.427
Program Total	198	133	9.006	122	9.427
Roeburne Enhancement Program					
Refurbishments	8	7	0.492	2	0.313
Program Total	8	7	0.492	2	0.313
Community Housing Programs					
Community Housing Program	0	0	0.000	0	0.000
Crisis Accommodation Program	4	5	0.076	0	0.000
Program Total	4	5	0.076	0	0.000
Subtotal	957	905	33.563	322	14.890
Total	2004	1802	173.940	1488	149.904

Outcomes

Outcome: Housing eligible Western Australians

HOME LOANS SERVICES 2004-05

	Actual 2004-05	Target 2004-05	Explanation for variance
Keystart (includes Goodstart, AHOS and Access loans) - Number of loans approved	5,417	4,837	Keystart lending surged in response to increased demand resulting from the stamp duty exemption for first home buyers from 1 July 2004.
GoodStart - Number of loans approved	85	70	The restructure of the GoodStart scheme led to more integrated marketing to Homeswest tenants.
Aboriginal Home Ownership Scheme - Number of loans approved	86	50	Lending increased as result of increased marketing and implementation of the Aboriginal Home Ownership Strategic Plan.
Access Home Loan Scheme - Number of loans approved	44	50	Lending declined as a result of increasing house prices, particularly in the Metropolitan area, which is making home ownership less affordable for people on Disability Support Pensions.

Outcome: Housing eligible Western Australians

RENTAL HOUSING SERVICES 2004-05

	Actual 2004-05	Target 2004-05	Explanation for variance
Homeswest Rental Program			
Commencements	852	1,089	The shortfall in commencements, completions and expenditure was due to the following factors:
Completions	794	1,048	
Expenditure	\$109.649M	\$130.066M	<p>During the year, the residential construction industry faced unprecedented demand from consumers. This resulted in severe shortages of labour and materials, which affected contract periods and industry competitiveness. Consequently, while sufficient projects were put to tender to meet the target, many were not awarded as no tenders were received or prices were too high.</p> <p>The Department embarked on a large program to spot purchase existing dwellings. However, due to the buoyant property market, the Commission had difficulty purchasing sufficient suitable properties within a reasonable price range.</p>
Homeswest Refurbishment			
Commencements			<p>Variance in commencements in the General program was not significant.</p> <p>New Living commencements exceeded the target as more properties became available for refurbishment than originally anticipated for the Midland/Midvale, New North and Bentley projects.</p>
- General	203	194	
- New Living	528	471	
Completions			<p>General program completions exceeded the target as the average cost per unit was less than budget for some work in the metropolitan area resulting in more units being refurbished as well as the carryover completion of some refurbishments that were commenced the previous year.</p> <p>New Living completions exceeded the target due to carryovers from 2003-04 for the Midland/Midvale and Coolbellup projects.</p>
- General	241	200	
- New Living	509	471	

	Actual 2004-05	Target 2004-05	Explanation for variance
Expenditure			
- General	\$4.971M	\$4.850M	Expenditure variance in the General program was not significant.
- New Living	\$16.254M	\$20.068M	New Living underspending was due to delays in external upgrades at Bentley and refurbishment of two apartment complexes in Coolbellup; lack of tradesmen in South Kalgoorlie & Nulsen; and slow supply of properties in South Hedland.
Homeswest Bedsitter Conversions <i>(General units yielded from the Minor Works program)</i>			
Commencements			
- General	10	0	General program commencements and completions increased due to the inclusion of a 10-unit project in Maylands during the year.
- New Living	6	6	
Completions			
- General	10	0	The New Living program comprised a six-unit project in the New North, which was delayed due to council approval. The project has now commenced but completion has been delayed until next year.
- New Living	0	6	
Expenditure <i>(Total Minor Works quoted for General)</i>			
- General	\$2.636M	\$3.450M	The underspending in the General program was due to a major upgrade project in Mosman Park, which was transferred to the New Living program, and another in Mount Lawley, which was cancelled as it was not financially feasible.
- New Living	\$0.128M	\$0.300M	New Living underspending was due to the New North project being delayed due to council approval so part of the expenditure will carryover into 2005-06.
Aboriginal Housing Urban Program			
Commencements	37	43	Due to the current high demand in the residential construction industry, a number of projects, which went to tender, did not proceed as no tenders were received, the price was too high or the tenderer withdrew.
Completions	29	38	The high demand in the residential construction industry resulted in severe labour and materials shortages, which has extended contract periods and reduced the number of completions.

	Actual 2004-05	Target 2004-05	Explanation for variance
Expenditure	\$7.900M	\$6.380M	During the year a program to spot purchase existing dwellings was initiated to supplement construction resulting in the over expenditure.
Aboriginal Housing Remote Communities Program			
Commencements	133 1*	190 0*	A major factor in the shortfall of commencements was the delay of a number of units due to post occupancy evaluation of existing housing prior to developing new designs. In addition, some projects did not proceed as tenders were not received. Others were postponed to confirm housing demand, or were deemed to be non-viable after an on-site feasibility assessment.
Completions	37 3*	189 1*	Final approval of the program and projects was not received from the regional stakeholders until August 2004. As a result, many projects did not commence until the second half of the year, which pushed completions into 2005-06.
Expenditure	\$14.017M \$1.557M*	\$31.772M \$2.236M*	<p>The underspending was a direct result of the late commencements, which pushed completions into 2005-06.</p> <p>Delays in securing land, reaching agreement for joint funding and in obtaining steel for construction contributed to the shortfall in ATSIC expenditure.</p> <p><i>* Denotes additional units funded by ATSIC and developed for Aboriginal communities. The expenditure includes non-residential projects such as administration centres and maintenance.</i></p>
Aboriginal Housing Remote Communities Refurbishment Program (units yielded from the maintenance program)			
Commencements	198	150	Commencements increased as there was capacity within the budget to bring forward projects into the current year.

	Actual 2004-05	Target 2004-05	Explanation for variance
Completions	133	160	Completions decreased as some projects did not commence until the second half of the year, which pushed completions into 2005-06.
Expenditure (<i>Total maintenance program expenditure quoted</i>)	\$9.006M	\$13.595M	The underspending was due to the number of projects that did not start until the second half of the year, which pushed the completions into 2005-06.
Roebourne Enhancement Refurbishment Program			
Commencements	8	12	Some units were not feasible to refurbish so these sites will now be redeveloped instead, which resulted in the shortfall in commencements, completions and expenditure.
Completions	7	14	
Expenditure	\$0.492M	\$0.600M	
Community Housing Program (CHP)			
Commencements	8	20	The program was reviewed during the year and decreased to 16 units. Commencement of one unit has been delayed until land amalgamation is completed. Land has been identified for another six units, which will now commence in 2005-06, and land is still being sought for the outstanding unit.
Completions	16	31	Program reviewed during the year and increased to 35 units. There are 18 units nearing completion, which will now complete early in 2005-06, and land is still being sought for the outstanding unit.
Expenditure	\$3.815M	\$3.214M	Underspending was due to progress payments being received and paid earlier than scheduled and more units being spot purchased than originally planned.

	Actual 2004-05	Target 2004-05	Explanation for variance
Crisis Accommodation Program (CAP)			
Commencements	16	46	Program reviewed during the year and decreased to 44 units. A 17-unit project is currently awaiting Development Approval. A contract will be awarded for two units and one spot purchase will settle in July. Another unit was delayed due to public opposition. Land has been identified for another three units and land is still being sought for the outstanding unit. The requirement for the remaining three units was satisfied by reallocation of existing rental units.
	4*	2*	The upgrade program was reviewed during the year and increased to four units.
Completions	18	39	Program reviewed during the year and decreased to 28 units. Completions were delayed as a result of delays in getting projects to tender but these will complete in 2005-06.
	5*	2*	The upgrade program was reviewed during the year and increased to three units and two units were completed ahead of schedule.
Expenditure	\$3.515 M	\$3.872M	The underspending was due to the shortfall in commencements and completions.
			<i>* Denotes upgrade of existing units.</i>

Outcome: Housing eligible Western Australians

LAND SERVICES 2004-05

	Actual 2004-05	Target 2004-05	Explanation for variance
Land Development			
Broad-hectare			
- Lots developed	279	422	The variance was due to deferment of the Kwinana (Chelsea Gardens) project to next year. The Brookdale and Bunbury (Glen Iris) projects were deferred due to planning delays. The Yangebup project was rescheduled because of negotiations with an adjoining owner.
- Expenditure	\$11.835M	\$16.792M	
 New Living (Estates Improvement)			
- Lots developed	108	89	The variance in expenditure was due to rescheduling infrastructure works at Coolbellup, Withers, South Kalgoorlie and Bentley. In addition, the New North project was affected by planning issues at the Mia Mia complex and the Coolbellup project's subdivision work was affected by adverse soil conditions.
- Expenditure (incl Infrastructure)	\$4.234M	\$6.671M	
 Redevelopment			
- Dwelling Unit Equivalents (DUES) developed	242	123	The variance in expenditure was due to civil works being ahead of schedule at the Willagee project. The variance in DUES occurred due to greater miscellaneous lot amalgamation activity than anticipated.
- Expenditure	\$2.417M	\$1.572M	
 Joint Venture			
- Lots developed	2,209	2,469	The variance in expenditure was due to the Ellenbrook and Wandina projects, where subdivision and infrastructure works were increased to meet market demand. Market demand was met with available stock, however overall lot yields were less than expected at Albany, Beeliar, Butler, Dalyellup, Quinns and Wellard due to ongoing delays obtaining development approvals.
- Expenditure	\$52.309M	\$46.200M	

	Actual 2004-05	Target 2004-05	Explanation for variance
Land Sales			
Broad-hectare & Redevelopment			
- Lots sold	453	514	The variance in income was due to Banksia Grove Stage 3, Dianella, Kwinana (Windsor Hills), Mirrabooka and Queens Park projects achieving higher prices. Overall, the number of lots sold decreased due to subdivision works being rescheduled at Kwinana (Chelsea Gardens), Brookdale and Yangebup projects. In addition, the Calista project's sales carried over to 2005-06 because of title clearance issues.
- Income (proceeds)	\$56.382M	\$54.031M	
New Living (Estates Improvement)			
- Lots sold	116	148	Rescheduled subdivision works at Coolbellup affected sales.
- Income (proceeds)	\$8.907M	\$10.653M	
Joint Venture			
- Lots sold	2,265	2,164	Albany, Clarkson, Dalyellup, Ellenbrook and Wandina projects achieved higher sales and prices in a buoyant local market.
- Income (proceeds)	\$93.133M	\$87.566M	
Rental Property Sales			
New Living			
- Property sales	301	428	There were difficulties in obtaining suitable properties for sale at Coolbellup, Hamilton Hill, Nulsen, Queens Park, Spencer Park, Withers and South Hedland.
- Income	\$41.858M	\$46.890M	
Rental Sales Scheme			
- Property sales	109	86	Higher sale prices being were achieved and there was a greater availability of rental properties for sale.
- Income	\$15.407M	\$8.763M	
Vacant Property			
- Property sales	61	15	There was a greater availability of rental properties for sale.
- Income	\$4.624M	\$1.184M	
Redevelopment Properties			
- Property sales	22	10	Higher sale prices and greater availability of properties at Hilton and Willagee resulted in higher income.
- Income	\$5.572M	\$1.450M	
Refurbishment Expenditure (Includes demolition and tenant relocation costs)	\$32.677M	\$43.122M	There were difficulties in obtaining suitable properties for refurbishment at Coolbellup, South Kalgoorlie and Withers projects. In addition, the scheduled refurbishment work for the Bentley project was affected by design and procurement issues.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

THE STATE HOUSING COMMISSION PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of The State Housing Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2005.

Scope

The Commission's Role

The Commission 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

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of The State Housing Commission, and fairly represent the performance of The State Housing Commission and its subsidiary for the financial year ended 30 June 2005.



**I F TAYLOR
CHAIRMAN**



**R F THOMAS
BOARD MEMBER
ACTING DIRECTOR GENERAL**

Performance Indicators 2004-05

Outcome: Housing eligible Western Australians

Goal one of the Strategic Planning Framework for the Western Australian Public Sector, is to enhance the quality of life and wellbeing of all people throughout Western Australia. Housing satisfies a basic need for shelter. In the wider context affordable, safe and secure housing contributes to positive social outcomes in health, education and employment. The State Housing Commission contributes to this goal by providing housing through its rental housing, home finance and land activities for eligible Western Australians who may not otherwise be able to obtain housing.

Eligibility for rental housing and home loans is determined by assessable income limits and other eligibility criteria. The opportunity to purchase Commission land, priced in the low-to-medium price bracket is available to all Western Australians. In addition, the Commission makes available loans to cover the cost of security bonds in order that income-eligible applicants can access housing in the private rental market.

It is a key strategy of the Commission to ease the pressure on the waiting list for public housing by offering low-to-moderate income earners the opportunity to purchase their own home, either through the purchase of a low-to-medium priced housing lot or through a home loan. In addition, the Commission makes available loans to cover the cost of security bonds in order that income-eligible applicants can access housing in the private rental market.

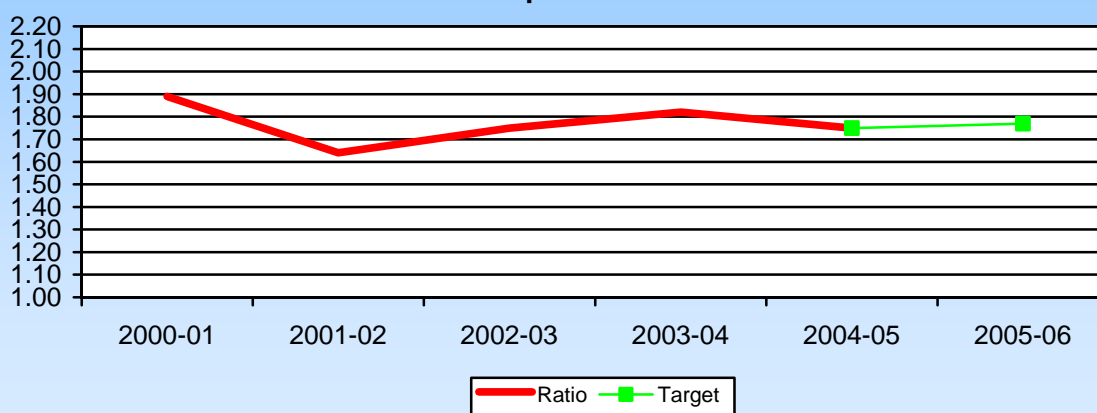
Effectiveness Indicator 1

The extent to which the State Housing Commission is responsive to the housing needs of eligible Western Australians.

This indicator measures the Commission's capacity to respond to demand as expressed by the waiting list for public housing. The ratio of the total number of units of housing assistance provided each year, to the number on the waiting list at the 30th of June of the previous year, is an indicator of the Commission's capacity to respond to expressed demand for housing assistance from low income Western Australians. The higher the ratio, the greater the capacity to offer assistance.

There has been a decrease in the total number of housing assistances and a reduction in the waiting list numbers from the previous year. Rental housing occupations have decreased due to a reduction in the number of people vacating rental accommodation. The bond loan approvals have also decreased. These decreases may be attributable to a higher demand for limited properties in the lower rent range with rental supply shortening and rents rising. The decrease in the above assistances was offset by an increase in the number of land sales in the lower quartile. The overall increase in total land sales by the Commission was due to the increased demand for land in the market. There was also a significant increase in loans, with Keystart lending surging in response to increased demand resulting from the stamp duty exemption for first homebuyers from 1 July 2004. The Commission was able to meet its target.

**Ratio of the Number of Units of Housing Assistance per annum
to the Number on the Waiting List at the start of the reporting
period**



	<i>Actual</i>					<i>Target</i>	
	2000-01	2001-02	2002-03	2003-04	2004-05	2004-05	2005-06
Total housing assistances *	24,356	25,314	24,896	23,659	22,348	24,507	24,115
Public rental waiting list @ June previous financial year	12,879	15,456	14,194	12,981	12,788	13,967	13,660
Ratio	1.89	1.64	1.75	1.82	1.75	1.75	1.77

* For 2004-05 total units of housing assistance comprised:

-	Number of public rental occupations	4,071
-	Number of bond assistance loans approved	12,021
-	Number of home loans approved	5,417
-	Number of State Housing Commission (including Joint Venture partner) land sales <\$96,600 ^{#1}	
-	(2000-01= <\$60,000; 2001-02= <\$65,000; 2002-03 <\$75,000; 2003-04=<\$76,000)	839 [#]

[#] Number of State Housing Commission land sales below \$96,600.

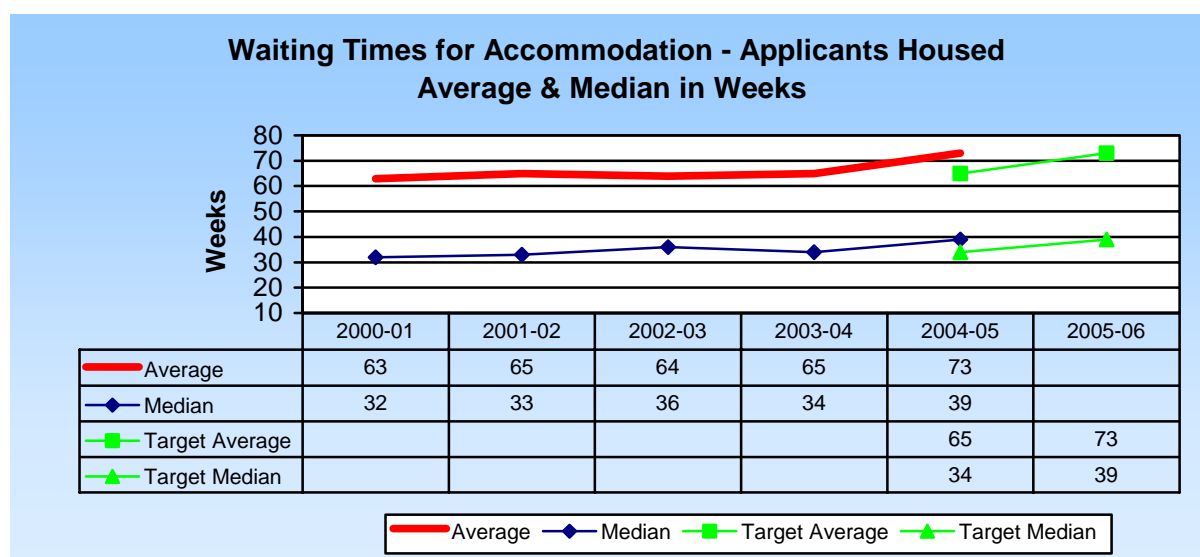
^{#1} The benchmark cut-off for the lower end of the market is derived from the Real Estate Institute of Western Australia's Market Update Report March Quarter 2005 which contains the final December Quarter 2004 lower quartile. The Report provides the lower quartile for Western Australia (State) residential land sales.

Effectiveness Indicator 2

Waiting times for accommodation – applicants housed

Waiting time for accommodation measures the extent to which public rental housing provision is responding to the needs of eligible rental applicants. It demonstrates the Commission's capacity to respond to demand on the waiting list. The shorter the waiting time the greater the capacity to meet demand. Waiting time is defined as the difference between the time when the customer applied and when they were housed.

The indicator measures the waiting time of all applicants housed during the year in terms of average and median. The target is to maintain or improve on the previous years result. The distribution of waiting times table below gives context to the average and median waiting times and also shows how effectively people are housed at different time intervals.



Distribution of waiting times					
	2000-01	2001-02	2002-03	2003-04	2004-05
< 1 month	25.05%	23.30%	22.38%	20.37%	18.47%
1-12 months	34.59%	35.42%	36.33%	38.82%	38.52%
1-3 years	27.89%	28.00%	27.83%	26.41%	25.67%
3-5 years	9.54%	10.74%	11.54%	12.02%	14.03%
5+ years	2.92%	2.55%	1.92%	2.37%	3.32%

Average wait times increased by eight weeks and the median by five weeks. This is due to the targeting of long term applicants by the Commission, with the percentage of applicants housed after more than three years increased to 17.35 per cent from 12.46 per cent five years ago. The revised Government commitment in 1998 sought to reduce the time an applicant waits for an offer of accommodation to less than three years.

The targeting of long-term applicants together with a decrease in vacancies leading to less available stock for applicants to be housed off the waiting list has reduced the percentage housed within a month to 18.47 per cent from 20.27 per cent last year. Even though, fifty seven per cent of the people were housed within the first year. This is consistent with the past four years. More than eight out of ten people have been housed within three years.

Efficiency Indicators

The Commission provides three major services: rental housing, home loans and residential land.

Service 1: Rental Housing

This service contributes to the Commission's outcome by providing eligibility assessed public rental housing, state-owned Indigenous public housing, rental properties managed by non-profit community organisations, housing associations and local Governments through the joint venture, community housing and crisis accommodation programs and properties built for Indigenous communities.

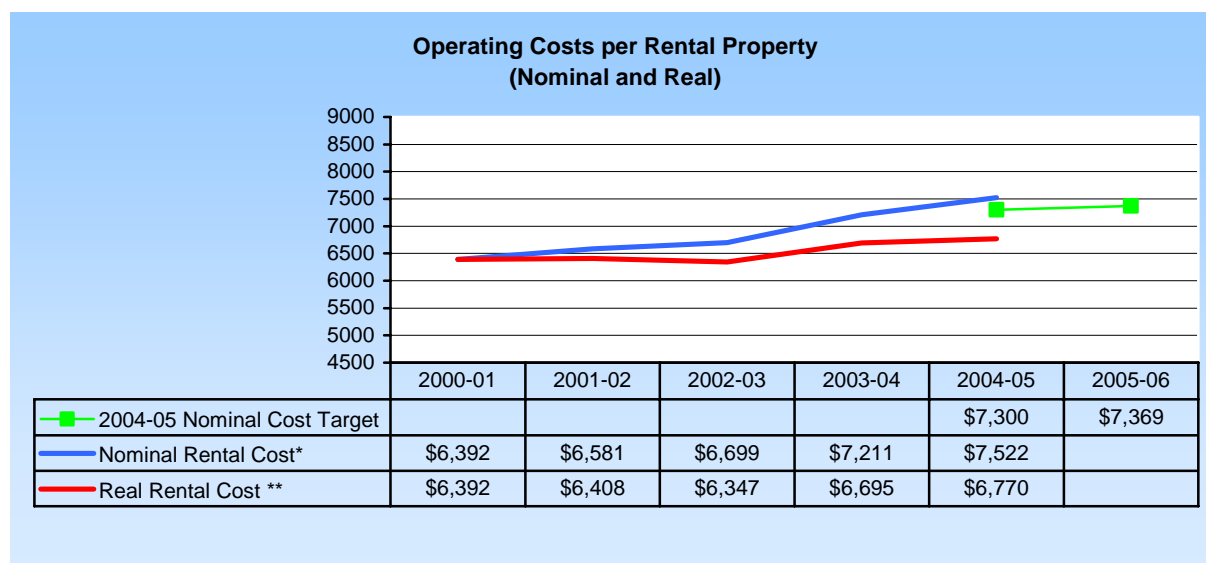
Efficiency Indicator 1

Operating Cost Per Rental Property

Operating cost per rental property measures the cost efficiency of rental housing and is calculated by dividing total cost of service (expenses from ordinary activities) by the total number of rental properties.

The total operating cost of the rental service is comprised of community support, depreciation and amortisation, borrowing costs, administration costs (employees, supplies and services and accommodation), rental, New Living, bond assistance loans and other expenses. Community support expenses include repair and maintenance of infrastructure, power, water and wastewater in Indigenous communities and town reserves, which cannot be directly attributed to a property.

The operating cost per rental property has increased over the 2004-05 financial year to \$7,522. This was mainly due to an increase in salary expense from pay increases met during the year and the increase in projections for superannuation provisions based on an actuarial study. Rental expenses have also increased due to an increase in improvements expenses as a result of the installation of residual current devices. Maintenance costs have also increased due to vacant dwellings requiring substantial repairs to be brought back to a lettable standard. There was also an increase in insurance expenses as a result of storm and fire damage. Additionally there was an increase in council rates and the Fire and Emergency Services Authority Levy expense. There is not a significant variance against the target.



* Nominal refers to the face value of the money.

** Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth):
Cost per rental property has been adjusted to 2000-01 prices.

Service 2: Home Loans

This service contributes to the Commission's outcome by providing eligibility assessed home ownership products.

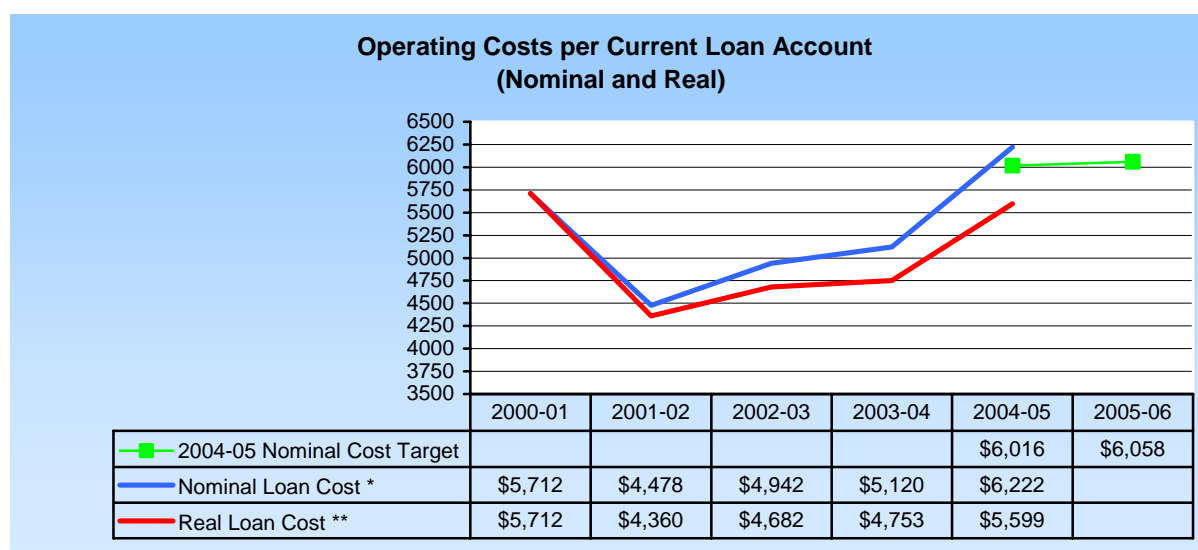
Efficiency Indicator 2

Operating Cost per Current Loan Account

Cost per current loan account measures the cost efficiency in home ownership products and services. It is calculated by dividing total cost of service (expenses from ordinary activities) by the total number of loans (Keystart and other loan products).

The total operating cost of the home loans service is comprised of community support, depreciation and amortisation, Keystart borrowing costs for loan advances to clients, administration costs (employees, supplies and services and accommodation), rental and other expenses.

The operating cost per current loan account, has increased over the 2004-05 financial year to \$6,222 due to the borrowing cost expense increasing. The increase in borrowing cost is attributable to the average value of active Keystart loans increasing from \$88,200 on 30 June 2004 to \$105,300 on 30 June 2005, an increase of 19 per cent. This reflected rising house prices, which increased the average value of loans approved versus the offset from the average value of loans discharged. There is not a significant variance against the target.



* Nominal refers to the face value of the money.

** Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth):
Cost per loan has been adjusted to 2000-01 prices.

Service 3: Land

This service contributes to the Commission's outcome by providing housing lots.

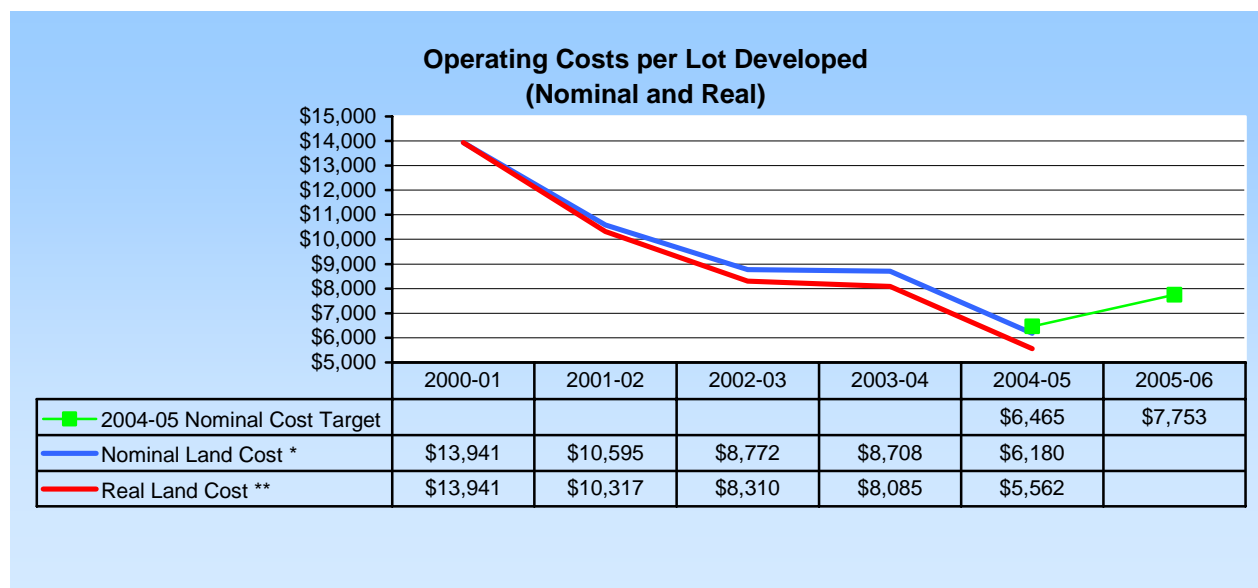
Efficiency Indicator 3

Operating Cost Per Lot Developed

This indicator measures the efficiency of the land service. It is calculated by dividing total cost of service (expenses from ordinary activities) by the number of lots developed for sale.

The total operating cost of the land service is comprised of depreciation and amortisation, borrowing costs, administration costs (employees, supplies and services and accommodation), rental, New Living and other expenses.

The operating cost per lot developed has decreased over the 2004-05 financial year to \$6,180. This is as a consequence of the increase in the number of lots developed for sale across all land development programs, in response to the increased demand for land in the market. It is also in part due to the additional land development opportunities in the redevelopment program coming to fruition in the year, while the operating expense has only increased marginally. There is not a significant variance against the target.



* Nominal refers to the face value of the money.

** Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth)
Cost per lot developed has been adjusted to 2000-01 prices.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

THE STATE HOUSING COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion,

- (i) the controls exercised by The State Housing Commission 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 Commission and the consolidated entity at 30 June 2005 and their financial performance and cash flows for the year ended on that date.

Scope

The Commission's Role

The Commission 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 of the Commission and the consolidated entity 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

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES
CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of The State Housing Commission and the accompanying consolidated financial statements 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 ended 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.



I. TAYLOR
CHAIRMAN



R. F. THOMAS
BOARD MEMBER
ACTING DIRECTOR GENERAL



J. MULLEN
PRINCIPAL ACCOUNTING OFFICER

AUGUST 22, 2005

**THE STATE HOUSING COMMISSION
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Consolidated 2005 \$000	2004 \$000	S.H.C. 2005 \$000	2004 \$000
REVENUE					
Revenues from ordinary activities					
Revenues from operating activities					
Rental revenue	3	133,325	128,019	133,325	128,019
Interest revenue	4	131,012	107,718	98,770	82,743
Sales	5	160,179	145,720	160,179	145,720
Commonwealth grants and contributions	6	142,918	124,299	142,918	124,299
Revenues from non-operating activities					
Developers contributions		1,675	1,056	1,675	1,056
Proceeds on disposal of non-current assets	7	84,518	86,903	84,518	86,903
Other revenues from ordinary activities	8	11,095	10,549	6,799	6,440
Total revenues from ordinary activities		664,722	604,264	628,184	575,180
EXPENSES					
Expenses from ordinary activities					
Cost of sales	5	90,910	90,340	90,910	90,340
Community support expense	9	52,238	37,688	52,238	37,688
Depreciation & amortisation expense	10	51,609	48,154	48,646	45,889
Borrowing costs expense	11	124,263	106,968	124,590	110,809
Employee expenses	12	42,570	35,037	42,430	34,895
Supplies and services	13	14,331	12,768	11,658	10,901
Accommodation	14	4,132	4,659	3,776	4,421
Rental expenses	15	105,650	99,161	105,650	99,497
New Living expenses	15	35,238	36,039	35,238	36,039
Cost of sales on non-current assets disposed of	7	80,611	75,475	80,599	75,475
Other expenses from ordinary activities	16	29,205	30,929	13,534	15,645
Total expenses from ordinary activities		630,757	577,218	609,269	561,599
Profit/(loss) from ordinary activities before grants and subsidies from State Government		33,965	27,046	18,915	13,581
Grants and subsidies from State Government	6	32,529	26,874	32,529	26,874
NET PROFIT	2(i)	66,494	53,920	51,444	40,455
Net increase in asset revaluation reserve	34	535,481	304,148	535,481	304,148
Total revenues, expenses and valuation adjustments recognised directly in equity		535,481	304,148	535,481	304,148
Total changes in equity other than those resulting from transactions with WA State Government as owners		601,975	358,068	586,925	344,603

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

**THE STATE HOUSING COMMISSION
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Note	Consolidated		S.H.C.	
		2005	2004	2005	2004
		\$000	\$000	\$000	\$000
Current Assets					
Cash assets	17	138,112	116,679	121,494	103,505
Restricted cash assets	18	20,629	17,154	20,629	17,154
Receivables	19	34,590	31,553	34,539	31,571
Inventories	20	17,607	25,914	17,607	25,914
Other financial assets	21	150,000	155,000	-	-
Other assets	22	2,656	2,468	11,021	9,456
Total Current Assets		363,594	348,768	205,290	187,600
Non-Current Assets					
Other financial assets	21	1,777,914	1,484,967	1,800,858	1,524,232
Rental properties	23	4,138,533	3,634,891	4,138,533	3,634,891
Community housing properties	24	255,745	230,612	255,745	230,612
Shared equity properties	25	108,489	101,809	108,489	101,809
Other properties	26	24,568	23,600	24,568	23,600
Plant & equipment	27	4,522	3,899	4,018	3,315
Buildings under construction	28	78,676	61,626	78,676	61,626
Receivables	19	1,886	1,886	1,886	1,886
Inventories	20	348,805	308,415	348,805	308,415
Other assets	29	6,010	4,867	1,901	1,603
Total Non-Current Assets		6,745,148	5,856,572	6,763,479	5,891,989
Total Assets		7,108,742	6,205,340	6,968,769	6,079,589
Current Liabilities					
Interest-bearing liabilities	30	26,057	21,364	26,057	21,364
Payables	31	27,929	25,140	27,929	25,140
Other liabilities	32	26,639	24,119	24,222	20,874
Provisions	33	14,553	14,568	14,553	14,568
Total Current Liabilities		95,178	85,191	92,761	81,946
Non-Current Liabilities					
Interest-bearing liabilities	30	2,456,465	2,182,564	2,456,465	2,182,564
Payables	31	326	416	326	416
Other liabilities	32	1,124	1,961	11,124	11,961
Provisions	33	39,255	39,894	39,255	39,894
Total Non-Current Liabilities		2,497,170	2,224,835	2,507,170	2,234,835
Total Liabilities		2,592,348	2,310,026	2,599,931	2,316,781
NET ASSETS	2(ii)	4,516,394	3,895,314	4,368,838	3,762,808
Equity					
Reserves	34	3,083,540	2,548,149	3,082,498	2,547,017
Contributed Equity	35	70,765	51,660	70,765	51,660
Retained profits	36	1,362,089	1,295,505	1,215,575	1,164,131
TOTAL EQUITY		4,516,394	3,895,314	4,368,838	3,762,808

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

**THE STATE HOUSING COMMISSION
AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Consolidated 2005 \$000	2004 \$000	S.H.C. 2005 \$000	2004 \$000
CASHFLOWS FROM OPERATING ACTIVITIES					
Receipts					
Commonwealth grants and contributions		142,918	124,299	142,918	124,299
Rental receipts		136,427	130,040	136,427	130,040
Interest received		131,054	108,154	98,247	83,760
Inventory receipts on sales		138,475	136,188	138,475	136,188
Other receipts		10,135	1,001	10,170	7,854
GST receipts on sales		7,811	5,135	7,811	5,135
GST receipts from taxation authority		1,848	1,038	1,848	1,038
Developers contributions		1,675	1,056	1,675	1,056
Payments					
Employee costs		(62,816)	(53,024)	(44,458)	(36,757)
Accommodation		(3,776)	(4,421)	(3,776)	(4,421)
Supplies & services		(11,672)	(11,042)	(11,672)	(11,042)
Interest paid to					
Commonwealth government		(24,759)	(25,254)	(24,759)	(25,254)
WA Treasury Corporation		(98,890)	(82,201)	(98,890)	(85,256)
Other interest & finance charges paid		473	(486)	(475)	(486)
Purchase and Development of Land		(108,054)	(98,904)	(108,054)	(98,904)
GST payments on purchases		(13,363)	(7,700)	(13,363)	(7,700)
GST payments to taxation authority		(4,557)	(2,936)	(4,557)	(2,936)
New Living payments		(35,238)	(36,039)	(35,238)	(36,039)
Rental property payments		(109,413)	(102,598)	(109,413)	(102,934)
Other Payments		(57,646)	(48,407)	(57,646)	(55,224)
Net cash provided by operating activities	37	40,632	33,899	25,270	22,417
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from the sale of property, plant & equipment		82,733	79,805	82,733	79,805
Payments for purchase of property, plant & equipment	38	(137,783)	(145,212)	(137,301)	(144,213)
Home purchase receipts		486,334	532,607	25,024	42,954
Home purchase advances		(783,069)	(500,849)	(7,265)	(9,065)
Other investing receipts		36	20,037	36	30,037
Other investing payments		-	-	(300,000)	(180,000)
Net cash used in investing activities		(351,749)	(13,612)	(336,773)	(180,482)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings					
WA Treasury Corporation		300,000	160,000	300,000	180,000
Repayment of borrowings from					
WA Treasury Corporation		(9,333)	(28,125)	(9,333)	(28,125)
Commonwealth government		(12,073)	(11,736)	(12,073)	(11,736)
Other non-government sources		(1,942)	(20,000)	-	-
Net cash provided by financing activities		276,652	100,139	278,594	140,139
CASH FLOWS FROM STATE GOVERNMENT					
Capital Contribution		19,105	15,500	19,105	15,500
Proceeds from grants		32,529	26,874	32,529	26,874
Net cash provided by State Government		51,634	42,374	51,634	42,374
Net increase in cash held		17,169	162,800	18,725	24,448
Cash assets at the beginning of the financial year		280,689	117,889	112,515	88,067
Cash assets at the end of the financial year	39	297,858	280,689	131,240	112,515

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by The State Housing Commission (parent and group) are stated in order to assist in a general understanding 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 Australian Accounting Standards (AAS), 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 Australian 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 fulfil 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 on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

(a) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity, being The State Housing Commission (the "parent entity" or "Commission") and its controlled entities, as defined in accordance with AAS 24 "Consolidated Financial Reports" and modified by Treasurer's Instruction 1105. A list of controlled entities appears in note 21. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Commission obtains control and until such time as the Commission ceases to control such entities. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(b) Legal form of Controlled Entities

- (i) The Keystart Housing Scheme includes a trust and company structure set up to enable funds to be raised through the State Housing Commission at competitive rates and on lent to Keystart borrowers for the purchasing of owner occupied homes.

The structure comprises of:

- The Keystart Housing Scheme Trust established by a Deed of Trust in the State of Western Australia, dated 5 April 1989 with Keystart Loans Ltd (a special purpose nominal capital company) as trustee and The State Housing Commission is the sole beneficiary of the trust. Scheme Managers Pty Ltd (an external private sector company) has been appointed as Scheme Manager.
- Keystart Support Trust - A special purpose trust used to provide financial support to the Scheme if required. The State Housing Commission is the sole beneficiary of this trust.
- Keystart Bonds Ltd - A special purpose nominal capital company being the Issuer with Oakvale Capital Ltd as treasury advisor.
- Keystart Support Pty Ltd - A special purpose nominal capital company as trustee of the support trust. The scheme manager is Scheme Managers Pty Ltd.
- Keystart Support (Subsidiary) Pty Ltd - A special purpose nominal capital company created to assist Keystart Support P/L in its obligations.

All of these Keystart trusts and companies have been established in the State of Western Australia. The financial transactions for these entities have no effect on the net profit of The State Housing Commission. The State Housing Commission provides a support arrangement to the structure through the Support Trust.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Legal form of Controlled Entities (continued)

- (ii) Homeswest Loan Scheme Trust - A special purpose Trust established by a Trust Deed dated 19 September 1995 to operate as an agent for The State Housing Commission's home loan schemes. In its capacity as agent, the Trust receives advances for the purpose of providing mortgages to Western Australians. The State Housing Commission is the sole beneficiary of the Trust, and Keystart Loans Ltd is the trustee of the Trust.

(c) Ownership Interest

The State Housing Commission is the instigator of the Keystart Housing Scheme and has effective control over the whole structure either directly or indirectly through various Agreements which constitute the structure and to which it is a party. The Board of Directors of the Keystart group of companies comprise four Directors from The State Housing Commission, one Director from the Western Australian Treasury Corporation and two Directors from the private sector.

The ownership interest held by The State Housing Commission in the Companies is as follows:

Keystart Bonds Ltd : 100% of the total shareholding

Keystart Loans Ltd : 100% of the total shareholding

Keystart Support Pty Ltd : 100% of the total shareholding

Keystart Support (Subsidiary) Pty Ltd: 100% of the total shareholding

The State Housing Commission is obligated to the Scheme in that it has given various representations and obligations to investors or other creditors to the extent that it will meet cash shortfalls and losses from the Scheme. Funding for Keystart is through The State Housing Commission with no borrowings outstanding through Keystart Bonds Ltd. The State Housing Commission's obligations to the various participants are contained in a Support Agreement of the Scheme. No subsidies were required for the 2004/2005 financial year, as the Trust achieved an increase in retained earnings of \$ 15,050 million (refer to note 21 (b)).

(d) Revaluation of non - current assets

The Commission values certain non - current assets which, subsequent to initial recognition, have been valued on the fair value basis in accordance with AASB1041 (5.1). Additions to non - current physical assets since valuation are measured at cost and are considered to represent fair value.

For properties that are shown at valuation, independent valuations are provided by the Valuer General, G. Fenner AAPI, B Bus (Val) on an annual basis. The valuations are as at 1 July 2004. The basis of valuations is primarily "integrity three" assessment (external property inspection). The Valuer General has valued land and dwellings at fair value. The fair value approach considers the value a given asset is likely to realise, assuming it was sold on the open market following a reasonable selling period.

(e) Rental Properties

Rental Properties are shown at fair value in the financial statements. Increments have been taken to the asset revaluation reserve, decrements have been offset against previous increments relating to this asset class. Independent valuations are provided by the Valuer General, G. Fenner AAPI, B Bus (Val) on an annual basis. The valuations are as at 1 July 2004. The basis of valuations is primarily "integrity three" assessment (external property inspection). The Valuer General has valued land and dwellings at fair value. Properties less than one year old are measured at construction cost, which is considered to represent fair value, plus land at fair value.

(f) Community Housing

Community Housing Properties includes properties acquired under the Commonwealth programs of Crisis Accommodation and Community Housing and Joint Charity Properties, which are shown at fair value in the financial statements. Increments have been taken to the asset revaluation reserve, decrements have been offset against previous increments relating to this asset class. Independent valuations are provided by the Valuer General, G. Fenner AAPI, B Bus (Val) on an annual basis. The valuations are as at 1 July 2004. The basis of valuations is primarily "integrity three" assessment (external property inspection). The Valuer General has valued land and dwellings at fair value. Properties less than one year old are measured at construction cost, which is considered to represent fair value, plus land at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leases

The State Housing Commission has entered into a number of operating lease arrangements for buildings and vehicles where the lessors effectively retain the majority of the risks and benefits incidental 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.

(h) Shared Equity Properties

Shared Equity Properties represents the equity in dwellings constructed or purchased under the Shared Equity Loan Scheme. Under the scheme The State Housing Commission and the purchaser are co-owners of the properties constructed or purchased as Tenants in Common with the purchaser having total occupation of the dwelling. The State Housing Commission's share of equity in these properties is shown at fair value in the financial statements. Increments have been taken to the asset revaluation reserve, decrements have been offset against previous increments relating to this asset class. Independent valuations are provided by the Valuer General, G. Fenner AAPI, B Bus (Val) on an annual basis. The valuations are as at 1 July 2004. The basis of valuations is primarily "integrity three" assessment (external property inspection). The Valuer General has valued land and dwellings at fair value.

(i) Other Properties

Includes offices and commercial properties which are owned or are leased from various organisations and individuals. Properties are shown at fair value in the financial statements. Increments have been taken to the asset revaluation reserve, decrements have been offset against previous increments relating to this asset class. Independent valuations are provided by the Valuer General, G. Fenner AAPI, B Bus (Val) on an annual basis. The valuations are as at 1 July 2004. The basis of valuations is primarily "integrity three" assessment (external property inspection). The Valuer General has valued land and buildings at fair value.

(j) Joint Venture Land

Joint Venture Land represents the Commission's equity in Joint Venture land development projects. Development costs represent the agreed proportion of development costs incurred plus capitalised costs. Land owned by The State Housing Commission is shown at cost plus capitalised costs.

Interests in joint venture operations have been incorporated in the financial statements by including the Commission's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories. Details of the Commission's interests are set out in note 20.

(k) Buildings under construction

Buildings under construction are recorded at cost which includes all costs directly related to specific constructions plus capitalised administration charges incurred in connection with these activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Inventories

Inventories are represented by new dwellings and land held at cost which is less than the net realisable value. Cost includes the cost of acquisition/development and other capitalised costs. After development is completed, other holding charges are expensed as incurred.

Non-Current Land consists of both broad hectare and developed lots, excluding lots available for external sale, which are valued at acquisition cost plus capitalised costs. Developed lots on which dwellings are subsequently constructed by The State Housing Commission are transferred to the stock of Rental Properties at fair value as determined by the Valuer General at the date of practical completion. The difference between this valuation and the cost of the land transferred to Rental Properties represents a revaluation increment which is brought to account as an increase in the Asset Revaluation Reserve.

(m) Depreciation and Amortisation

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 for The State Housing Commission assets is calculated on a straight line basis, using rates which are reviewed annually.

Depreciation for Keystart plant and equipment is calculated using the reducing balance method.

The cost of improvements to or on leased rental properties and offices are amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is the shorter.

Major depreciation rates are:	2005	2004
Rental Properties	2%	2%
Community Housing Properties	2%	2%
Shared Equity Properties	3%	3%
Other Properties		
- Commercial Properties	2%	2%
- Office Properties	5%	5%
Plant & Equipment	10% - 50%	10% - 36%
Other Assets		
- Computing Software	20% - 50%	20% - 24%

(n) Other Assets

(i) Computing Software and Development

Costs associated with the acquisition and development of computer systems and software are amortised from the commencement of live production of the system. Development costs are deferred to future periods to the extent that future benefits, are expected beyond any reasonable doubt, to be equal to or exceed those costs. Deferred costs are amortised, from the commencement of live production of the system, on a straight line basis over the period of their expected benefit.

(ii) Capital Establishment and Development

Establishment and development costs for the Keystart structure having a future economic benefit are capitalised and amortised on a straight line basis, over periods during which benefits are expected to be received. This is taken as being five years. Premiums paid on financial instruments are capitalised and amortised on a straight line basis, over the term of the financial instrument.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Rental Property Revenue and Rental Subsidy

(i) Rental Property Revenue

The State Housing Commission charges rents in accordance with section 30 of the Housing Act. The basis for the amount of rent to be charged is determined from market rent information received from the Valuer General and due consideration to regional rental markets. Rental property revenue represents the potential rental revenue less vacancies and concessions granted throughout the year.

(ii) Rental Subsidy

The State Housing Commission's adopted policy is that no tenant will be required to pay more than 25% of household assessable income in the form of rent, with the majority of tenants paying between 23% and 25%. Rental subsidy represents the difference between market rents and the actual amount of rent charged to tenants.

(p) Revenue Recognition

(i) Revenue from land inventory and property sales is recognised when the contract for sale becomes unconditional.

(ii) Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when The State Housing Commission obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt. Contributions are recognised at their fair value.

(q) Insurance

In accordance with Treasurer's Instruction 812 the Commission maintains an appropriate level of insurance cover over insurable risks.

A comprehensive review of the Commission's insurances was undertaken during 2004/2005. Effective from 1 July 2004 the Commission has adopted a self insurance policy for its residential property assets. The Commission's other insurance programs continue to be a combination of insurance policies provided by commercial insurance providers and the Western Australian Government's RiskCover fund.

As per Treasurer's Instruction 825, Insurance is complimented by a comprehensive approach to Risk Management and prudent management policies and practices.

(r) Employee Benefits

(i) Annual Leave

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

(ii) 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Employee Benefits (continued)

(iii) 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 and lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board.

The pension scheme and the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date. The State Housing Commission's Superannuation liability was \$33.118 million at reporting date, of which \$20.700 million had been set aside in cash.

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

The note disclosure required by paragraph 6.10 of AASB 1028 (being the employers share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Commission. Accordingly, deriving the information for the Commission is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(iv) 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.

(s) Accrued Salaries

Accrued salaries 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. The Commission considers the carrying amount approximates net fair value.

(t) Provision for Doubtful Debts

The State Housing Commission: The provision represents 65% of vacated rental property debts; 15% of current debt and 75% of prior debt on the current account; 40% of overdue Bond Debt; 0.25% of home loan balance and 100% of general debtors over 12 months old. The calculation of the provision is based on the composition of the debtors accounts, the debt recovery performance of The State Housing Commission and the performance of the external mercantile agent.

Keystart: Keystart has adopted a methodology of calculating the provision based on guidelines recommended by the Australian Prudential Regulation Authority (APRA) adjusted for Keystart specific factors. The calculation consists of three components:

(i) Specific Provision - The specific provision is based on a review of all loans and an assessment of the potential bad debt exposure of each loan.

(ii) Statutory Provision - The statutory provision is based on a formula as specified in the APRA Standards contingent upon the length of time the repayments are in arrears.

(iii) General Provision - A general provision of 0.50% of loan account balances under four years old and 0.25% of loan account balances over four years old is provided for in the interest of prudent accounting practice.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Rental Expenses

Expenses incurred relating to The State Housing Commission's owned or leased rental properties are accounted for in the Rental Expenses line of the Statement of Financial Performance. These expenses which directly relate to the Rental program include maintenance, rates, insurance expenses and renovations and improvements.

(v) New Living Expenses

Expenses incurred relating to The State Housing Commission's owned rental properties involved in the New Living Program are accounted for in the New Living Expenses line of the Statement of Financial Performance. These expenses include renovations and minor improvements.

(w) Comparative Figures

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

(x) Rounding

All amounts have been rounded to the nearest thousand dollars or, in certain cases, to the nearest dollar.

(y) Segment Information

The State Housing Commission operates in the one geographical location in the State of Western Australia. The Commission's operations are divided into three specific programs. These are:

Rental Operations which is for the provision of access to affordable rental accommodation for low to moderate income Western Australians;

Loans which is the provision of realistic home ownership opportunities for low to moderate income Western Australians provided by the State Housing Commission and through its Keystart Housing Scheme;

Land operations which is for the provision of low to medium priced subdivided land for sale.

(z) Development Levies

A provision for fencing and landscaping on individual lots sold and community projects associated with first homebuyers incentives to purchase State Housing Commission land. The provision represents the estimated liability for future claims by the purchasers to which the Commission is obliged at balance date.

(aa) Financial Instruments

The Financial Instrument note (note 47) has further accounting policy disclosure.

(ab) Capitalisation policy

The cost of non-current assets constructed by the commission includes the cost of all materials used in construction, direct labour costs on the project incurred during construction and an appropriate proportion of overheads.

2 (i). SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE

2005					CONSOLIDATED	2004				
RENTAL	LOANS	LAND	ELIMINATION	TOTAL		RENTAL	LOANS	LAND	ELIMINATION	TOTAL
\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000
					REVENUE	Note				
					Revenues from ordinary activities					
					Revenues from operating activities					
131,986	43	1,296	-	133,325	Rental revenue	3	127,348	44	627	128,019
2,080	128,930	2	-	131,012	Interest revenue	4	917	106,793	8	107,718
344	-	159,835	-	160,179	Sales	5	-	-	145,720	145,720
29	-	6,297	(6,326)	-	Intersegment sales		(8)	-	3,047	(3,039)
142,918	-	-	-	142,918	Commonwealth grants and contributions	6	124,299	-	-	124,299
					Revenues from non-operating activities					
1,675	-	-	-	1,675	Developers contributions		1,056	-	-	1,056
68,136	16,349	33	-	84,518	Proceeds on the disposal of non-current assets	7	67,146	19,747	10	86,903
971	7,895	2,229	-	11,095	Other revenues from ordinary activities	8	2,005	7,684	1,196	(336)
348,139	153,217	169,692	(6,326)	664,722	Total revenues from ordinary activities		322,763	134,268	150,608	(3,375)
					EXPENSES					
					Expenses from ordinary activities					
267	-	90,643	-	90,910	Cost of sales	5	-	-	90,340	90,340
52,112	126	-	-	52,238	Community support expense	9	37,518	170	-	37,688
46,656	4,735	218	-	51,609	Depreciation & amortisation expense	10	43,817	4,103	234	48,154
23,330	91,277	9,656	-	124,263	Borrowing costs expense	11	23,843	72,782	10,343	106,968
37,121	2,055	3,394	-	42,570	Employee expenses	12	30,537	1,632	2,868	35,037
9,448	3,396	1,487	-	14,331	Supplies and services	13	8,891	2,446	1,431	12,768
3,434	471	227	-	4,132	Accommodation	14	4,112	326	221	4,659
105,450	6	194	-	105,650	Rental expenses	15	99,323	4	170	(336)
35,238	-	-	-	35,238	New Living expenses	15	36,039	-	-	36,039
66,928	13,638	45	-	80,611	Cost of sales on non-current assets disposed of	7	58,841	16,621	13	75,475
6,922	19,921	2,362	-	29,205	Other expenses from ordinary activities	16	10,779	18,183	1,967	30,929
386,906	135,625	108,226	-	630,757	Total expenses from ordinary activities		353,700	116,267	107,587	(336)
					Profit/(loss) from ordinary activities before					
(38,767)	17,592	61,466	(6,326)	33,965	grants and subsidies from government		(30,937)	18,001	43,021	(3,039)
32,529	-	-	-	32,529	Grants from government	6	26,874	-	-	26,874
					Profit/(loss) from ordinary activities after					
(6,238)	17,592	61,466	(6,326)	66,494	grants and subsidies from government		(4,063)	18,001	43,021	(3,039)
8,926	-	(8,926)	-	-	Intersegment transfers		55,000	(55,000)	-	-
2,688	17,592	52,540	(6,326)	66,494	NET PROFIT/(LOSS)		50,937	(36,999)	43,021	(3,039)
					Non-Cash expenses other than Depreciation					
146,493	92,956	14,351	-	253,800	and amortisation		125,642	76,747	14,594	216,983

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

2 (i). SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE (continued)

2005					THE STATE HOUSING COMMISSION	2004				
RENTAL	LOANS	LAND	ELIMINATION	TOTAL		RENTAL	LOANS	LAND	ELIMINATION	TOTAL
\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000
					REVENUE					
					Revenues from ordinary activities					
					Revenues from operating activities					
131,986	43	1,296	-	133,325	Rental revenue	3	127,348	44	627	128,019
2,080	96,688	2	-	98,770	Interest revenue	4	917	81,818	8	82,743
344	-	159,835	-	160,179	Sales	5	-	-	145,720	145,720
29	-	6,297	(6,326)	-	Intersegment sales		(8)	-	3,047	(3,039)
142,918	-	-	-	142,918	Commonwealth grants and contributions	6	124,299	-	-	124,299
					Revenues from non-operating activities					
1,675	-	-	-	1,675	Developers contributions		1,056	-	-	1,056
68,136	16,349	33	-	84,518	Proceeds on the disposal of non-current assets	7	67,146	19,747	10	86,903
971	3,599	2,229	-	6,799	Other revenues from ordinary activities	8	2,005	3,239	1,196	6,440
348,139	116,679	169,692	(6,326)	628,184	Total revenues from ordinary activities		322,763	104,848	150,608	(3,039)
					EXPENSES					
					Expenses from ordinary activities					
267	-	90,643	-	90,910	Cost of sales	5	-	-	90,340	90,340
52,112	126	-	-	52,238	Community support expense	9	37,518	170	-	37,688
46,656	1,772	218	-	48,646	Depreciation & amortisation expense	10	43,817	1,838	234	45,889
23,330	91,604	9,656	-	124,590	Borrowing costs expense	11	23,843	76,623	10,343	110,809
37,121	1,915	3,394	-	42,430	Employee expenses	12	30,537	1,490	2,868	34,895
9,448	723	1,487	-	11,658	Supplies and services	13	8,891	579	1,431	10,901
3,434	115	227	-	3,776	Accommodation	14	4,112	88	221	4,421
105,450	6	194	-	105,650	Rental expenses	15	99,323	4	170	99,497
35,238	-	-	-	35,238	New Living expenses	15	36,039	-	-	36,039
66,928	13,626	45	-	80,599	Cost of sales on non-current assets disposed of	7	58,841	16,621	13	75,475
6,922	4,250	2,362	-	13,534	Other expenses from ordinary activities	16	10,779	2,899	1,967	15,645
386,906	114,137	108,226	-	609,269	Total expenses from ordinary activities		353,700	100,312	107,587	-
					Profit/(loss) from ordinary activities before					
(38,767)	2,542	61,466	(6,326)	18,915	grants and subsidies from government		(30,937)	4,536	43,021	(3,039)
32,529	-	-	-	32,529	Grants from government	6	26,874	-	-	26,874
					Profit/(loss) from ordinary activities after					
(6,238)	2,542	61,466	(6,326)	51,444	grants and subsidies from government		(4,063)	4,536	43,021	(3,039)
8,926		(8,926)	-	-	Intersegment transfers		55,000	(55,000)	-	-
2,688	2,542	52,540	(6,326)	51,444	NET PROFIT/(LOSS)		50,937	(50,464)	43,021	(3,039)
					Non-Cash expenses other than Depreciation					
146,493	92,956	14,351	-	253,800	and amortisation		125,642	76,747	14,594	-

2 (ii). SEGMENTED NET ASSETS REPORT

2005				
Rental \$000	Loans \$000	Land \$000	Unallocated \$000	Total \$000
(14,624)	164,188	(31,491)	20,039	138,112
9,746	-	10,883	-	20,629
9,463	1,070	23,902	155	34,590
1,194	-	16,413	-	17,607
-	150,000	-	-	150,000
26	897	1,731	2	2,656
5,805	316,155	21,438	20,196	363,594

-	1,797,370	-	544	1,797,914
4,138,533	-	-	-	4,138,533
255,745	-	-	-	255,745
-	108,489	-	-	108,489
2,649	-	1,376	20,543	24,568
2	504	31	3,985	4,522
78,448	228	-	-	78,676
-	-	1,886	-	1,886
3,029	-	345,776	-	348,805
-	4,109	-	1,901	6,010
4,478,406	1,910,700	349,069	26,973	6,765,148
4,484,211	2,226,855	370,507	47,169	7,128,742

12,954	2,212	10,891	-	26,057
14,412	503	29,554	3,460	47,929
9,269	10,967	5,545	858	26,639
-	-	8,481	6,072	14,553
36,635	13,682	54,471	10,390	115,178

460,849	1,866,554	129,062	-	2,456,465
-	-	326	-	326
-	-	1,124	-	1,124
674	249	846	37,486	39,255
461,523	1,866,803	131,358	37,486	2,497,170
498,158	1,880,485	185,829	47,876	2,612,348
3,986,053	346,370	184,678	(707)	4,516,394

167,493	8,565	130,470	2,658	309,186
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CONSOLIDATED

CURRENT ASSETS

Cash assets	17	5,803	127,558	(37,192)	20,510	116,679
Restricted cash assets	18	9,010	-	8,144	-	17,154
Receivables	19	12,797	1,178	17,068	510	31,553
Inventories	20	1,382	-	24,532	-	25,914
Other financial assets	21	-	155,000	-	-	155,000
Other assets	22	24	1,544	900	-	2,468
Total Current Assets		29,016	285,280	13,452	21,020	348,768

NON-CURRENT ASSETS

Other financial assets	21	-	1,504,340	-	627	1,504,967
Rental properties	23	3,634,891	-	-	-	3,634,891
Community housing properties	24	230,612	-	-	-	230,612
Shared equity properties	25	-	101,809	-	-	101,809
Other properties	26	2,068	-	788	20,744	23,600
Plant & equipment	27	-	584	30	3,285	3,899
Buildings under construction	28	61,626	-	-	-	61,626
Receivables	19	-	-	1,886	-	1,886
Inventories	20	2,323	-	306,092	-	308,415
Other assets	29	-	3,264	-	1,603	4,867

Total Non-Current Assets

Total Assets

CURRENT LIABILITIES

Interest-bearing liabilities	30	12,680	2,064	6,620	-	21,364
Payables	31	12,931	510	28,212	3,487	45,140
Other liabilities	32	7,170	11,229	3,624	2,096	24,119
Provisions	33	-	-	7,968	6,600	14,568

Total Current Liabilities

NON-CURRENT LIABILITIES

Interest-bearing liabilities	30	474,115	1,568,818	139,631	-	2,182,564
Payables	31	-	-	416	-	416
Other liabilities	32	-	-	1,961	-	1,961
Provisions	33	504	233	1,139	38,018	39,894

Total Non-Current Liabilities

Total Liabilities

NET ASSETS

Acquisition of Property, Plant & Equipment, intangibles and other non-current segment assets

Note	2004				
	Rental \$000	Loans \$000	Land \$000	Unallocated \$000	Total \$000
	5,803	127,558	(37,192)	20,510	116,679
	9,010	-	8,144	-	17,154
	12,797	1,178	17,068	510	31,553
	1,382	-	24,532	-	25,914
	-	155,000	-	-	155,000
	24	1,544	900	-	2,468
	29,016	285,280	13,452	21,020	348,768
	-	1,504,340	-	627	1,504,967
	3,634,891	-	-	-	3,634,891
	230,612	-	-	-	230,612
	-	101,809	-	-	101,809
	2,068	-	788	20,744	23,600
	-	584	30	3,285	3,899
	61,626	-	-	-	61,626
	-	-	1,886	-	1,886
	2,323	-	306,092	-	308,415
	-	3,264	-	1,603	4,867
	3,931,520	1,609,997	308,796	26,259	5,876,572
	3,960,536	1,895,277	322,248	47,279	6,225,340
	12,680	2,064	6,620	-	21,364
	12,931	510	28,212	3,487	45,140
	7,170	11,229	3,624	2,096	24,119
	-	-	7,968	6,600	14,568
	32,781	13,803	46,424	12,183	105,191
	474,115	1,568,818	139,631	-	2,182,564
	-	-	416	-	416
	-	-	1,961	-	1,961
	504	233	1,139	38,018	39,894
	474,619	1,569,051	143,147	38,018	2,224,835
	507,400	1,582,854	189,571	50,201	2,330,026
	3,453,136	312,423	132,677	(2,922)	3,895,314
	173,638	5,742	120,599	3,093	303,072

Other financial assets and total Payables in the segmented assets report differ from the Statement of Financial Position due to a \$20 million intersegment loan between the Loans and Land segments. These transactions have been eliminated in the Statement of Financial Position.

2 (ii). SEGMENTED NET ASSETS REPORT (continued)

2005				
Rental \$000	Loans \$000	Land \$000	Unallocated \$000	Total \$000
(14,624)	147,570	(31,491)	20,039	121,494
9,746	-	10,883	-	20,629
9,463	1,019	23,902	155	34,539
1,194	-	16,413	-	17,607
-	-	-	-	-
26	9,262	1,731	2	11,021
5,805	157,851	21,438	20,196	205,290

-	1,820,314	-	544	1,820,858
4,138,533	-	-	-	4,138,533
255,745	-	-	-	255,745
-	108,489	-	-	108,489
2,649	-	1,376	20,543	24,568
2	-	31	3,985	4,018
78,448	228	-	-	78,676
-	-	1,886	-	1,886
3,029	-	345,776	-	348,805
-	-	-	1,901	1,901
4,478,406	1,929,031	349,069	26,973	6,783,479
4,484,211	2,086,882	370,507	47,169	6,988,769

12,954	2,212	10,891	-	26,057
14,412	503	29,554	3,460	47,929
9,269	8,550	5,545	858	24,222
-	-	8,481	6,072	14,553
36,635	11,265	54,471	10,390	112,761

460,849	1,866,554	129,062	-	2,456,465
-	-	326	-	326
-	-	11,124	-	11,124
674	249	846	37,486	39,255
461,523	1,866,803	141,358	37,486	2,507,170
498,158	1,878,068	195,829	47,876	2,619,931
3,986,053	208,814	174,678	(707)	4,368,838

167,493	5,830	130,470	2,658	306,451
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THE STATE HOUSING COMMISSION

CURRENT ASSETS

Cash assets	17	5,803	114,384	(37,192)	20,510	103,505
Restricted cash assets	18	9,010	-	8,144	-	17,154
Receivables	19	12,797	1,196	17,068	510	31,571
Inventories	20	1,382	-	24,532	-	25,914
Other financial assets	21	-	-	-	-	-
Other assets	22	24	8,532	900	-	9,456

Total Current Assets

NON-CURRENT ASSETS

Other financial assets	21	-	1,543,605	-	627	1,544,232
Rental properties	23	3,634,891	-	-	-	3,634,891
Community housing properties	24	230,612	-	-	-	230,612
Shared equity properties	25	-	101,809	-	-	101,809
Other properties	26	2,068	-	788	20,744	23,600
Plant & equipment	27	-	-	30	3,285	3,315
Buildings under construction	28	61,626	-	-	-	61,626
Receivables	19	-	-	1,886	-	1,886
Inventories	20	2,323	-	306,092	-	308,415
Other assets	29	-	-	-	1,603	1,603

Total Non-Current Assets

Total Assets

CURRENT LIABILITIES

Interest-bearing liabilities	30	12,680	2,064	6,620	-	21,364
Payables	31	12,931	510	28,212	3,487	45,140
Other liabilities	32	7,170	7,984	3,624	2,096	20,874
Provisions	33	-	-	7,968	6,600	14,568

Total Current Liabilities

NON-CURRENT LIABILITIES

Interest-bearing liabilities	30	474,115	1,568,818	139,631	-	2,182,564
Payables	31	-	-	416	-	416
Other liabilities	32	-	-	11,961	-	11,961
Provisions	33	504	233	1,139	38,018	39,894

Total Non-Current Liabilities

Total Liabilities

NET ASSETS

Acquisition of Property, Plant & Equipment, intangibles and other non-current segment assets

Note	2004				
	Rental \$000	Loans \$000	Land \$000	Unallocated \$000	Total \$000
	5,803	114,384	(37,192)	20,510	103,505
	9,010	-	8,144	-	17,154
	12,797	1,196	17,068	510	31,571
	1,382	-	24,532	-	25,914
	-	-	-	-	-
	24	8,532	900	-	9,456
	29,016	124,112	13,452	21,020	187,600
	-	1,543,605	-	627	1,544,232
	3,634,891	-	-	-	3,634,891
	230,612	-	-	-	230,612
	-	101,809	-	-	101,809
	2,068	-	788	20,744	23,600
	-	-	30	3,285	3,315
	61,626	-	-	-	61,626
	-	-	1,886	-	1,886
	2,323	-	306,092	-	308,415
	-	-	-	1,603	1,603
	3,931,520	1,645,414	308,796	26,259	5,911,989
	3,960,536	1,769,526	322,248	47,279	6,099,589
	12,680	2,064	6,620	-	21,364
	12,931	510	28,212	3,487	45,140
	7,170	7,984	3,624	2,096	20,874
	-	-	7,968	6,600	14,568
	32,781	10,558	46,424	12,183	101,946
	474,115	1,568,818	139,631	-	2,182,564
	-	-	416	-	416
	-	-	11,961	-	11,961
	504	233	1,139	38,018	39,894
	474,619	1,569,051	153,147	38,018	2,234,835
	507,400	1,579,609	199,571	50,201	2,336,781
	3,453,136	189,917	122,677	(2,922)	3,762,808
	173,638	3,007	120,599	3,093	300,337

Total Other financial assets and total Payables in the segmented assets report differ from the Statement of Financial Position due to a \$20 million intersegment loan between the Loans and Land segments. This transaction has been eliminated in the Statement of Financial Position.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
3. RENTAL REVENUE				
Rental properties	129,936	125,293	129,936	125,293
Amenities heating	865	885	865	885
Commercial properties	2,506	1,841	2,506	1,841
Community housing properties	18	-	18	-
Total rental revenue	133,325	128,019	133,325	128,019
4. INTEREST REVENUE				
LOAN INTEREST				
Keystart secured mortgage advances	108,500	91,243	-	-
Loans to housing societies	261	405	261	405
	108,761	91,648	261	405
The State Housing Commission loan schemes	6,718	8,225	6,718	8,225
Less mortgage subsidies	51	59	51	59
	6,667	8,166	6,667	8,166
Total Loan Interest	115,428	99,814	6,928	8,571
OTHER INTEREST				
Interest on cash at bank	7,672	4,979	7,672	4,979
Interest on investments	7,882	2,800	84,140	69,068
Interest other	30	125	30	125
Total other interest	15,584	7,904	91,842	74,172
Total interest revenue	131,012	107,718	98,770	82,743
5. TRADING STATEMENT				
Sales				
Joint venture land	93,133	85,506	93,133	85,506
Land	67,046	60,214	67,046	60,214
	160,179	145,720	160,179	145,720
Less cost of land sold				
Joint venture land	61,677	59,674	61,677	59,674
Land	29,233	30,666	29,233	30,666
	90,910	90,340	90,910	90,340
Trading Profit	69,269	55,380	69,269	55,380
6. COMMONWEALTH AND STATE GRANTS				
COMMONWEALTH GRANTS				
Aboriginal housing	61,889	44,506	61,889	44,506
Commonwealth rental grants	70,708	69,628	70,708	69,628
Crisis accommodation & community housing	10,321	10,165	10,321	10,165
Total Commonwealth grants	142,918	124,299	142,918	124,299
STATE GRANTS				
Department of Treasury and Finance	32,063	25,263	32,063	25,263
Department of Indigenous Affairs	-	30	-	30
Department of Health	-	50	-	50
Department of Planning and Infrastructure	466	331	466	331
Department of Education	-	200	-	200
Main Roads Western Australia	-	1,000	-	1,000
Total State grants	32,529	26,874	32,529	26,874

7. NET PROFIT ON THE DISPOSAL OF NON-CURRENT ASSETS

	2005	
(\$000)	(\$000)	(\$000)
Gross Proceeds	Cost of Sales	Net Profit (Loss)
541	482	59
67,137	65,975	1,162
16,328	13,598	2,730
512	556	(44)
84,518	80,611	3,907

541	482	59
67,137	65,975	1,162
16,328	13,598	2,730
512	544	(32)
84,518	80,599	3,919

CONSOLIDATED

Community housing properties
Rental properties
Shared equity properties
Properties plant & equipment
Total

THE STATE HOUSING COMMISSION

Community housing properties
Rental properties
Shared equity properties
Properties plant & equipment
Total

	2004	
(\$000)	(\$000)	(\$000)
Gross Proceeds	Cost of Sales	Net Profit (Loss)
-	-	-
67,056	58,730	8,326
19,739	16,611	3,128
108	134	(26)
86,903	75,475	11,428

-	-	-
67,056	58,730	8,326
19,739	16,611	3,128
108	134	(26)
86,903	75,475	11,428

Proceeds on disposal of non-current assets consists of gross proceeds less concessions.
Costs on sales consists of the book value and selling expenses.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
8. OTHER REVENUES FROM ORDINARY ACTIVITIES				
Bad debts recovered	585	572	585	572
Conveyancing fees	5,383	4,010	5,383	4,010
Assets received free of charge	-	621	-	621
Other revenue	5,127	5,346	831	1,237
Total other revenues from ordinary activities	11,095	10,549	6,799	6,440

9. COMMUNITY SUPPORT EXPENSE

Aboriginal Housing (i)	49,291	34,858	49,291	34,858
Community Housing (ii)	2,821	2,660	2,821	2,660
Mortgage and rental assistance program - cash assistance	126	170	126	170
Total community support programs	52,238	37,688	52,238	37,688

(i) Aboriginal housing community support consists of expenses incurred in the provision of remote indigenous community housing and support programmes.

(ii) Community housing support consists of expenses incurred in the provision of housing undertaken by community groups.

10. DEPRECIATION AND AMORTISATION EXPENSE

Depreciation				
Rental properties	41,374	37,194	41,374	37,194
Community housing properties	3,367	3,609	3,367	3,609
Shared equity properties	1,661	1,661	1,661	1,661
Other properties	620	559	620	559
Plant & equipment	2,511	2,121	1,055	1,238
Amortisation				
Other assets	2,076	3,010	569	1,628
Total depreciation and amortisation	51,609	48,154	48,646	45,889

11. BORROWING COSTS EXPENSE

Interest on Interest-bearing liabilities	124,263	106,968	124,590	110,809
Total borrowing costs expense	124,263	106,968	124,590	110,809

12. EMPLOYEE EXPENSES

Salaries & wages	43,858	39,674	43,750	39,679
Superannuation	6,752	3,788	6,752	3,788
Other related expenses	2,921	2,800	2,921	2,800
	53,531	46,262	53,423	46,267
Less Credits:				
Administration Capitalised	2,898	3,271	2,898	3,271
Recoups	8,063	7,954	8,095	8,101
Total Credits	10,961	11,225	10,993	11,372
Total administration & employee expenses	42,570	35,037	42,430	34,895

The Employee Entitlement provisions have been adjusted by the following amounts:

	2005	2004
	\$	\$
Long service leave	(473,000)	166,000
Annual leave	418,000	344,000
Superannuation	(819,000)	(2,745,000)

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
13. SUPPLIES AND SERVICES				
Other personnel costs	1,551	1,339	1,551	1,339
Travel	675	710	675	710
Stationery & supplies	969	1,073	712	821
Communication	2,554	2,449	2,331	2,294
Other costs & expenses	6,294	5,085	4,235	3,848
Audit fees	505	538	371	315
Motor vehicles	757	614	757	614
	<u>13,305</u>	<u>11,808</u>	<u>10,632</u>	<u>9,941</u>
Lease expenses				
Non cancellable operating leases:				
- Motor vehicles	1,026	960	1,026	960
	<u>1,026</u>	<u>960</u>	<u>1,026</u>	<u>960</u>
	<u>14,331</u>	<u>12,768</u>	<u>11,658</u>	<u>10,901</u>
Motor vehicle leases:				
Lease commitments on non cancellable operating leases are:				
Within 1 year	900	626	900	626
Later than 1 year & not later than 5 years	313	234	313	234
	<u>1,213</u>	<u>860</u>	<u>1,213</u>	<u>860</u>
14. ACCOMMODATION				
Office rental & accommodation	3,128	3,744	3,115	3,741
Lease expenses				
Non cancellable operating leases:				
- Office properties	1,004	910	661	675
Cancellable leases				
- Office properties	-	5	-	5
	<u>1,004</u>	<u>915</u>	<u>661</u>	<u>680</u>
	<u>4,132</u>	<u>4,659</u>	<u>3,776</u>	<u>4,421</u>
Office property leases:				
Lease commitments on non cancellable operating leases are:				
Within 1 year	640	662	618	640
Later than 1 year & not later than 5 years	401	763	379	741
	<u>1,041</u>	<u>1,425</u>	<u>997</u>	<u>1,381</u>
15. RENTAL EXPENSES				
Maintenance expenses	33,890	32,149	33,890	32,149
Debt collection expenses	1,295	1,320	1,295	1,320
Estate management expenses	3,734	3,700	3,734	3,700
General expenses	5,408	4,306	5,408	4,642
Insurance expenses	5,450	5,925	5,450	5,925
Rates expenses	42,483	40,113	42,483	40,113
Renovations & improvements	13,390	11,623	13,390	11,623
	<u>105,650</u>	<u>99,136</u>	<u>105,650</u>	<u>99,472</u>
Lease expenses				
Operating lease costs were:				
Rental properties	-	25	-	25
	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>
Total rental expenses	<u>105,650</u>	<u>99,161</u>	<u>105,650</u>	<u>99,497</u>
NEW LIVING EXPENSES				
Renovations & improvements	31,805	33,009	31,805	33,009
Infrastructure expenses	2,728	2,883	2,728	2,883
Demolition costs	705	147	705	147
Total new living expenses	<u>35,238</u>	<u>36,039</u>	<u>35,238</u>	<u>36,039</u>

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
16. OTHER EXPENSES FROM ORDINARY ACTIVITIES				
Doubtful debts expense	3,662	4,262	3,123	2,935
Fees - Keystart	15,195	14,155	-	-
Grants & subsidies	107	1,136	107	1,136
Land expenses	564	548	564	548
Loan scheme expenses	1,255	1,508	1,255	1,508
Other expenses	8,422	9,320	8,485	9,518
Total other expenses from ordinary activities	29,205	30,929	13,534	15,645

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
17. CASH ASSETS				
Cash at bank - operational	117,412	95,979	100,794	82,805
Cash at bank - superannuation	20,700	20,700	20,700	20,700
Total cash assets	138,112	116,679	121,494	103,505

18. RESTRICTED CASH ASSETS				
Rental tenants bonds	9,746	9,010	9,746	9,010
Joint venture cash	10,883	8,144	10,883	8,144
Total restricted cash assets	20,629	17,154	20,629	17,154

Rental Tenants Bonds represents bond monies received by The State Housing Commission from rental clients. These funds are held in trust in accordance with the Residential Tenancies act. Joint Venture Cash is restricted for the use of joint venture operations and is controlled by the respective management groups.

19. RECEIVABLES				
Current				
General	1,993	5,811	1,942	5,829
Joint venture receivables	9,950	11,887	9,950	11,887
Land debtors	14,523	5,718	14,523	5,718
Other rents	679	344	679	344
Rental bonds assistance	3,911	4,388	3,911	4,388
Rents from tenants	10,262	9,650	10,262	9,650
	41,318	37,798	41,267	37,816
Less provision for doubtful debts	6,728	6,245	6,728	6,245
Total receivables (current)	34,590	31,553	34,539	31,571
Non current				
Joint venture receivables	1,886	1,886	1,886	1,886
Total receivables (non current)	1,886	1,886	1,886	1,886

20. INVENTORIES				
Land held for sale at cost (Note 1(l)) current				
Cost of acquisition and development	13,335	17,920	13,335	17,920
Capitalised rates, taxes, administration and interest.	1,054	1,395	1,054	1,395
	14,389	19,315	14,389	19,315
Joint venture land at cost (Note 1 (j))	2,052	5,290	2,052	5,290
House and land packages at cost	1,166	1,309	1,166	1,309
Total current inventories	17,607	25,914	17,607	25,914
Land held for sale at cost (Note 1(l)) non - current				
Cost of acquisition and development	244,667	209,814	244,667	209,814
	244,667	209,814	244,667	209,814
Joint venture land at cost (a)	104,138	98,601	104,138	98,601
Total non -current inventories	348,805	308,415	348,805	308,415

20. INVENTORIES (Continued)

(a) The State Housing Commission enters into joint venture operations for the development of Land holdings. Listed below are the current joint venture operations

Butler

The State Housing Commission holds a 46.78% interest in a joint venture operation named Butler for the development of land at Brighton estate. The Commission contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

Brighton Beachside Estate

The State Housing Commission holds a 50% interest in a joint venture operation named Brighton Beachside Estate for the development of land at Quinns. The Commission contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

Dalyellup Beach

The State Housing Commission holds a 50% interest in a joint venture operation named Dalyellup Beach for the development of land at Dalyellup Beach, Bunbury. The Commission contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

Ellenbrook

The State Housing Commission holds a 47.138% interest in a joint venture operation named Ellenbrook for the development of land at Ellenbrook. The Commission contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

Seacrest

The State Housing Commission holds a 50% interest in a joint venture operation named Seacrest for the development of land at Wandina, Geraldton. The Commission contributes development costs and receives revenues on the basis of the interest held in the joint venture operation.

Beeliar

The State Housing Commission holds an interest in a joint venture operation named Beeliar for the development of State Housing Commission land in Beeliar. The State Housing Commission does not contribute to the development of the land. The revenue received is 33% of the sale price of each lot and 50% share in the net proceeds after development costs and SHC 33% have been deducted.

Clarkson

The State Housing Commission holds an interest in a joint venture operation named Clarkson for the development of State Housing Commission land in Clarkson. The State Housing Commission does not contribute to the development of the land. The revenue received is 17.5% of the sale price of each lot and 30% share in the net proceeds after development costs, management fees and SHC 17.5% have been deducted.

Palm Beach

The State Housing Commission holds an interest in a joint venture operation named Palm Beach for the development of State Housing Commission land at Palm Beach, Rockingham. The State Housing Commission does not contribute to the development of the land. The revenue received is \$13,000 upon the sale of each lot and 50% share in the profit after all development costs have been met.

Woodrise Estate

The State Housing Commission holds an interest in a joint venture operation named Woodrise Estate for the development of State Housing Commission land in Albany. The State Housing Commission does not contribute to the development of the land. The revenue received is 30% share in the profit after all development costs have been met.

Wellard

The State Housing Commission holds an interest in a joint venture operation named Wellard for the development of State Housing Commission land in Wellard. The State Housing Commission does not contribute to the development of the land. The revenue received is 10% of the sale price of each lot and 80% share in the net proceeds after development costs, management fees and SHC 10% have been deducted.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

20. 'INVENTORIES (Continued)
JOINT VENTURE OPERATIONS

	2005										
	Butler	Brighton Beachside Estate	Dalyellup Beach	Ellenbrook	Seacrest	Beeliar	Clarkson	Palm Beach	Wellard	Woodrise Estate	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT ASSETS											
Cash assets	6,870	343	3,219	180	271	-	-	-	-	-	10,883
Receivables	1,286	450	688	3,203	4,323	-	-	-	-	-	9,950
Inventories	8	-	8	2,036	-	-	-	-	-	-	2,052
Other assets	-	-	-	1,731	-	-	-	-	-	-	1,731
	8,164	793	3,915	7,150	4,594	-	-	-	-	-	24,616
NON-CURRENT ASSETS											
Receivables	-	-	-	1,886	-	-	-	-	-	-	1,886
Office Equipment	-	-	-	31	-	-	-	-	-	-	31
Buildings	601	-	443	332	-	-	-	-	-	-	1,376
Development costs (1)	22,090	3,146	10,954	25,893	595	-	-	-	-	-	62,678
	22,691	3,146	11,397	28,142	595	-	-	-	-	-	65,971
Total assets	30,855	3,939	15,312	35,292	5,189	-	-	-	-	-	90,587
CURRENT LIABILITIES											
Payables and Interest-bearing liabilities	818	201	1,606	2,373	8	-	-	-	-	-	5,006
Other Liabilities	-	1,600	-	-	1,587	-	-	-	-	-	3,187
Provisions	2,796	-	1,120	3,920	645	-	-	-	-	-	8,481
	3,614	1,801	2,726	6,293	2,240	-	-	-	-	-	16,674
NON-CURRENT LIABILITIES											
Payables and Interest-bearing liabilities	-	-	-	326	-	-	-	-	-	-	326
Provisions	-	-	-	-	62	-	-	-	-	-	62
	-	-	-	326	62	-	-	-	-	-	388
Total liabilities	3,614	1,801	2,726	6,619	2,302	-	-	-	-	-	17,062
NET ASSETS	27,241	2,138	12,586	28,673	2,887	-	-	-	-	-	73,525
Land (1)	12,596	570	528	6,466	770	2,534	7,401	-	10,457	138	41,460

1. The total of development costs (\$62.678 million) and State Housing Commission land (\$41.460 million) represents the total (\$104.138 million) joint venture land.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

20. 'INVENTORIES (Continued)
JOINT VENTURE OPERATIONS

	2004										
	Butler	Brighton Beachside Estate	Dalyellup Beach	Ellenbrook	Seacrest	Beeliar	Clarkson	Palm Beach	Wellard	Woodrise Estate	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT ASSETS											
Cash assets	3,775		4,095	107	167	-	-	-	-	-	8,144
Receivables	2,246	139	1,459	7,050	993	-	-	-	-	-	11,887
Inventories	-	2,662	-	2,628	-	-	-	-	-	-	5,290
Other assets	-	-	-	900	-	-	-	-	-	-	900
	6,021	2,801	5,554	10,685	1,160	-	-	-	-	-	26,221
NON-CURRENT ASSETS											
Receivables	-	-	-	1,886	-	-					1,886
Office Equipment	-	-	-	30	-	-	-	-	-	-	30
Buildings	376	-	306	106	-	-	-	-	-	-	788
Development costs (1)	18,809	-	7,786	23,997	845	-	-	-	-	-	51,437
	19,185	-	8,092	24,133	845	-	-	-	-	-	54,141
Total assets	25,206	2,801	13,646	34,818	2,005	-	-	-	-	-	80,362
CURRENT LIABILITIES											
Payables and Interest-bearing liabilities	1,064	77	1,675	3,800	25	-	-	-	-	-	6,641
Other Liabilities	-	701	-	-	364	-	-	-	-	-	1,065
Provisions	2,306	-	-	5,583	79	-	-	-	-	-	7,968
	3,370	778	1,675	9,383	468	-	-	-	-	-	15,674
NON-CURRENT LIABILITIES											
Payables and Interest-bearing liabilities	-	-		416	-	-	-	-	-	-	416
Provisions	-	-	-	-	70	-	-	-	-	-	70
	-	-	-	416	70	-	-	-	-	-	486
Total liabilities	3,370	778	1,675	9,799	538	-	-	-	-	-	16,160
NET ASSETS	21,836	2,023	11,971	25,019	1,467	-	-	-	-	-	64,202
Land (1)	14,232	975	630	6,945	898	3,083	9,190	25	10,895	291	47,164

1. The total of development costs (\$51.437 million) and State Housing Commission land (\$47.164 million) represents the total (\$98.601 million) joint venture land.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

21. OTHER FINANCIAL ASSETS

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Current investments				
Deposits at call	150,000	155,000	-	-
Total current other financial assets	150,000	155,000	-	-
Non - current investments				
Ellenbrook Management Pty Ltd Shares (a)	24	24	24	24
Keystart preferential shares (d)	-	-	1,705,000	1,405,000
	24	24	1,705,024	1,405,024
Loans to homebuyers	1,785,972	1,491,468	91,029	112,846
Less provision for doubtful debts	13,112	13,387	225	500
	1,772,860	1,478,081	90,804	112,346
Loans to housing societies (c)	4,399	5,931	4,399	5,931
Loans other				
Commercial organisations	609	662	609	662
Local & statutory authorities	22	269	22	269
	1,777,890	1,484,943	95,834	119,208
Total non - current other financial assets	1,777,914	1,484,967	1,800,858	1,524,232

(a) Interest is held in the following company.

Name	Principal Activities	Type of shares	Percentage of each share class held		Dividends received (\$000)	Value of Shares at cost (\$000)
			2005	2004		
			%	%		
Ellenbrook Management Pty Ltd	Real estate development	Ord.	47.14	47.14	Nil	24

(b) Controlled entities and contribution to retained earnings. (Note 1 b & c)

Name	Percentage Owned		Contribution to Consolidated Entity result (\$000)		Investment Shares at cost (\$)	
	2005	2004	2005	2004	2005	2004
Keystart Bonds Ltd	100	100	Nil	Nil	6	6
Keystart Loans Ltd	100	100	Nil	Nil	6	6
Keystart Support Pty Ltd	100	100	Nil	Nil	2	2
Keystart Support (Subsidiary) Pty Ltd	100	100	Nil	Nil	2	2
Keystart Housing Scheme Trust						
Profits			15,050	13,465		
Transfer from Reserve			90	102		
Keystart Support Trust			Nil	Nil		
Homeswest Loan Scheme Trust			Nil	Nil		

(c) Loans to Housing Societies

Loans made by The State Housing Commission to Housing Societies ("Approved Institutions" pursuant to the Housing Loan Guarantee Act 1957 - 1973) are made by The State Housing Commission pursuant to the Commonwealth State Housing Agreement Act and are in turn on lent to borrowers for the purpose of buying or building a home. Loans with a balance of \$4,398,951 at June 30 2005 (June 2004 \$5,931,071) made by The State Housing Commission to these housing societies are secured by a floating charge over the assets of the societies. Monies on lent by the societies prior to 1985/86 are covered by Mortgage Insurance taken out by the borrowers. Monies on lent by the societies in 1985/86 are indemnified by the Treasurer. The Housing Loan Guarantee Act 1957-1973 was the means used to provide the indemnity. The amount of such indemnities at June 30 2005 was \$87,922 (June 2004 \$242,884). The State Housing Commission is responsible for any shortfall realised for monies on lent by the societies subsequent to 1985/86.

21. OTHER FINANCIAL ASSETS (Continued)**(d) Keystart Preferential Shares**

The Western Australian Treasury Corporation has provided The State Housing Commission with a \$2,000 million loan facility to fund Keystart Loans Ltd. The State Housing Commission has purchased redeemable preference shares in Keystart Loans Ltd. to the same value as the drawn down loan facility as security over the funds. The terms and conditions of the shares reflect the terms and conditions of the loan facility. Keystart Loans Ltd. meets all principal, interest and other costs associated with the facility. To date \$1,705 million (June 2004 \$1,405 million) of this facility has been drawn down.

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
22. OTHER ASSETS (Current Assets)				
Accrued revenue				
Keystart hedging instruments	-	191	-	-
Interest on cash at bank	750	585	750	585
Interest Keystart shares	-	-	8,513	7,947
	<u>750</u>	<u>776</u>	<u>9,263</u>	<u>8,532</u>
Prepayments				
Insurance premiums	27	24	27	24
Interest on borrowings	148	768	-	-
Joint venture	1,731	900	1,731	900
	<u>1,906</u>	<u>1,692</u>	<u>1,758</u>	<u>924</u>
Total other assets	<u>2,656</u>	<u>2,468</u>	<u>11,021</u>	<u>9,456</u>

23. RENTAL PROPERTIES

Rental properties at fair value				
Improvements	2,098,264	1,893,173	2,098,264	1,893,173
Land	2,082,437	1,779,291	2,082,437	1,779,291
	<u>4,180,701</u>	<u>3,672,464</u>	<u>4,180,701</u>	<u>3,672,464</u>
Less accumulated depreciation	42,259	37,872	42,259	37,872
	<u>4,138,442</u>	<u>3,634,592</u>	<u>4,138,442</u>	<u>3,634,592</u>
Leasehold improvements at cost	198	499	198	499
Less accumulated depreciation	107	200	107	200
	<u>91</u>	<u>299</u>	<u>91</u>	<u>299</u>
Total rental properties	<u>4,138,533</u>	<u>3,634,891</u>	<u>4,138,533</u>	<u>3,634,891</u>

24. COMMUNITY HOUSING PROPERTIES

Crisis accommodation properties at fair value				
Improvements	36,981	34,497	36,981	34,497
Land	32,668	26,667	32,668	26,667
	<u>69,649</u>	<u>61,164</u>	<u>69,649</u>	<u>61,164</u>
Community housing properties at fair value				
Improvements	62,862	58,145	62,862	58,145
Land	36,369	30,854	36,369	30,854
	<u>99,231</u>	<u>88,999</u>	<u>99,231</u>	<u>88,999</u>
Joint charity projects at fair value				
Improvements	79,179	90,015	79,179	90,015
Land	12,828	1,804	12,828	1,804
	<u>92,007</u>	<u>91,819</u>	<u>92,007</u>	<u>91,819</u>
Indigenous urban housing at fair value				
Improvements	934	-	934	-
Land	550	-	550	-
	<u>1,484</u>	<u>-</u>	<u>1,484</u>	<u>-</u>
	<u>262,371</u>	<u>241,982</u>	<u>262,371</u>	<u>241,982</u>
Less accumulated depreciation:				
Crisis accommodation	710	699	710	699
Community housing	1,271	1,134	1,271	1,134
Joint charity projects	4,640	9,537	4,640	9,537
Indigenous urban housing	5	-	5	-
	<u>6,626</u>	<u>11,370</u>	<u>6,626</u>	<u>11,370</u>
Total community housing properties	<u>255,745</u>	<u>230,612</u>	<u>255,745</u>	<u>230,612</u>

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
25. SHARED EQUITY PROPERTIES				
Shared Equity Properties at fair value				
Improvements	53,965	52,543	53,965	52,543
Land	56,141	50,837	56,141	50,837
	110,106	103,380	110,106	103,380
Less Accumulated Depreciation:	1,617	1,571	1,617	1,571
Total shared equity properties	108,489	101,809	108,489	101,809
26. OTHER PROPERTIES				
Other properties at fair value				
Offices				
Improvements	8,365	8,373	8,365	8,373
Land	12,417	12,409	12,417	12,409
	20,782	20,782	20,782	20,782
Commercial				
Improvements	938	564	938	564
Land	1,711	1,504	1,711	1,504
	2,649	2,068	2,649	2,068
Joint venture buildings	1,567	924	1,567	924
	24,998	23,774	24,998	23,774
Less accumulated depreciation:				
Offices	424	404	424	404
Commercial	21	11	21	11
Joint venture buildings	191	136	191	136
	636	551	636	551
	24,362	23,223	24,362	23,223
Leasehold improvements at cost	636	636	636	636
Less accumulated depreciation:	430	259	430	259
	206	377	206	377
Total other properties	24,568	23,600	24,568	23,600
27. PLANT & EQUIPMENT				
Plant & equipment at cost				
Air conditioning	699	626	699	626
Commercial vehicles	439	439	439	439
Computing facilities & equipment	10,522	9,584	9,754	8,921
Furniture & fittings	675	940	531	529
Office machines & equipment	1,801	1,700	1,612	1,527
Joint venture office equipment	60	55	60	55
Plant & equipment	120	67	120	67
	14,316	13,411	13,215	12,164
Less accumulated depreciation:				
Air conditioning	475	416	475	416
Commercial vehicles	439	439	439	439
Computing facilities & equipment	7,281	6,822	6,800	6,513
Furniture & fittings	458	682	424	402
Office machines & equipment	1,074	1,103	992	1,029
Joint venture office equipment	29	25	29	25
Plant & equipment	38	25	38	25
	9,794	9,512	9,197	8,849
Total plant & equipment	4,522	3,899	4,018	3,315

28. PROPERTY, PLANT AND EQUIPMENT RECONCILIATION**2005****CONSOLIDATED**

	Rental Properties \$000	Community Housing Properties \$000	Shared Equity Properties \$000	Other Properties \$000	Plant & Equipment \$000	Buildings under Construction \$000	Total \$000
Carrying amount at start of year	3,634,891	230,612	101,809	23,600	3,899	61,626	4,056,437
Additions	17,913	12,628	5,602	1,101	2,041	135,732	175,017
Transfers	118,682	-	-	-	-	(118,682)	-
Disposals	(87,087)	(995)	(13,697)	(325)	(1,136)	-	(103,240)
Revaluation increments	495,175	16,789	16,337	855	-	-	529,156
Depreciation	(41,041)	(3,289)	(1,562)	(663)	(282)	-	(46,837)
Carrying amount at end of year	4,138,533	255,745	108,489	24,568	4,522	78,676	4,610,533

Depreciation includes adjustments on disposal of assets in addition to the derecognition expense for the year.

2005**THE STATE HOUSING COMMISSION**

	Rental Properties \$000	Community Housing Properties \$000	Shared Equity Properties \$000	Other Properties \$000	Plant & Equipment \$000	Buildings under Construction \$000	Total \$000
Carrying amount at start of year	3,634,891	230,612	101,809	23,600	3,315	61,626	4,055,853
Additions	17,913	12,628	5,602	1,101	1,847	135,732	174,823
Transfers	118,682	-	-	-	-	(118,682)	-
Disposals	(87,087)	(995)	(13,697)	(325)	(796)	-	(102,900)
Revaluation increments	495,175	16,789	16,337	855	-	-	529,156
Depreciation	(41,041)	(3,289)	(1,562)	(663)	(348)	-	(46,903)
Carrying amount at end of year	4,138,533	255,745	108,489	24,568	4,018	78,676	4,610,029

Depreciation includes adjustments on disposal of assets in addition to the derecognition expense for the year.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
29. OTHER ASSETS				
Other assets at cost				
Computing software	8,377	8,064	4,627	4,344
Less accumulated amortisation	5,625	4,364	3,159	2,831
	2,752	3,700	1,468	1,513
Computing development	9,792	9,409	9,792	9,409
Less accumulated amortisation	9,359	9,319	9,359	9,319
	433	90	433	90
Capital establishment & development costs and premiums on financial instruments	1,942	-	-	-
Less accumulated amortisation	739	-	-	-
	1,203	-	-	-
Goodwill at cost	2,163	1,100	-	-
Less accumulated amortisation	541	23	-	-
	1,622	1,077	-	-
Total other assets	6,010	4,867	1,901	1,603

30. INTEREST-BEARING LIABILITIES

Current				
Borrowings				
State nominated funds	3,683	3,483	3,683	3,483
WA treasury corporation	13,726	9,333	13,726	9,333
Commonwealth advances	8,648	8,548	8,648	8,548
	26,057	21,364	26,057	21,364
Non - current				
Borrowings				
State nominated funds	283,133	286,858	283,133	286,858
WA treasury corporation	1,924,712	1,638,438	1,924,712	1,638,438
Commonwealth advances	248,620	257,268	248,620	257,268
	2,456,465	2,182,564	2,456,465	2,182,564
Total interest-bearing liabilities	2,482,522	2,203,928	2,482,522	2,203,928

31. PAYABLES

Current				
Contractors retention monies	2,658	2,167	2,658	2,167
Trade creditors	9,209	6,131	9,209	6,131
Rental properties water consumption	1,310	1,191	1,310	1,191
Joint venture creditors	5,006	6,641	5,006	6,641
Rental tenants bonds	9,746	9,010	9,746	9,010
Total current payables	27,929	25,140	27,929	25,140

Included in the Creditors general line are the unspent funds associated with the Indian Ocean Territories service delivery arrangements as per the following:

	2005	2004
	\$	\$
Amounts carried forward from previous financial year.	3,096,782	505,161
Payments made by the Commonwealth for IOT services.	22,219	3,089,000
Cost of services.	54,227	47,844
Construction paid	1,195,299	-
Reimbursement of unexpended capital	-	449,535
Amounts carried forward to following financial year.	1,869,475	3,096,782
Non - current		
Joint venture creditors	326	416
Total non-current payables	326	416

32. OTHER LIABILITIES	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Current				
Accrued expenses:				
Administrative & general expenses	4,825	6,519	2,408	3,274
Interest on borrowings	12,452	12,150	12,452	12,150
	17,277	18,669	14,860	15,424
Joint venture liabilities	3,187	1,065	3,187	1,065
Unearned income	6,175	4,385	6,175	4,385
Total current other liabilities	26,639	24,119	24,222	20,874
Non - current				
Accrued expenses	1,124	961	1,124	961
Keystart	-	-	10,000	10,000
Pre-paid inventory profits	-	1,000	-	1,000
Total Non-current other liabilities	1,124	1,961	11,124	11,961

33. PROVISIONS

Current				
Employee benefits				
Long service leave	1,852	2,798	1,852	2,798
Annual leave	4,220	3,802	4,220	3,802
	6,072	6,600	6,072	6,600
Other				
Joint venture provisions	8,481	7,968	8,481	7,968
Total current provisions	14,553	14,568	14,553	14,568
Non - Current				
Employee benefits				
Long service leave	5,291	4,818	5,291	4,818
Superannuation	33,118	33,937	33,118	33,937
	38,409	38,755	38,409	38,755
Other				
Development levies (note 1z)	784	1,069	784	1,069
Joint venture provisions	62	70	62	70
Total non-current provisions	39,255	39,894	39,255	39,894

Long service leave liabilities have been established by actuarial assessment dated the August 2005. The assessment of the non-current portion of the liability is at net present value allowing for a salary inflation rate of 3.5% and a investment earning rate (discount) of 5.14%.

The carrying value of annual leave liabilities includes a 2% loading for additional costs arising from expected pay increases in the next twelve months.

The superannuation liability has been established from data supplied by the Government Employees Superannuation Board.

Movement in Provisions

Development levies (note 1z)	784	1,069	784	1,069
Carrying amount at start of year	1,069	1,655	1,069	1,655
Additional provisions recognised	499	428	499	428
Payments	(784)	(1,014)	(784)	(1,014)
Carrying amount at end of year	784	1,069	784	1,069
Joint venture provisions	8,543	8,038	8,543	8,038
Carrying amount at start of year	8,038	4,528	8,038	4,528
Additional provisions recognised	19,598	24,779	19,598	24,779
Payments	(19,093)	(21,269)	(19,093)	(21,269)
Carrying amount at end of year	8,543	8,038	8,543	8,038

34. RESERVES**(i). Asset Revaluation Reserve**

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Balance brought forward from prior year	1,873,323	1,643,538	1,873,323	1,643,538
Transfer to realisation reserve	(83,342)	(74,363)	(83,342)	(74,363)
Revaluations during the year	535,481	304,148	535,481	304,148
Balance at June 30	2,325,462	1,873,323	2,325,462	1,873,323

Revaluations recognised during the year were in respect of:

Rental properties - current	495,175	282,547	495,175	282,547
Community housing properties - current	16,789	6,648	16,789	6,648
Shared equity properties - current	16,337	12,664	16,337	12,664
Other properties - current	855	(750)	855	(750)
Land transferred to rental properties	6,325	3,039	6,325	3,039
	535,481	304,148	535,481	304,148

Transferred to realisation reserve

Value of rental properties realised - sold	(45,827)	(42,611)	(45,827)	(42,611)
Value of rental properties realised - demolished	(31,301)	(26,333)	(31,301)	(26,333)
Value of community housing properties - sold	(334)	25	(334)	25
Value of shared equity properties - sold	(5,610)	(5,340)	(5,610)	(5,340)
Value of other properties realised - sold	(270)	(104)	(270)	(104)
	(83,342)	(74,363)	(83,342)	(74,363)

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(d).

(ii). Asset Realisation Reserve

Realisation Reserve

Balance brought forward from prior year	673,694	599,331	673,694	599,331
Transferred from asset revaluation reserve	83,342	74,363	83,342	74,363
Balance at June 30	757,036	673,694	757,036	673,694
Rental properties - sold	45,827	42,611	45,827	42,611
Rental properties - demolished	31,301	26,333	31,301	26,333
Community housing properties - current	334	(25)	334	(25)
Shared equity properties - current	5,610	5,340	5,610	5,340
Other properties - sold	270	104	270	104
	83,342	74,363	83,342	74,363

The asset realisation reserve is used to record the valuation increments/decrements of non-current assets that have been disposed of.

(iii). Interest Assistance Lowstart Reserve

Balance brought forward from prior year	1,132	1,234	-	-
Transfer to retained profits	(90)	(102)	-	-
Balance at June 30	1,042	1,132	-	-

The reserve was established to fund the forgone interest portion of reconstructed Keystart Lowstart home loans.

Total Reserves	3,083,540	2,548,149	3,082,498	2,547,017
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35. CONTRIBUTED EQUITY

Opening balance	51,660	36,160	51,660	36,160
Capital contributions	19,105	15,500	19,105	15,500
Balance at June 30	70,765	51,660	70,765	51,660

36. RETAINED PROFITS

Opening balance	1,295,505	1,241,483	1,164,131	1,123,676
Transfer from interest assistance lowstart reserve	90	102	-	-
Net profit for the year	66,494	53,920	51,444	40,455
Total retained profits	1,362,089	1,295,505	1,215,575	1,164,131

37. RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH NET PROFIT	Consolidated		S.H.C.	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Net Profit	66,494	53,920	51,444	40,455
Non - cash items:				
Depreciation & amortisation expense	51,609	48,154	48,646	45,889
Doubtful debts expense	3,123	2,935	3,123	2,935
Net Profit on disposal of assets	(3,370)	(11,427)	(3,919)	(11,427)
Cash items:				
Grants & subsidies and from government	(32,529)	(26,874)	(32,529)	(26,874)
(Increase)/decrease in assets:				
Receivables	(1,066)	3,554	2,689	7,384
Inventories	(32,749)	(22,367)	(32,749)	(22,367)
Other assets	1,369	511	748	1,261
Increase/(decrease) in liabilities:				
Provisions	(1,221)	(1,845)	(1,221)	(1,845)
Premiums on financial instruments	195	481	-	-
Payables	(2,962)	(8,680)	(2,701)	(8,531)
Net GST payments	(8,261)	(4,463)	(8,261)	(4,463)
Net cash flows provided by operating activities	40,632	33,899	25,270	22,417
38. PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT				
Properties	33,825	43,079	33,825	43,079
Offices	8	750	8	750
Computing facilities & equipment	2,795	3,101	2,313	2,179
Furniture & fittings	5	84	5	7
Office machines & equipment	335	157	335	157
Buildings under construction	100,815	98,041	100,815	98,041
Total payment for property, plant and equipment	137,783	145,212	137,301	144,213

39. RECONCILIATION OF CASH

For the purposes of this statement of cash flows cash includes cash at bank and in interest bearing deposits with Banks.

Cash at the end of the year is shown in the Statement of Financial Position as:

Cash at bank - operational	117,412	95,979	100,794	82,805
Cash at bank - superannuation	20,700	20,700	20,700	20,700
Investments (unsecured deposits)	150,000	155,000	-	-
Rental tenants bonds	9,746	9,010	9,746	9,010
	297,858	280,689	131,240	112,515

40. REMUNERATION OF ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS

S.H.C.
2005 2004
\$000 \$000

Remuneration of Members of the Accountable Authority

The total fees, salaries, superannuation and other benefits received or due and receivable for the financial year, by members of the Accountable Authority, from the Commission and the controlled entity.

780 475

The number of members of the Accountable Authority whose total of fees, salaries, superannuation and other benefits received or due and receivable for the financial year, falls within the following bands:

	2005	2004
\$10,000 - \$20,000	-	1
\$20,001 - \$30,000	3	2
\$30,001 - \$40,000	1	1
\$60,001 - \$70,000	1	1
\$80,001 - \$90,000	2	1
\$230,001 - \$240,000	-	1
\$430,001 - \$440,000	1	-
	<u>8</u>	<u>7</u>

The superannuation included here represents the superannuation expense incurred by the Commission in respect of members of the Accountable Authority.

There are no members of the Accountable Authority who are currently members of the Pension Scheme.

The one member of the Accountable Authority in the \$430,001 - \$440,000 bracket represents the salary and accumulated leave benefits paid to the former Director General upon retirement on 28 January 2005.

Remuneration of Senior Officers

The total of fees, salaries, superannuation and other benefits received or due and receivable for the financial year, by Senior Officers other than members of the Accountable Authority, from the Commission and the controlled entity.

931 897

The number of Senior Officers other than members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits received or due and receivable for the financial year falls within the following bands:

	2005	2004
\$110,000 - \$120,000	-	2
\$120,001 - \$130,000	3	4
\$130,001 - \$140,000	3	-
\$140,001 - \$150,000	1	-
\$150,001 - \$160,000	-	1
	<u>7</u>	<u>7</u>

The superannuation included here represents the superannuation expense incurred by the Commission in respect of Senior Officers other than senior officers reported as members of the Accountable Authority.

There are no Senior Officers Presently employed who are currently members of the Pension Scheme.

Consolidated		S.H.C.	
2005	2004	2005	2004
\$000	\$000	\$000	\$000

41. REMUNERATION OF AUDITOR

The total fees paid or due and payable to the Auditor General for the financial year is as follows:

Fees for the Auditor General for auditing the Financial Statements	290	290	235	220
Fees for the Auditor General for Commonwealth reporting	6	3	6	3
	<u>296</u>	<u>293</u>	<u>241</u>	<u>223</u>

42. COMMITMENTS FOR EXPENDITURE

At June 30 2005 the expenditure commitments are as follows:

(a) Capital expenditure commitments

Within 1 year	167,732	95,956	167,732	95,956
Later than 1 year & not later than 5 years	3,943	4,938	3,943	4,938
	<u>171,675</u>	<u>100,894</u>	<u>171,675</u>	<u>100,894</u>

The capital commitments include amounts for the following:

Dwelling construction & upgrades	145,849	86,004	145,849	86,004
Land development and redevelopment	1,496	833	1,496	833
Crisis accommodation program	667	1,301	667	1,301
Joint venture land development	22,768	8,235	22,768	8,235
New living	482	1,353	482	1,353
Local government & community housing programs	413	3,168	413	3,168
	<u>171,675</u>	<u>100,894</u>	<u>171,675</u>	<u>100,894</u>

(b) Other expenditure commitments

Within 1 year	111,533	91,361	1,725	747
	<u>111,533</u>	<u>91,361</u>	<u>1,725</u>	<u>747</u>

The other expenditure commitments include amounts for the following:

Loans to Home Buyers	111,533	91,361	1,725	747
	<u>111,533</u>	<u>91,361</u>	<u>1,725</u>	<u>747</u>

Expenditure commitments have increased by \$90.953 million from the previous year. Dwelling construction and upgrade increased due to the continuing volatility in the building Industry, which has slowed the progress in contracts being completed, together with an increase of costs for supply of labour and materials. Indigenous Housing village program has also increased due to the delay in the commencements of various projects.

Joint Venture land Development has increased in expenditure commitments due to increased lot production and development costs to satisfy strong market demand in Butler, Dalleyup and Ellenbrook.

The increase in expenditure for Loans to Homebuyers is mainly due to Keystart lending surging in response to increased demand resulting from the stamp duty exemption for First homebuyers from 1 July 2004. This is also impacted by the boom in the building industry, which has resulted in contracts being delayed and progressing slower.

43. CONTINGENT LIABILITIES**(a) Keystart Housing Scheme**

Under a Support Agreement for the Keystart Housing Scheme, The State Housing Commission has accepted an irrevocable and continuing obligation to fund the Support Trustee's Account with the amount, if any, necessary at that time for the Support Trustee to meet its obligation to ensure the Issuer, Keystart Bonds Ltd, has access to sufficient cash to meet the payment obligation then due and payable. In addition, should the Support Trust cease to exist for any reason The State Housing Commission is to satisfy the Support Trustee's obligations in full as the principal obligator. There are a variety of protective measures in place including mortgage security, provision for doubtful debts in the Scheme's Accounts, normal house insurance, mortgage protection insurance and other strategies which may be adopted to minimise the potential draw against this obligation. In view of the above protective measures it is difficult to quantify a contingent liability. As at 30 June 2005 a total of \$1,705 million (June 2004 \$1,405 million) has been raised for Keystart through borrowings from The State Housing Commission. These borrowings comprise of \$855 million of floating rate borrowings and a further \$850 million of borrowings having a maturity of more than twelve months but less than eight years, through the issue of redeemable preference shares. All of the borrowings are secured by mortgages and the other assets of the Trust including the Trust's reserves. It should also be acknowledged that The State Housing Commission is the sole beneficiary of the Keystart Trust and the Support Trust.

(b) Keystart - 1st Home Buyers Provision Account

Under the First Home Buyers Scheme which operated from November 1995 to October 1996, land developers were required to contribute \$500 to the Keystart bad debts provision account for each block of land sold and financed through the scheme. The State Housing Commission, as a land developer, agreed to make available funds to Keystart on a similar basis. As at 30 June 2005, The State Housing Commission's contingent liability to the account amounted to \$186,500 (June 2004 \$186,500). To date there has not been a call on these funds.

(c) Loans to Housing Societies

Housing Societies have handled Home Purchase Assistance Account loans made since 1986/87 on a cash agency basis, passing monies received direct to The State Housing Commission with The State Housing Commission having responsibility for any shortfall on realisation of the loan security. The amount of funds outstanding under the loan agreements to 30 June 2005 was \$4,398,951 (June 2004 \$5,931,071).

44. LOSSES TO THE STATE HOUSING COMMISSION THROUGH THEFTS, DEFAULTS OR OTHER CAUSES :

The State Housing Commission, for the year ended 30 June 2005, incurred Cashiers Shortages totalling \$109 (June 2004 \$156) all of which have been funded by The State Housing Commission.

Reportable thefts in 2004/2005 totalled \$10,184 (June 2004 \$10,000) \$6,107 of which is recoverable.

Bad Debts written off in the year ended 30 June 2005 totalled \$2,921,966 (June 2004 \$2,378,179).

Bad Debts recovered totalled \$585,135 (June 2004 \$571,523).

45. GIFTS OF PUBLIC PROPERTY

In the year ended 30 June 2005 The State Housing Commission did not make any gifts of public property.

46. THE IMPACT OF ADOPTING INTERNATIONAL ACCOUNTING STANDARDS.

The State Housing Commission and its controlled entity "Keystart" are adopting international accounting standards in compliance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS).

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

The State Housing Commission and its controlled entity are classified as 'Not for Profit' and comply with AASB standards 'Not for Profit' content as modified by the Treasurers Instructions.

The information provided below discloses the main areas impacted due to the effects of adopting AIFRS. Management have determined the quantitative impacts using their 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.

(a) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS:

	Consolidated		S.H.C.	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Total equity under previous AGAAP	4,516,394	3,895,314	4,368,838	3,762,808
Adjustments to retained profits - net of tax:				
Reduce accumulated depreciation for non-current assets available for sale (i)	97	12	97	12
Adjustment to cost on disposal of non-current assets (ii)	(10,273)	-	(10,273)	-
Write down of non-current assets available for sale (iii)	(1,364)	(216)	(1,364)	(216)
Increase to revaluation reserve on asset held for Sale (iv)	13,456	1,980	13,456	1,980
Total equity under AIFRS	4,518,310	3,897,090	4,370,754	3,764,584

- (i) This is to reverse the depreciation raised under current GAAP after the asset would have been transferred to Held for Sale as Assets held for sale are not required to raise depreciation.
- (ii) This adjustment to Gains on the disposal of assets takes into account the increase in the cost of the disposed assets due to a change in the valuation of the assets under AASB 5.
- (iii) This is the write-down of non-current assets available for sale at reporting date from fair value to fair value less selling costs.
- (iv) The increase is due to the new valuations applied to the properties under AASB 5.

Assets Held for Sale

Under AASB 5 Non current Assets Held for Sale and Discontinued Operations the State Housing Commission will be required to reclassify its assets held for sale. This will include New Living and housing held for redevelopment where there is a management commitment and a plan to sell. These assets will have to be shown separately in the financial statements at the lower of their carrying amount and fair value less cost to sell. As the carrying amount estimates the fair value, an impairment loss is likely on these properties representing the selling costs.

(b) Reconciliation of net profit as presented under previous AGAAP to that under AIFRS:

	Consolidated	S.H.C
	2005	2005
	\$000	\$000
Net profit for the period under previous AGAAP	66,494	51,444
De-recognition of depreciation expense for non-current assets available for sale (i)	97	97
Net Gain on disposal of non-current assets (ii)	(10,273)	(10,273)
Write down of non-current assets available for sale (iii)	(1,364)	(1,364)
Net profit for the period under AIFRS	54,954	39,904

(c) Statement of Cash Flows

No material impacts are expected from adopting AIFRS with respect to the Statement of Cash flows.

46. THE IMPACT OF ADOPTING INTERNATIONAL ACCOUNTING STANDARDS (Continued).**(d) Intangible Assets**

AASB 138: Intangible Assets requires that software not integral to the operation of a computer must be disclosed as intangible assets. All software has previously been classified as property, plant and equipment.

As at 30 June 2005, the software was stated at a cost of \$3,750,302 and accumulated depreciation of \$2,466,441 leaving a carrying value of \$1,283,861. These balances will be transferred from property, plant and equipment to intangible assets.

A review of the nature of the software was conducted and the average useful life for the software was determined as 4 years. The Intangibles can therefore be amortised at the same rate as it was being previously depreciated. Therefore, there is no impact on the Statement of Financial Performance.

(e) Financial Instruments

AASB 1 provides an election whereby the requirements of AASB 139 dealing with financial instruments are not required to be applied to the first AIFRS comparative year and the first time adoption of this standard will apply from 1 July 2005. The consolidated entity has decided that it will adopt this election and will not restate comparative information for the financial year ending 30 June 2005.

(i) Receivables – Loans and Advances

Currently loans and advances are recognised at recoverable amounts, after assessing required provisions for impairment. Impairment of loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the term of the loan agreement.

Under AASB139: Financial Instruments: Recognition and Measurement, loans and advances shall be measured at amortised cost and stated net of provisions for impairments. Transaction costs will need to be included in the initial measurement of all loans and advances. The transaction costs are to be included in the calculation of amortised costs using the effective interest rate method and recognised in the income statement over the expected life of the loans and advances.

The following adjustments are expected to the 1 July 2005 opening balances for Receivables and Retained Earnings:

The broker commission fees that are currently expensed during the period in which it is incurred, will now be capitalised and amortised using the effective interest rate method. This change in accounting policy will result in a net increase of approximately \$6m in the opening balances for Receivables (Loans & Advances) and Retained Earnings.

- Capitalisation of upfront broker commission fees incurred till 30 June 2005 is approximately \$9m.

- Amortisation expense for broker commissions to 30 June 2005 is approximately \$3m.

Currently, the provision for impairment includes general provisioning which is not permitted under IFRS. This will likely result in an adjustment to the provision. At this stage the full impact has not yet been determined.

(ii) Derivative Financial Instruments

The consolidated entity does not currently recognise derivative financial instruments in the financial statements. AASB 139: Financial Instruments: Recognition and Measurement requires a change to the method of accounting for derivative financial instruments and hedging activities so that they are recorded in the financial statements.

The liability associated with the interest rate cap will be initially recognised and measured at fair value on 1 July 2005. Given that the hedge has been categorised as a cash flow hedge, during subsequent periods, the portion of the gain or loss on the hedging instrument that is determined to be effective will be recognised directly in equity. The ineffective portion will be taken to the income statement as required under AASB 139.

(iii) Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell and value in use. Assets have been tested for any indication of impairment at the reporting date. From the work performed, no impairments were identified.

(iv) Equity

Currently Settled Capital (which under the Trust Deed has a vesting date of 80 years) is classified as Equity. Under IFRS, in accordance with the nature of the vesting agreement, the Settled Capital would constitute the existence of a financial liability. However, the appropriate treatment under IFRS is still under further consideration by the Australian Accounting Standard Board because of the impact on net assets and resulting business implications.

47. FINANCIAL INSTRUMENTS**47(a) Terms, conditions and accounting policies**

The consolidated entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Accounting Policies	Terms and Conditions
<i>(i) Financial assets</i>		
Cash assets	Cash at bank is held at nominal amounts.	Cash is held at various banks and is interest bearing. Interest is accrued when earned.
Cash assets - Superannuation	Superannuation cash assets represent funds set aside to fund the superannuation liability. Cash is held at nominal amounts.	Cash is held by the Commonwealth Bank of Australia and is interest bearing. Interest is accrued when earned.
Cash assets - Restricted	Restricted cash assets represent rental tenant bonds and are held at nominal amounts. Joint Venture Cash is held by the joint venture managers for their operations.	Cash is held by the Commonwealth Bank of Australia and is interest bearing. Interest earned is set aside for the benefit of tenants.
Receivables - general	General receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Refer note 1(t).	Amounts due are generally on 30 day payment terms.
Receivables - land debtors	Land Debtors are carried at nominal amounts. Sales and receivables are recognised once the debtor has obtained financing and the sale has become unconditional.	Land sales are on 30 day terms once the sale has become unconditional.
Receivables - rent from tenants and other rents	Tenant and other rent receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised as detailed in Note 1(t).	Rent receivables are due weekly in advance.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

47(a) Terms, conditions and accounting policies (Cont'd)

Recognised Financial Instruments	Accounting Policies	Terms and Conditions
(i) <i>Financial assets</i>		
Receivables - rental bonds assistance	Rental bond assistance receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised as detailed in Note 1(t).	Rental bond assistance receivables represent advances made to qualifying person for the purpose of renting a property external to the Commission. The advance is repayable in minimum fortnightly payments of \$15 with any remaining balance being collectible upon the tenant vacating the premises.
Current investments	Current investments are stated at the lower of cost and net realisable value. Interest is recognised as revenue when earned.	Current investments represent 11am call accounts with an effective interest rate of nil and bank bills with an effective interest rate of 5.61% (2004 5.44%).
Loans - homebuyers	Loans are carried at their original amount less principal repayments less any provision for doubtful debts as per note 1(t). Interest is recognised as revenue when earned.	Loans and advances are secured by a registered mortgage over residential properties within Western Australia, with a variable interest rate of 7.24% (2004 6.99%).
Loans - housing societies	Loans are carried at their original amount less principal repayments. Interest is recognised as revenue when earned.	Loan payments are received monthly in accordance with the terms of each loan agreement. Final instalments on loans made directly to the Housing Societies are due in 2018. Loan payments received by the Commission for loans made on a cash agency basis are based upon the actual amount paid by the homebuyer to the Housing Society. Interest rates on all housing societies loans are variable. Details in relation to housing societies loans are outlined in Note 21(c).

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

47(a) Terms, conditions and accounting policies (Cont'd)

Recognised Financial Instruments	Accounting Policies	Terms and Conditions
(i) <i>Financial assets</i>		
Loans - other - commercial organisations	Loans are carried at their original amount less principal repayments. Interest is recognised as revenue when earned.	Loan repayment dates vary for each loan, being due in 2006, or no set date. Interest rates are based on the 30 day bank bill swap reference rate less 2%. Interest is due annually in accordance with the terms of the loan.
Loans - local and statutory authorities	Loans are carried at their original amount less principal repayments. Interest is recognised as revenue when earned.	Loan repayment dates vary for each loan and are due half-yearly, upon maturity of loan, or in accordance with other specific agreements. Interest rates vary between nil and 8.5%. Interest is due either quarterly or half-yearly in accordance with the terms of the loan.
(ii) <i>Financial liabilities</i>		
Borrowings - State nominated funds	Borrowings are carried at the original amount less principal repayments. Interest is charged as an expense as it accrues.	Borrowings are repayable on an annual basis with final instalments being due between June 2036 and June 2042. Interest rates are set at 4.5%.
Borrowings - WATC	Borrowings are carried at the original amount less principal repayments. Interest is charged as an expense as it accrues.	Variable rate borrowings are repayable on a quarterly basis with the final instalment being due July 2026. Fixed rate borrowings are subject to interest payments only with the full loan being due on maturity. Interest rates are fixed at varying rates between 5.38% and 10.68%.
Borrowings - Commonwealth advances	Borrowings are carried at the original amount less principal repayments. Interest is charged as an expense as it accrues.	Borrowings are repayable on an annual basis with final instalments being due between June 2005 and June 2041. Interest rates are fixed at rates between 3% and 6%.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

47(a) Terms, conditions and accounting policies (Cont'd)

Recognised Financial Instruments	Accounting Policies	Terms and Conditions
<i>(ii) Financial liabilities</i>		
Borrowings - Commercial Paper	Borrowings are carried at the original amount less principal repayments. Interest is charged as an expense as it accrues.	There are no funds owing under the commercial paper arrangements as at 30 June 2005.
Creditors - general	Amounts primarily relate to land sale deposits recognised upon receipt of cash and retention monies for construction contracts.	Land sales generally become unconditional within 30 days of offer. Retention monies are repaid upon 100% completion with 2.5% withheld until satisfactory completion of the maintenance agreement.
Creditors - rental deposits and rental tenants bonds	Liabilities are recognised when tenant bonds are received or receivable.	Tenant bonds are payable upon the tenant vacating the premises. The ultimate amount to be paid is dependent upon the condition of the property upon the tenant vacating, but is not more than the carrying amount of the liability.
Creditors - rental properties water consumption	Liabilities are recognised for amounts to be paid in the future for water usage.	Liabilities are normally settled on 90 day terms.

47(a) Terms, conditions and accounting policies (Cont'd)

Unrecognised Financial Instruments	Accounting Policies	Terms and Conditions
<i>(iii) Derivatives</i>		
Interest Rate Swaps	The consolidated entity enters into interest rate swap agreements that are used to convert the fixed interest rate of its long-term borrowings to variable interest rates. It is the consolidated entity's policy not to recognise interest rate swaps in the financial statements. Net receipts and payments are recognised as an adjustment to interest expense.	At reporting date, the consolidated entity had no interest rate swap agreements.
Interest Rate Caps	The consolidated entity enters into interest rate cap agreements that are used to protect against increases in interest rates. It is the consolidated entity's policy not to recognise interest rate caps in the financial statements. Net receipts are recognised as an adjustment to interest expense. Premiums paid for interest rate caps are amortised over the term of the cap.	At reporting date, the consolidated entity had twenty eight interest rate caps with the following notional amount, cap rate, and maturity dates. <ol style="list-style-type: none"> 1) \$50 million, 5.75%, 16/08/2005 2) \$50 million, 5.75%, 16/08/2005 3) \$50 million, 5.75%, 11/12/2005 4) \$100 million, 5.75%, 04/01/2006 5) \$25 million, 5.75%, 20/06/2006 6) \$25 million, 5.75%, 20/06/2006 7) \$50 million, 5.75%, 05/08/2006 8) \$50 million, 5.75%, 28/08/2006 9) \$50 million, 5.75%, 16/09/2006 10) \$50 million, 5.75%, 15/10/2006 11) \$50 million, 5.75%, 15/11/2006 12) \$50 million, 5.75%, 04/12/2006 13) \$50 million, 5.75%, 13/12/2006 14) \$5 million, 6.25%, 16/07/2007 15) \$5 million, 6.25%, 19/07/2007 16) \$5 million, 6.25%, 19/07/2007 17) \$5 million, 6.25%, 19/08/2007 18) \$5 million, 6.25%, 19/11/2007 19) \$5 million, 6.25%, 19/11/2007

47(a) Terms, conditions and accounting policies (Cont'd)**Unrecognised Financial
Instruments****Accounting
Policies****Terms and
Conditions***(iii) Derivatives*

Interest Rate Caps (continued)

- 20) \$50 million, 5.75%, 13/12/2007
- 21) \$1 million, 6.25%, 19/02/2008
- 22) \$5 million, 6.25%, 19/02/2008
- 23) \$1 million, 6.25%, 19/02/2008
- 24) \$5 million, 6.25%, 19/03/2008
- 25) \$1 million, 6.50%, 30/06/2008
- 26) \$50 million, 5.75%, 20/10/2009

At reporting date, the consolidated entity had two interest rate caps with the following notional amount, cap rate, and maturity dates. These caps have been onsold

- 1) \$50 million, 5.75%, 23/11/2005
- 2) \$50 million, 5.75%, 15/01/2006

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

47(b) Interest Rate Risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the reporting date, are as follows:

Financial Instruments		Fixed Interest Rate Maturing In:										Total Carrying Amount as per the Statement of Financial Position		Weighted Average effective interest rate on interest bearing instruments	
		Floating interest rate		1 Year or Less		Over 1 to 5 Years		More than 5 Years		Non-interest Bearing					
		2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000				
(i) Financial Assets															
Cash assets		117,412	95,979	-	-	-	-	-	-	-	-	117,412	95,979	5.32%	5.07%
Cash assets - Superannuation		20,700	20,700	-	-	-	-	-	-	-	-	20,700	20,700	5.32%	5.07%
Cash assets - Restricted		20,629	17,154	-	-	-	-	-	-	-	-	20,629	17,154	5.32%	5.07%
Receivables - general		-	-	-	-	-	-	-	-	1,463	5,411	1,463	5,411	*	*
Receivables - land debtors		-	-	-	-	-	-	-	-	26,359	19,491	26,359	19,491	*	*
Receivables - rent from tenants and other		-	-	-	-	-	-	-	-	5,228	4,679	5,228	4,679	*	*
Receivables - rental bonds assistance		-	-	-	-	-	-	-	-	3,426	3,858	3,426	3,858	*	*
Investments - current		150,000	155,000	-	-	-	-	-	-	-	-	150,000	155,000	5.21%	4.68%

* not applicable for non-interest bearing financial instruments

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

47(b) Interest Rate Risk (Cont'd)

Financial Instruments	Floating interest rate		Fixed Interest Rate Maturing In:						Non-interest Bearing		Total Carrying Amount as per the Statement of Financial Position		Weighted Average effective interest rate on interest bearing instruments	
			1 Year or Less		Over 1 to 5 Years		More than 5 Years							
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(i)	Financial Assets													
Investments - loans to homebuyers	1,764,424	1,469,981	247	306	552	703	324	449	7,313	6,642	1,772,860	1,478,081	6.99%	6.69%
Investments - loans to Housing Societies	3,931	5,330	-	-	-	-	-	-	468	601	4,399	5,931	6.45%	6.73%
Investments - loans to commercial organisations	339	339	-	-	-	-	-	-	270	323	609	662	3.5%	3.18%
Investments - loans to local and statutory parties	-	-	-	-	-	34	-	-	22	235	22	269	*	8.5%
Total financial assets	2,077,435	1,764,483	247	306	552	737	324	449	44,549	41,240	2,123,107	1,807,215		

* not applicable for non-interest bearing financial instruments

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

47(b) Interest Rate Risk (Cont;d)

Financial Instruments	Floating interest rate		Fixed Interest Rate Maturing In:								Non-interest Bearing		Total Carrying Amount as per the Statement of Financial Position		Weighted Average effective interest rate	
			1 Year or Less		Over 1 to 5 Years		More than 5 Years									
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
(ii) Financial Liabilities																
Borrowings - State nominated	-	-	3,683	3,483	16,456	15,573	266,677	271,285	-	-	286,816	290,341	4.5%	4.5%		
Borrowings - WATC	-	-	848,338	1,045,321	1,028,397	533,589	61,703	68,861	-	-	1,938,438	1,647,771	3.02%	1.72%		
Borrowings - Commonwealth advances	-	-	8,484	8,548	35,676	35,304	213,108	221,964	-	-	257,268	265,816	4.47%	4.46%		
Creditors – general	-	-	-	-	-	-	-	-	16,873	14,939	16,873	14,939	-	-		
Creditors – rental deposits and tenant bonds	9,746	9,010	-	-	-	-	-	-	-	-	9,746	9,010	5.32%	5.07%		
Creditors – rental property water consumption	-	-	-	-	-	-	-	-	1,310	1,191	1,310	1,191	*	*		
Interest Rate Swaps				600,000	-	-	-	-	-	-	***	***	*	*		
Interest Rate Caps	793	-	-	-	-	-	-	-	-	-	***	***	*	*		
Interest Rate Collars	-	-	-	-	-	-	-	-	-	-	***	***	*	*		
Interest Rate Floors	-	-	-	-	-	-	-	-	-	-	***	***	*	*		
Total Financial Liabilities	10,539	9,010	860,505	1,657,352	1,080,529	584,466	541,488	562,110	18,183	16,130	2,510,451	2,229,068				

* not applicable for non-interest bearing financial instruments.

*** not applicable since financial instruments are not recognised in the financial statements.

47(c) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised represent estimates at a point in time. These estimates are subjective in nature and while judgement is used, there are inherent weaknesses in any estimation technique. Many of the estimates involve uncertainties and matters of significant judgement. Changes in underlying assumptions could significantly affect these estimates. While the estimated net fair value amounts are designed to represent estimates at which these instruments could be exchanged in a current transaction between willing parties, many of the consolidated entity's financial instruments lack an available trading market as characterised by willing parties engaging in an exchange transaction. Furthermore, market prices or rates of discount are not available for many of the financial instruments valued and surrogates have been used which may not reflect the price that would apply in an actual sale. Lastly, it is The State Housing Commission's intent to hold most of its financial instruments to maturity and therefore it is not probable that the net fair values shown will be realised in a current transaction. It is important that these uncertainties be considered when using the estimated net fair value disclosures and to realise that because of these uncertainties, the aggregate net fair value amount should in no way be construed as a representative of the underlying value of the consolidated entity.

The following table provides details of both carrying value and net fair value of financial instruments. The amounts disclosed do not reflect the value of assets and liabilities that are not considered financial instruments.

Consolidated

	Total carrying amount as per the Statement of Financial Position		Aggregate Net Fair Value	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
<i>Financial Assets</i>				
Cash assets	158,741	133,833	158,741	133,833
Receivables - general, land debtors, rents, and bonds assistance	36,476	33,439	36,476	33,439
Current investments	150,000	155,000	150,000	155,000
Loans – homebuyers	1,772,860	1,478,081	1,772,860	1,478,081
Loans - terminating building societies	4,399	5,931	4,399	5,931
Loans - other commercial organisations	609	662	609	662
Loans - local and statutory	22	269	22	269
Total financial assets	2,123,107	1,807,215	2,123,107	1,807,215

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

47(c) Net Fair Values (Cont'd)

Consolidated

	Total carrying amount as per the Statement of Financial Position		Aggregate Net Fair Value	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Financial Liabilities				
Borrowings - State nominated	286,816	290,341	265,570	286,214
Borrowings – WATC	1,938,438	1,647,771	1,958,669	1,664,929
Borrowings - Commonwealth advances	257,268	265,816	241,476	261,388
Creditors - general, rental deposits, tenant bonds, rental property water consumption	27,929	25,140	27,929	25,140
Interest rate swaps	***	***	-	634
Interest rate caps	***	***	494	-
Interest rate collars	***	***	-	-
Interest rate floors	***	***	-	-
Total financial liabilities	2,510,451	2,229,068	2,494,138	2,238,305

*** not applicable since financial instruments are not recognised in the financial statements.

The following methods and assumptions are used to determine the net fair values of financial assets liabilities.

Recognised Financial Instruments

<i>Cash at bank, superannuation cash and restricted cash:</i>	The carrying amount approximates fair value.
<i>Receivables and creditors:</i>	The carrying amount approximates fair value.
<i>Investments - current:</i>	The carrying amount approximates fair value because of their short term to maturity.
<i>Loans to homebuyers:</i>	The carrying amount approximates fair value.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

47(c) Net Fair Values (Cont'd)

<i>Loans to housing societies:</i>	The carrying amount approximates fair value.
<i>Loans to commercial organisations:</i>	The carrying amount approximates fair value.
<i>Loans to local and statutory parties:</i>	The carrying amount approximates fair value.
<i>Borrowings - State nominated:</i>	The net fair value has been calculated using a discounted cashflow model based on a yield curve appropriate to the remaining term to maturity of the instruments.
<i>Borrowings - WATC:</i>	The net fair value has been calculated using a discounted cashflow model based on a yield curve appropriate to the remaining term to maturity of the instruments.
<i>Borrowings - Commonwealth advances:</i>	The net fair value has been calculated using a discounted cashflow model based on a yield curve appropriate to the remaining term to maturity of the instruments.
<i>Borrowings - Commercial Paper:</i>	The carrying amount approximates fair value because of their short term to maturity.
<i>Borrowings - Keystart Bonds/ Medium Term Notes:</i>	The fair values of long term borrowings are estimated using discounted cashflow analysis, based on current incremental borrowing rates for similar types of lending arrangements.
Unrecognised Financial Instruments	
<i>Interest rate swap agreements:</i>	The fair values of interest rate swap contracts is determined as the difference in present value of the future cashflows.
<i>Interest rate cap agreements:</i>	The fair values of interest rate cap agreements are determined by reference to similar types of hedging arrangements priced at reporting date.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

47(d) Credit risk exposures

The State Housing Commission's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The commission's maximum credit risk exposure in relation to these is as follows:

- (i) interest rate swap contracts - which is limited to the net fair value of the swap agreement at reporting date, being \$Nil,
- (ii) interest rate caps and collars - which is limited to the net fair value of the cap agreement at reporting date, being \$494,170.

Concentration of Credit Risk

The State Housing Commission's credit risk is spread over a significant number of parties and is concentrated only to the extent of geographic location, being that of urban and rural locations within Western Australia. The State Housing Commission is therefore not materially exposed to any particular individual party or group of parties.

The entity minimises concentrations of credit risk in relation to loans and advances by undertaking transactions with a number of borrowers, within specified maximum limits based upon the assessment of each borrowers ability to service a mortgage. The entity concentrates 100% of its lending to the purchase of residential real estate within Western Australia. Security is provided to the entity through a mortgage over the security property.

47(e) Hedging Instruments

General Hedges

The entity has entered into interest rate swap, cap and collar agreements as the hedging component of its Interest Rate Risk Management policy.

EXPLANATORY STATEMENT OF FINANCIAL RESULTS

48(a). COMPARISONS OF ESTIMATES 2004/2005 AND ACTUAL OPERATING RESULTS FOR 2004/2005

Section 42 of the Financial Administration and Audit Act 1985 requires The State Housing Commission to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results. Significant variations are considered to be those greater/less than \$5,000,000 or 10% greater/less than the budgeted amount.

	Budget \$000	Actual \$000	Variation \$000
1. Revenues from ordinary activities have varied by the following:			
* Interest revenue. Interest revenue increased by \$12.782 million predominately due to an increase in interest earned on investment in Keystart preferential shares. This is fully offset against a corresponding increase in interest expense. There was also an increase in interest earned from Treasury during the year.	85,988	98,770	12,782
* Sales. This variance of \$40,578 million is attributable to better than expected land sales from the Joint Venture and vacant land programmes. The market conditions continued to be favorable throughout the year, with an increase in demand and higher profit margins were realised.	119,601	160,179	40,578
* Developer contribution. This variance is due to increased contributions from developer partners, primarily in Community Housing programs.	600	1,675	1,075
* Proceeds on disposal of non-current assets. This variance is mainly due to shared equity property sales during the year. There was a higher of level of discharges, together with an increase in property values for Homeswest shares.	65,824	84,518	18,694
* Other revenues from ordinary activities. This variance is mainly due to increased volume in conveyancing fees earned, contributed by an increase in activity in land sales, Keystart discharges and new mortgages.	4,205	6,799	2,594
2. Expenses from ordinary activities have varied by the following:			
* Community support expense. This is mainly attributable to a decrease in expenditure in the Aboriginal remote program. There have been delays in several projects progressing during the year, which have been carried over to 2005/06.	73,647	52,238	(21,409)
* Depreciation and Amortisation. The variance is mainly due to an increase in property valuations due to higher market values. The higher values increased the depreciation expense above projections.	43,823	48,646	4,823
* Borrowing costs expense. Borrowing costs increased by \$8.439 million predominately due to an increase in interest on WATC loans for investment in Keystart preferential shares. This is fully offset against a corresponding increase in interest revenue.	116,151	124,590	8,439

48(a). COMPARISONS OF ESTIMATES 2004/2005 AND ACTUAL OPERATING RESULTS FOR 2004/2005 (Continued)

	Budget \$000	Actual \$000	Variation \$000
* Employee expense. The increase in Employee expense relates to a backdated salaries increase from 2003/04 financial year. In addition, there is an increase in projections for superannuation provisions based on an actuarial study.	37,711	42,430	4,719
* Rental expenses. This variance is due to supplementary funding from Treasury of \$5 million, for residual current devices, as part of the Regional Improvements Program. In addition, maintenance costs have increased due to vacant dwellings requiring substantial repairs to be brought back to a re-lettable standard, together with insurance expenses increasing due to storm and fire damage.	95,019	105,650	10,631
* New living There has been a decrease in expenditure in the New Living programme, due to delays in several projects commencing refurbishment works.	39,237	35,238	(3,999)
* Cost of sales on non-current assets disposed of. This variance mainly due shared equity property sales during the year. There was a higher of level of discharges, together with an increase in property values for Homeswest shares.	70,685	80,599	9,914
* Other expenses from ordinary activities. This variance arises from a reduction in the costs associated with the computer support services contract, together with a reduction in Doubtful Debts.	16,633	13,534	(3,099)
3. Grants and subsidies from State Government have varied by the following.			
* Grants and subsidies from State Government. The increase in state grants represents supplementary funding from Treasury of \$5 million for Residual Current Devices and \$2 million for Brownlie Towers.	25,063	32,529	7,466

48(b). COMPARISONS OF ACTUAL OPERATING RESULTS FOR 2004/2005 WITH THOSE OF THE PRECEDING YEAR

Details and reasons for significant variations between actual operating results for 2004/2005 and the preceding year are detailed below. Significant variations are considered to be those greater/less than \$5,000,000 or 10% greater/less than the actual amount for the preceding year.

	Actual 2005 \$000	Actual 2004 \$000	Variation \$000
1. Revenues from ordinary activities have varied by the following:			
* Rental revenue increased \$5.306 million due to an increase in market rent on new occupancies and a reduction in total rental subsidies.	133,325	128,019	5,306
* Interest revenue increased by \$16.027 million predominantly due to an increase of interest earned in Keystart preferential shares of \$15.072 million and an increase in interest earned on cash at bank of \$2.693 million. There was a decrease in interest earned on State Housing Commission loan schemes of \$1.643 million due to a reduced loan book.	98,770	82,743	16,027
* Sales revenue increased by \$14.459 million due to increased sales volumes and market values from a buoyant land sales market.	160,179	145,720	14,459
* Commonwealth grants and contributions increased by \$18.619 million due predominately to an increase of \$17.383 million for Indigenous Housing programs and a \$1.080 million increase in rental housing grants.	142,918	124,299	18,619
Revenues from non-operating activities have varied by the following:			
* Developers contributions increased by \$0.619 million due to increased contributions for community housing projects.	1,675	1,056	619
2. Expenses from ordinary activities have varied by the following:			
* Community support expense increased by \$14.550 million due to increased expenditure on remote Indigenous housing and infrastructure support.	52,238	37,688	14,550
* Borrowing cost expense has increased by \$13.781million due to an increase in borrowing costs for increased West Australian Treasury Corporation Keystart funding (\$15.072 million) and a reduction in borrowing costs for remainder of the portfolio.	124,590	110,809	13,781
* Employee expenses increased by \$7.535 million due to an increase in salary expense from pay increases met during the current financial year and the accumulated effect on superannuation costs.	42,430	34,895	7,535
* Accommodation expenses decreased by \$0.645 million predominately due to a reduction in relocation expenses from the previous financial year.	3,776	4,421	(645)
* Rental expenses have increased by \$6.153 million predominately due to an increase in maintenance and improvements expenses of \$3.542 million and an increase in rates expense of \$2.370 million.	105,650	99,497	6,153
* Cost on disposal of non-current assets increased by \$5.124 million which was the result of increased carrying amount on properties disposed due to increased market values.	80,599	75,475	5,124
* Other expenses from ordinary activities reduced by \$2.111 million predominately due to a decrease in sundry expenses of \$1.033 million and \$1.029 million reduction in operational grants expensed.	13,534	15,645	(2,111)
3. Grants and subsidies from government have varied by the following.			
* State grants have increased mainly due to increased State funding for rental programs of \$6.800 million and a reduction in Indigenous state grants of \$1.145 million.	32,529	26,874	5,655

Consolidated Forecast Statement of Financial Position 2005/06

	<i>Consolidated</i>	<i>SHC</i>
CURRENT ASSETS		
Cash Assets	50,271,000	35,557,000
Restricted Cash Assets	8,615,000	8,615,000
Receivables	31,882,000	31,882,000
Inventories	25,319,000	25,319,000
Other Financial Assets	150,000,000	-
Other Assets	8,819,000	8,704,000
TOTAL CURRENT ASSETS	274,906,000	110,077,000
NON CURRENT ASSETS		
Accounts Receivable	1,886,000	1,886,000
Other Financial Assets	1,698,329,000	1,692,225,000
Rental Properties	4,382,720,000	4,382,720,000
Community Housing	267,228,000	267,228,000
Shared Equity Properties	108,487,000	108,487,000
Other Properties	28,471,000	28,471,000
Plant and Equipment	9,281,000	9,056,000
Buildings under Construction	62,323,000	62,323,000
Land Freehold	222,199,000	222,199,000
Joint Venture Land	95,228,000	95,228,000
Other Assets	3,362,000	1,600,000
TOTAL NON CURRENT ASSETS	6,879,514,000	6,871,423,000
TOTAL ASSETS	7,154,420,000	6,981,500,000
CURRENT LIABILITIES		
Interest Bearing Liabilities	21,027,000	21,027,000
Payables	35,767,000	25,141,000
Other Liabilities	36,142,000	31,017,000
Provisions	5,204,000	5,204,000
TOTAL CURRENT LIABILITIES	98,140,000	82,389,000
NON CURRENT LIABILITIES		
Interest Bearing Liabilities	2,472,233,000	2,472,233,000
Payables	1,409,000	1,409,000
Provisions	49,894,000	49,894,000
TOTAL NON CURRENT LIABILITIES	2,523,536,000	2,523,536,000
TOTAL LIABILITIES	2,621,676,000	2,605,925,000
NET ASSETS	4,532,744,000	4,375,575,000
EQUITY		
Asset Revaluation Reserve	3,181,969,000	3,180,853,000
Contributed Equity	85,370,000	85,370,000
Retained Profits	1,265,405,000	1,109,352,000
TOTAL EQUITY	4,532,744,000	4,375,575,000

Estimated Statement of Financial Performance
for the Period Ending June 30, 2006

	<i>Homeswest</i>	<i>Home Purchase Assistance</i>	<i>LandStart</i>	<i>Corporate Overheads</i>	<i>Segment Eliminations</i>	<i>Entity Totals</i>
Income						
Net Rental Revenue	137,540,000	0	420,000	0	0	137,960,000
Sales Non Current Assets	276,000	500,000	43,802,900	0	(6,907,900)	37,671,000
Other Income	1,400,000	0	0	8,546,000	0	9,946,000
Total Interest Revenue	699,809	90,161,191	0	0	0	90,861,000
	139,915,809	90,661,191	44,222,900	8,546,000	(6,907,900)	276,438,000
Expenditure						
Rental Operating Expense	145,468,383	0	160,000	0	0	145,628,383
Management Expense	33,877,084	1,382,228	4,418,691	17,351,275	0	57,029,278
Net Interest Expense	22,221,700	90,558,450	10,884,300	0	0	123,664,450
Community and Villages Support Prog	70,270,358	50,000	0	0	0	70,320,358
Sundry Expense	5,014,650	4,187,770	2,428,580	4,276,790	0	15,907,790
Deprec and Amortisation	42,795,359	1,865,667	445,930	1,595,128	0	46,702,084
	319,647,534	98,044,115	18,337,501	23,223,193	0	459,252,343
Gross Profit/(Loss)	(179,731,725)	(7,382,924)	25,885,399	(14,677,193)	(6,907,900)	(182,814,343)
Support Staff Allocations	15,095,609	694,051	1,561,615	(17,351,275)	0	0
Support Service Other Costs	(2,326,452)	(106,963)	(240,667)	2,674,082	0	0
Abnormal Items	0	0	0	0	0	0
Net Profit/(Loss)	(192,500,882)	(7,970,012)	24,564,451	0	(6,907,900)	(182,814,343)
Commonwealth Grants	137,734,000	1,500,000	0	0	0	139,234,000
State Grant Funds	25,063,000	0	0	0	0	25,063,000
Operating Surplus/(Deficit) Prior to Transfer	(29,703,882)	(6,470,012)	24,564,451	0	(6,907,900)	(18,517,343)
Segment Transfers						
CSHA Matching	13,398,000	0	(13,398,000)	0	0	0
Rental Sales Fees Contribution	0	0	0	0	0	0
	13,398,000	0	(13,398,000)	0	0	0
Operating Surplus/(Deficit)	(16,305,882)	(6,470,012)	11,166,451	0	(6,907,900)	(18,517,343)