

Statement of Compliance

STATE HOUSING COMMISSION

Hon Tom Stephens MLC

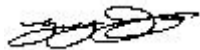
**MINISTER FOR HOUSING AND WORKS; LOCAL GOVERNMENT AND
REGIONAL DEVELOPMENT; THE KIMBERLEY, PILBARA AND
GASCOYNE**

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, 2002.

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 and the Electoral Act 1907.



Lloyd F Guthrey
Chairman



Greg Joyce
Director General

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Mission

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

Vision

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

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

for the benefit of all Western Australians.

Role

To provide housing for Western Australians who cannot otherwise afford their own homes by arranging affordable home finance, rental housing and land. The Commission also builds homes, develops land and undertakes joint venture projects with other housing providers. Its programs are aimed at low income homebuyers and renters, disadvantaged groups and people with special housing needs.

About the State Housing Commission

The State Housing Commission operates as part of the Department of Housing and Works. The Department was formed on 1 July 2001, in accordance with recommendations of the Machinery of Government Taskforce Review.

The State Housing Commission's powers and functions continue under the Housing Act 1980. The Commission's functions are supported by the Department of Housing and Works which brings together the integrated state housing services formerly provided under the Ministry of Housing, with the state capital works and maintenance services previously delivered under the Department of Contract and Management Services and Treasury. The Commission's functions include:

- Homeswest
- Bond Assistance
- Community Housing
- Aboriginal Housing
- Keystart Home Loan Scheme
- The development and sale of Landstart land
- Office of Policy and Planning

The Commission has a total of 38,872 properties comprising 35,068 rental properties, 1614 units in joint venture projects with supporting organisations, 1062 properties built in remote areas for Aboriginal people, 734 properties for other community housing groups, 394 properties for crisis accommodation. In addition, there are a further 109 resident-funded joint venture properties with groups such as Retirees WA which appear on the Department of Housing and Works asset register, effectively resulting in 38,981 properties.

About the Department of Housing and Works

From July 1, 2001, the new Department of Housing and Works consolidates the public sector's built environment and the Government's assets and project management and will enhance the delivery of services in these areas.

In addition to the State Housing Commission, the Department also covers the Government Employees Housing Authority, Country Housing Authority and Asset Management Services functions. These functions are reported under separate annual reports.

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 Work's executive staff. Board members have special skills and differing backgrounds, and provide best practice governance.

Board Members at June 30, 2002

Lloyd F Guthrey FCPA, FAICD, FAIBF

Chairman

Lloyd Guthrey has been a banker for 44 years and is also Chairman of the Keystart group of companies and represents the Commission on several joint venture boards. In addition he is a director of the Grain Pool of WA, Agracorp Pty Ltd and the South-West Irrigation Cooperatives. His other Directorships include the Winston Churchill Memorial Trust and the Corps of Commissionaires (WA), and he is a member of several community and charitable organisations.

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. He is also Chairman of the Board of Santa Maria College.

Jeanice Krakouer

Commissioner

Jeanice Krakouer has been a Housing Manager with the Southern Aboriginal Corporation in Albany since 1993. She chaired the Aboriginal Housing Board until May 2002 and has wide experience of the housing industry, particularly Aboriginal housing issues.

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 and 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 is the Chair of City Housing and has had a long association with the Commission through its community housing joint ventures. He is also Chief Executive of the Daughters of Charity Services (WA) Ltd and a Director of the WA Council of Social Services.

Greg Joyce BA, LLB, BJuris

Director General (General Manager State Housing Commission)

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

Overview of the State Housing Commission's Functions

Homeswest

Homeswest is the Commission's rental accommodation division managing approximately 39,000 tenancies across the State. Community Housing, Bond Assistance and Housing Procurement fall under the Homeswest division, with close links to Aboriginal Housing. The Commission also has a strong focus on providing home ownership opportunities to public housing tenants.

Aboriginal Housing

Aboriginal Housing provides specialised advice and support to the Minister for Housing and Works and the Board in Aboriginal matters. The Aboriginal Housing and Infrastructure Unit delivers programs designed by the Aboriginal Housing Board aimed at improving housing options for Aboriginal people. These programs include supporting tenants who are either applying for Homeswest tenancies or are already in tenancies; supplementing the mainstream Homeswest program with Aboriginal specific housing in urban areas and supporting Aboriginal communities by providing new housing, infrastructure and management and maintenance programs.

Aboriginal Housing programs are designed to provide added support to Aboriginal housing organisations to ensure viability and effective management, maintain and enhance support and education to Aboriginal tenants, foster Aboriginal home ownership (through the Aboriginal Home Ownership Scheme) and to look for more opportunities for joint ventures with Aboriginal groups. A ten-member Aboriginal Housing Board with equal State and Commonwealth (ATSIC) representation has been responsible for overseeing the State Housing Commission's Aboriginal housing programs and services.

The Aboriginal Housing Board held its last meeting in, May 2002. Under the new Agreement for the Provision of Housing and Related Infrastructure for Aboriginal and Torres Strait Islander People in Western Australia July 2002-June 2007, the Aboriginal Housing and Infrastructure Council (AHIC) will be established to replace the AHB early in the 2002/2003 financial year.

Keystart

Keystart provides the housing finance function for the State Housing Commission. It provides government-backed home ownership schemes to assist low to moderate income earners with housing finance. Demand for loans through the scheme has risen strongly, with more than 44,500 Western Australians, who might have trouble accessing finance via the major banks, assisted since Keystart's inception in 1989. Other loan schemes provided include GoodStart for Homeswest tenants and those on the waiting list, Access Home Loans for people with disabilities, the Aboriginal Home Ownership Scheme and the Restart scheme to help private sector borrowers retain their homes in the event of temporary loss of income, for example, through unemployment.

Landstart

Landstart is the Commission's land development function. It has been established as a separate, transparent business unit (with its own board) providing land to house low and middle income earners. Landstart uses the private sector under joint venture arrangements. The New Living project, the largest urban renewal and redevelopment project ever undertaken in Western Australia, will ensure public housing is dispersed more evenly across the community.

Office of Policy and Planning

The Office of Policy and Planning provides high-level, independent policy advice to the Minister and the Commission's General Manager. The Office of Policy and Planning liaises with community groups, ensuring the Commission is closely in touch with the views and requirements of relevant housing stakeholders. The Office of Policy and Planning is tasked with preparing and delivering Housing Strategy WA – a plan for the provision of housing for Western Australians for the next 30 years.

Executive

GREG JOYCE BA LLB BJuris

Director General (General Manager State Housing Commission)

Greg Joyce joined Homeswest in 1973 and has led the commission since 1992. In July 2001 he became Director General of the Department of Housing and Works. He maintains his position of General Manager, State Housing Commission under the Housing Act 1980.

BOB THOMAS Dip Pub Admin

General Manager Housing and Facilities Management

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

KERRY FIJAC BComm CPA

Executive Director Regional Services

Kerry Fijac joined the Commission in 1989 after working as an 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.

ANNE ARNOLD BEc

Executive Director Office of Policy and Planning

Anne Arnold joined the Commission in 1999 as the foundation Director of the Office of Housing Policy. She previously held positions as Executive Director of the Western Australian Division of the Urban Development Institute of Australia, and as Deputy Chairman of the Western Australian Planning Commission. The amalgamation of the Office of Housing Policy, Corporate Development and Industry Policy and Advice in 2002 led to the creation of the Office of Policy and Planning, with Anne Arnold appointed as Executive Director.

JODY BROUN Dip Teach BEd MPhil

Executive Director Aboriginal Housing and Infrastructure Unit

The Aboriginal Housing Directorate was created in 1994 and Jody Broun became its first Director. She had previously worked for the Aboriginal Affairs Planning Authority. In 1999 Jody Broun became Executive Director Aboriginal Housing and Infrastructure Unit.

IAN JOHNSTON BEc Dip Teach

Executive Director Commercial Operations

Ian Johnston 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 Ministry of the Premier and Cabinet, and Treasury Department. His role in Commercial Operations includes direction and management of the Department's entire land function, and controlling Housing and Works procurement. Ian Johnston is a member of the Landstart Board and Director of various joint venture companies.

BEVAN BEAVER Dip Pub Admin

Executive Director Business Strategies

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

JOHN COLES MBA (Fin) Grad Dip Bus

Executive Director Financial Services

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

Organisational Structure

Greg Joyce
Director General

Internal Audit

HOUSING & FACILITIES MANAGEMENT

Bob Thomas
General Manager

Homeswest
Maintenance
Community Housing
New Living and Redevelopment

REGIONAL SERVICES

Kerry Fijac
Executive Director

Regional Operations
Bond Assistance
Homeless Helpline

OFFICE OF POLICY AND PLANNING

Anne Arnold
Executive Director

Housing Strategy, Policy and Legislation
Corporate Planning & Balanced Scorecard
Data & Research

ABORIGINAL HOUSING AND INFRASTRUCTURE UNIT

Jody Broun
Executive Director

Aboriginal Programs
Remote Construction
Tenant Support

COMMERCIAL OPERATIONS

Ian Johnston
Executive Director

Landstart
Housing Procurement

BUSINESS STRATEGIES

Bevan Beaver
Executive Director

Communications and Marketing
Human Resources
Information Services
Securities & Conveyancing
Contracting and Services

FINANCIAL SERVICES

John Coles
Executive Director

Home finance
Financial Services
Management Accounting
Tax and Risk Management
Financial Technology and Reporting

Director General's Overview

This financial year saw the establishment of the Department of Housing and Works with Homeswest becoming one of the six legal entities under that banner. Proposed legislation will ultimately streamline the merger. In the interim, there is a challenge to make the merger work and realise the anticipated savings and synergies. From my point of view, the merging of the various cultures has been challenging.

The Commission has had another good year with significant progress being made on its major programs such as New Living, the Homelessness Strategy, home ownership, the joint venture process in land development, the deinstitutionalisation strategy, the employment of Aboriginal people and bond assistance in the private sector.

New imperatives by the Government, such as sustainability, a focus on regional development and the built environment, have required changes to the way the organisation operates. The Minister for Housing and Works, Tom Stephens, was successful in obtaining extra funds for housing, particularly for homeless people, and this has allowed an extensive response by the Commission to the issue. The challenge is to provide good quality housing across the State within a reasonable time.

Of concern is the renegotiation of the Commonwealth State Housing Agreement with the Commonwealth. The current agreement expires on 30 June 2003 and the future is uncertain.

It has been my pleasure to work with Minister Stephens and the State Housing Commission Board chaired by Lloyd Guthrey. The benefits of this type of governance system are many.

Finally, the strength of the organisation is its people. They work tirelessly day in, day out, often under difficult circumstances and have an overwhelming commitment to customer service.

Greg Joyce
Director General

Highlights of 2001/2002

- During the year the Commission's home loan schemes helped 3998 Western Australian households with home finance, providing 843 loans for building new homes and 3155 to buy established homes
- The State Homelessness Taskforce submitted a comprehensive report to the Minister for Community Development and the Minister for Housing and Works on 31 January 2002, and the State Government released its response in May 2002
- The Homeless Help Line provided assistance to homeless people, or those at imminent risk of becoming homeless, on 936 occasions
- The Commission commenced construction, spot-purchased or refurbished 1598 dwellings, of which 885 were for the general rental programs
- Community Housing commenced 88 dwellings including a major program to construct women's refuges in the north of the State
- A major refurbishment of 477 older properties was carried out, as well as the conversion of bedsitter style accommodation into 49 one and two bedroom units
- A total of 37 purpose-built mobility units were constructed for tenants with disabilities in the general rental and Aboriginal housing programs
- Access Home Loans helped 68 households including people with disabilities to purchase or modify their homes to the value of \$6.2million
- Under the Bond Assistance Scheme, a total of 15,254 loans valued at \$5,340,075 were approved.
- Landstart sold 2146 vacant lots for \$102 million
- Landstart developed 1721 lots at a cost of more than \$50 million.
- The AHU completed a review of the 1997-2002 Bilateral Agreement. The recommendations of this review were used to formulate the new Agreement for the Provision of Housing and Infrastructure for Aboriginal and Torres Strait Islander People (Indigenous Housing Agreement).

Corporate 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.

The Board members are appointed on the recommendation of the Minister for Housing and Works for a period of 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 vehicle and expenses; Deputy Chair \$26,500 and Members \$19,320. In addition, members are reimbursed for justifiable expenses incurred in carrying out their responsibilities. There are more details in the Financial Statements.

In 2001-2002 there were 11 Board meetings. Attendance is shown below.

Board Members	No Attended	Max Possible Attended
Lloyd Guthrey	11	11
David Coates	11	11
Jeanice Krakouer	7	11
Anne Zubrick	11	11
Mike Bonney	11	11
John Gherardi	10	11
Greg Joyce (ex officio)	10	11
Bob Thomas (ex officio)	1	11

Audit Committee

The Board of Commissioners, which is charged with the fiduciary and legal duty to establish and maintain appropriate control mechanisms and structures within the Commission, has established an Audit Committee as a Standing Committee of the Board of Commissioners.

Members are appointed by the Board of Commissioners. The Audit Committee is comprised of three members - David Coates, Deputy Chairman Board of Commissioners (Chairman), Lloyd Guthrey, Chairman Board of Commissioners and Greg Joyce, Director General. The Executive Director Financial Services and an officer from the Office of the Auditor General attend meetings as observers. The Committee met four times in 2001-2002.

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 a consulting activity and 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 provided assistance to the board in implementing desired risk management strategies, and continues to significantly support the risk management framework.

Boards

Landstart

The Landstart Board is appointed by the board of the State Housing Commission after consultation with the Minister. It is chaired by Ian Taylor and comprises four other members – Lloyd Guthrey, Bill Griffiths, Greg Joyce and Ian Johnston. It meets bi-monthly to consider all aspects of Landstart's functions including acquisition, development and sales of land, provision of land for rental construction, joint venture land developments and the financial and functional management of the land asset. Decisions on major acquisitions and sales are referred to the State Housing Commission Board.

A joint venture board and/or meetings of directors of a management company provide governance of joint venture projects. Both participants are equally represented on joint venture boards and committees, which meet monthly or bi-monthly according to the progress and size of the project.

Keystart

The Keystart Board has seven members appointed by the State Housing Commission Board of Commissioners after consultation with the Minister. They are Chairman Lloyd Guthrey, Greg Joyce, John Coles, Ian Taylor, David Butler, Ray Chadwick and Mike Bonney. The Keystart Board meets monthly.

Aboriginal Housing Board

A ten-member Aboriginal Housing Board (AHB), with equal State and Commonwealth (ATSIC) representation, has been responsible for overseeing the Commission's Aboriginal housing programs and services. At its final meeting in May 2002, the Board considered and approved the Aboriginal Housing and Infrastructure Unit program for the 2002/2003 financial year.

2001/2002 Board Membership

Ms Jeanice Krakouer, Chairperson and Great Southern community representative

Mr Ron Attwood, Pilbara community representative

Mr Noel Green, Murchison community representative

Mrs Pauline Manning, Kimberley community representative

Mr John McGuire, Metropolitan community representative

Mr Ian Trust, ATSIC WA State Council Chairperson

Commissioner Preston Thomas, ATSIC South East Region

Commissioner Eric Wynne, ATSIC South West Region

Commissioner Eric Bedford, ATSIC North West Region

Commissioner Terry Whitby, ATSIC Central Region

[Ms Jody Broun, Executive Director, AHU \(Ex Officio\).](#)

Performance Measurement Reporting

The Balanced Scorecard gives management and the Board a comprehensive view of organisation 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 Result 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 Balanced Scorecard has been made available this year on the Department of Housing and Works' Intranet, enabling staff to be more involved with the performance management process.

Risk Management

Risk Management is an integral part of sound business practice and is incorporated in the day-to-day operations of the Commission. It is treated strategically and operationally and as an iterative process enables continual improvement in decision-making.

As required under the Financial Administration and Audit Act 1985, the Board of Commissioners has ensured that procedures are in place for continual assessment, identification and treatment of risks inherent to the Commission's operations. The financial services business unit maintains a risk register, monitors risk mitigation activities and reports to the Board of Commissioners through the Audit Committee.

Policy and Procedures

The Commission ensures that all policy and procedure manuals are regularly reviewed, kept up to date and are available on the Department of Housing and Works' Intranet, and where relevant, Internet sites. All policy documents are required to contain essential background information such as policy author, next review date, document control and location, relevant legislation and references and document history.

A review of corporate policies was completed in 2001/2002. With the organisational restructure, responsibility for these policies has now been devolved to individual business units.

The Commission's privacy and confidentiality policy was revised in line with the principles of Federal privacy legislation, and an associated media policy was developed. A privacy statement was published on the Internet site. A range of human resource policies, dealing mainly with employment matters were revised.

During the year there were a number of changes to rental policies, including eligibility, tenant liability and priority assistance policies. The market rents policy guidelines were developed and the bond assistance policy was reviewed.

Customer Service Charter

The Commission's Customer Service Charter clearly identifies the standards of service customers can expect when dealing with any officer. These standards are based on the four key principles of friendly and courteous service, fairness, efficiency and accurate information.

The Customer Service Charter is available on the website, or in brochure format at any Department of Housing and Works office. Customers can provide feedback via an Internet feedback form, by email to feedback@dhw.wa.gov.au or by completing a customer service feedback form at any DHW office. The Commission responds to all feedback received and continues to monitor its effectiveness in meeting the standards described in the Charter.

Code of Conduct

The general principles of conduct and behaviour required of all public sector employees are set out in the Public Sector Management Act 1994. These principles require all those employed in the public sector to act with integrity and honesty in the performance of their duties and to be scrupulous in the use of Government resources and official information.

The Department of Housing and Works' Code of Conduct provides practical guidance on the obligations and behaviour required of its employees in their dealings with customers, with the public and with one another. The Code of Conduct is based on the principles stated in the Public Sector Code of Ethics.

Delegation of Authority

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

Section 13 of the Act however, provides that the Board can with the consent of the Minister, delegate by an instrument in writing, any of its powers or functions under the Act, to an officer of the Department. 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 consultation with the Crown Solicitors Office.

Legislation

In line with Machinery of Government reforms to reduce the number of statutory authorities, Cabinet approved the drafting of a new Housing Act which will absorb the functions of the Country Housing Authority, the Government Employees Housing Authority and the State Housing Commission into a new Western Australian Housing Authority and will allow the repeal of the Country Housing Act 1998, the Government Employees Housing Act 1964, and the Housing Act 1980. These reforms will proceed in line with the Government's legislative priorities.

Compliance with Legislation

In performing its functions, the State Housing Commission has taken all reasonable care to comply with relevant written laws, as amended from time to time, including:

Commonwealth legislation

- Housing Assistance Act 1996

- Privacy Act 1998
- Corporations Law
- Disability Discrimination Act 1992
- Trade Practices Act 1974

State legislation

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

Home Ownership

The State Housing Commission through its various home ownership schemes assists Western Australians to realise their dream of home ownership through safe, affordable loan products.

Highlights

- *3852 home loans amounting to *\$357 million were approved under the Keystart Loans Scheme.
- The GoodStart scheme helped 65 Homeswest households and rental applicants into home ownership through the provision of \$6.4m. During the year in order to make more funds available to GoodStart applicants, Keystart funding sources were tapped to fund GoodStart applicants. Thirty-three of the 65 families assisted were assisted through the Keystart Scheme.
- Forty-six loans were approved under the Aboriginal Home Ownership Scheme amounting to \$4.6m.
- Access Home Loans helped 68 households including people with disabilities to purchase or modify their homes to the value of \$6.2m.
- Introduction of the Restart Scheme in May 2002 to assist private sector borrowers who risk losing their home through temporary loss of income.

* Includes 33 applicants assisted through the GoodStart Scheme amounting to \$2.3m.

Overview

The Commission's ownership schemes are the most successful Government-backed loan schemes in Australia. During the year the schemes helped 3998 Western Australian households with home finance, providing 843 loans for building new homes and 3155 to buy established homes. The effect of these loan approvals is an injection of \$372.2m into the State's housing industry to create and maintain employment for Western Australians.

Keystart

The Keystart Scheme was launched in April 1989 as an innovative program to provide low-deposit home loans to Western Australian families. In the past 13 years, Keystart has helped more than 44,500 families into home ownership and provided more than \$3.5 billion in low-deposit loans.

During the year the Scheme provided 3852 loans amounting to \$357.3m. The Keystart scheme continues to appeal to first homebuyers with a total of 3338 loans amounting to \$307m approved during the financial year.

In the latter part of the financial year Keystart introduced some policy enhancements to make Keystart more accessible. These included increasing the maximum property limit to \$200,000 in acknowledgment of increasing property prices, an increase in the maximum loan limit to \$175,000 and maximum income to \$75,000.

GoodStart

The GoodStart Shared Equity Scheme is aimed at assisting Homeswest tenants and rental applicants into home ownership. The Scheme has performed well since its introduction in August 1997. By June 30, 2002 it had helped 1095 families make the transition to home ownership. In 2001/2 the scheme provided \$6.4m to 65 applicants under the Scheme. During the year funding for GoodStart Loans was changed to Keystart and 33 of the 65 families were assisted under Keystart.

Aboriginal Home Ownership

Since the Aboriginal Home Ownership Scheme began in 1995 it has helped 357 households of Aboriginal or Torres Strait Islander descent into home ownership. The Scheme is staffed

by Aboriginal people who provide practical help and advice to customers. During the year, 46 loans totalling \$4.6 million were approved.

Access Home Loans

This Scheme is aimed at assisting people with disabilities enter home ownership. This year 68 Access Home Loans totalling \$6.2m were approved to help people with disabilities buy or modify their homes to meet their particular needs. Since the scheme began in 1995, it has approved 433 loans with a total value of \$33.7m.

The scheme enables people on disability support benefits and their carers who receive a pension to purchase a minimum 70 per cent share of a property, with the Department owning the remaining share. Borrowers pay a minimum \$1000 deposit.

Restart Scheme

In May 2002, the Restart Scheme was announced by the Minister for Housing and Works. This Scheme is targeted at assisting private sector borrowers retain their family home in the event of temporary loss of income, for example, unemployment.

Should borrowers be faced with a mortgagee sale by their lender and subject to satisfying the Restart eligibility criteria, they may re-finance their loan into Restart for a period of up to 12 months. Once their financial position improves their loan converts to a Keystart loan. A further aspect of the Scheme is that it provides counselling to borrowers and encourages them to negotiate arrangements with their existing lender where possible.

Since its launch the Scheme has received seven requests for assistance. With counselling these borrowers were able to negotiate arrangements with their existing lenders to retain their loan and home.

Safety Net prevents home loss

The Safety Net scheme helps borrowers whose financial situation deteriorates after their loans are approved and who, without assistance, might lose their home. Repayment amounts may be reduced for a specific time. Alternatively, in the case of some Keystart loans where the borrower is unlikely ever to be able to maintain the full loan but can pay 30 per cent or more of the full repayment rate, the Department may buy up to 30 per cent of the property and provide a shared equity loan.

The Safety Net scheme has proved effective and has helped 487 borrowers in four years. In 2001/2002, 124 borrowers received Safety Net assistance. Relationship breakdown and unemployment were the main reasons for people requiring assistance.

Better service, better communities

The Department, through Keystart, undertakes a range of activities to enhance its total service to home loan customers. This includes sponsoring local community activities and supporting and liaising with community organisations.

Keystart continues to sponsor the Armadale Neighbourhood Improvement Program. The program is funded jointly by Keystart and the City of Armadale and is achieving significant improvements in Armadale's Neerigen and Hollybush precincts. These areas have also benefited from the refurbishment of 200 Homeswest properties and from security patrols that Keystart commissions for five hours a day and seven days a week.

Keystart has co-financed the employment of a community development worker and a range of neighbourhood consultations, programs and activities. Among the programs which caught the

attention of young people and others were the teaching workshops and music playing of the Colouredstone Indigenous Band.

Keystart supports *Young Achievement Australia* and its programs that help young Australians learn how to run small businesses and to gain skills that enable them to get work. In 2001 Keystart sponsored groups at high schools in Bunbury, Kambalda, Safety Bay and Warwick. In 2002 the groups are at Canning College, Ravensthorpe District High School, Safety Bay Senior High School, Curtin University Goldfields, Kelmscott Senior High School and Girrawheen Senior High School.

Keystart continues to work closely with the Financial Counsellors Association of Western Australia and sponsors the Association's annual conference. Financial counsellors throughout the State provide high quality advice to Keystart borrowers and others who have trouble organising their finances and making regular mortgage payments.

The Department is committed to community consultation and Keystart and Department officers regularly attend meetings of the Home Finance Operations Advisory Committee which provides invaluable advice about Keystart activities and policies. The Committee is now chaired by Mr Michael Bonney, a member of the Keystart Board and a Commissioner of the State Housing Commission. Members come from Shelter WA, the Federation of Housing Societies, the Financial Counsellors Association, South Metropolitan Migrant Resource Centre, Consumer Credit Legal Service and the Commonwealth Department of Family and Community Services. The Committee can call on advice from other bodies such as the Department of Consumer and Employment Protection.

First Home Owners' Scheme

The Keystart retailers are participating institutions in the First Home Owners' Scheme, assisting the State Revenue Department to administer the scheme and enabling 3338 Keystart borrowers to benefit from the \$7000 grant (\$10,000 in the case of those who purchased new and construction properties).

Regional Customers

Regional customers have equitable access to services provided by the Department. About 22% of Keystart loans are provided outside the metropolitan area.

All regional customers and applicants for the Commission's home loan schemes (Keystart, GoodStart, Access Home Loans, Aboriginal Home Ownership Scheme) have access to those schemes through 1300 or 1800 telephone numbers and through the Commission's extensive network of regional and branch offices. Keystart retailers have agents in the major regional centres, which provide face-to-face interviews for applicants.

To reflect higher housing costs in some regions, Keystart has lifted its maximum property limit to \$200,000.

The Department uses regional suppliers wherever possible for properties built in regional locations by builders contracted by borrowers accessing Department and Keystart loan funds. This has a significant economic multiplier effect in the regions concerned.

Outcome: Realistic home ownership opportunities for low to moderate income Western Australians provided by the State Housing Commission through its Keystart Housing Scheme

HOME OWNERSHIP OUTPUTS 2001/2002

Quantity & Cost

	<i>Actual 2001/2002</i>	<i>Target 2001/2002</i>	<i>Explanation for variance</i>
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Keystart

-	Number of loans approved	3852	5000	Keystart met the needs of borrowers who sought Keystart finance. The demand for Keystart loans was less than expected due to private sector lenders being able to assist borrowers particularly due to the increased First Home Buyers Grant in 2001/2002.
-	Value of loans approved	\$357.3M	\$426.3M	

**includes 33 loans amounting to \$2.33M which is also shown under Goodstart*

GoodStart

-	Number of loans approved	65	48	During the year the source of funding for GoodStart loans was changed to Keystart which provided more funds for applicants.
-	Value of loans approved	\$6.4M	\$3.78M	

**includes 33 loans amounting to \$2.33M funded by Keystart.*

Aboriginal Home Ownership Scheme

-	Number of loans approved	46	60	The Scheme met the demand for Aboriginal families wishing to purchase a home. The reduced demand reflects a lower number of Aboriginal families seeking assistance.
-	Value of loans approved	\$4.6M	\$5.1M	

Access Home Loan Scheme

-	Number of loans approved	68	70	The value of loans approved was in line with expectations.
-	Value of loans approved	\$6.2M	\$6.12M	

	<i>1996/1997</i>	<i>1997/1998</i>	<i>1998/1999</i>	<i>1999/2000</i>	<i>2000/2001</i>	<i>2001/2002</i>
<i>Management Cost per Loan - Nominal</i>	\$452	\$462	\$431	\$463	\$385	\$397
<i>Management Cost per Loan - Real</i>	\$452	\$463	\$424	\$446	\$351	\$353

For further information refer to Performance Indicator 1.3.

Timeliness

	<i>1996/1997</i>	<i>1997/1998</i>	<i>1998/1999</i>	<i>1999/2000</i>	<i>2000/2001</i>	<i>2001/2002</i>
<i>Percentage of eligible home loan applicants assisted with a loan</i>	100%	100%	100%	100%	100%	100%

For further information refer to Performance Indicator 1.1.

Rental Housing

The Department of housing and Works, through Homeswest, provides rental accommodation, rental subsidies and various structured support programs for thousands of families on low to moderate incomes. Rental Housing manages 39,111 properties throughout the state. The day to day management of these tenancies is supported by an extensive regional network including three metropolitan and six country regional offices and 18 branch offices.

Highlights

- A total of \$43.78 million was spent on maintenance and improvements to rental properties;
- The Homeless Helpline continued working with other government and welfare agencies to assist homeless clients. This year the Helpline assisted 936 clients;
- The Department is implementing the response to the State Homelessness Taskforce recommendations.
- The Department spent about \$3.5m on support programs for tenants including SHAP, ATS, DCD referral, Strong Families and Indigenous Families;
- The Department spent \$9.61m refurbishing and upgrading 477 properties;
- Waiting list numbers reduced from 15,456 in 2001 to 14,194 in 2002.

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 \$43.78 million was spent on maintenance and improvements to rental properties during the year. These comprised:

- \$17.3m on day-to-day maintenance;
- \$8.23m on maintenance of vacated properties;
- \$11.25m on refurbishments and improvements such as heating, ceiling fans, smoke alarms, disability fittings and fences;
- \$3.62m on planned maintenance including internal and external painting; and
- \$3.38m on maintaining the grounds and gardens at housing complexes.

In addition, it cost Homeswest \$3.321m to renew or replace damaged items through its insurance funding. This figure was more than last year's expenditure of \$3.086m. Much of this cost was associated with some severe storms, vandal damage and theft.

The five-year smoke alarm program that commenced in 1997/1998 was completed in June 2002.

Gas conversion projects in Busselton (167 properties) and Kalgoorlie (22 properties) saw the conversion of properties from LPG bottled gas to natural gas. The cost averaged \$550 per property.

Conversion of properties from septic tanks to sewerage was undertaken in Mirrabooka (57 properties at a cost of \$129,664), Fremantle (43 properties at a cost of \$93,030) and Cannington (33 properties at a cost of \$65,733).

Refurbishment of rental properties continued, involving some 291 rental homes.

Policy Information

Policies assist staff in making decisions and help customers understand and know their rights and responsibilities. Therefore, policies must be fair and equitable and in line with current trends in public housing service delivery.

During the year Homeswest introduced a number of new policies as well as updating some areas of existing policy. Changes were made to the existing policies of Priority Assistance, Tenancy Management and Tenant Liability whilst a new policy, Climate Control, was initiated. Bond Assistance Loan Policy is now a separate policy, having been excised from the Rental Policy.

In meeting the measure of fairness and equity, Homeswest's policies are undergoing constant review. To enable customers to access up-to-date policy information and to keep abreast of changes, Homeswest's policies are available on the Department of Housing and Works Internet site. The address is www.dhw.wa.gov.au.

Appeals

The Homeswest Appeals Mechanism is a three-tier process that provides an avenue for customers to appeal a decision which is adverse to them. All decisions adverse to the customer are automatically reviewed by another officer not involved in the original decision-making process. This constitutes the first tier of the mechanism. Decisions that are unresolved at the first tier are eligible to be considered by the second tier of the mechanism, the Regional Appeals Committee. Similarly, certain categories of appeal are eligible to be determined by the Public Housing Review Panel should they be unresolved at a second tier hearing.

The Shelter WA Review, undertaken in 2000, resulted in a number of recommendations in relation to the appeals mechanism. The majority of these recommendations were implemented in 2001/2002.

The major recommendation put into practice during the year was to advertise and appoint Regional Appeals Committee and Public Housing Review Panel members against specific selection criteria. This initiative resulted in the appointment of 31 new Regional Appeals Committee members and five new Public Housing Review Panel members.

In 2001/2002 there was a significant decrease in the total number of appeals lodged for Regional Appeals Committees to decide. A total of 1705 appeals were lodged in 2001/2002, representing a downturn of 17% over the total of 2060 in 2000/2001.

Of the 1249 decisions made at the second tier of the mechanism, 420 (33.6%) were determined in favour of the appellant, 655 (52.5%) were dismissed and 174 (13.9%) partially upheld. Comparable figures for 2000/2001 were 24.5%, 67.5% and 9.0% respectively.

The third tier of the system, the Public Housing Review Panel, determined 227 appeals in 2001/2002. Of these 54 (20.7%) were upheld, 169 (63%) dismissed, 4 (2%) partially upheld and 4 (2%) resolved prior to hearing. Seven appeal matters were ineligible to be considered by the Panel. Appeals to the Public Housing Review Panel increased in 2001/2002 from 202 to 229, an increase of 13.4%.

Waiting List

During the year Homeswest assisted 5207 applicants to obtain rental housing, compared with 5176 the previous year. The waiting list at June 2001 was 14,194 compared with 15,456 at the same time last year. The average waiting time across the state for 2001/2002 was 14.5 months.

Rents

All tenants eligible for a rental subsidy are charged a maximum of 25 per cent of their assessable household income as rent, although some longer-term tenants pay between 23 and 25 per cent of their assessable income as rent.

Homeswest tenants paying a subsidised rent have their income reviewed on the anniversary of their moving into the property, or at any time their income changes by more than \$10 per week.

Tenants have a number of options to pay their rents and other debts. These include payments made through the Centrelink Direct Deduction Scheme, the Bank Direct Debit scheme, Homeswest card payments which can be made at any Post Office or rents can be paid via OnlineWA through the internet. Approximately 70% of clients eligible for the Centrelink Direct Deduction Scheme are currently using this method of payment.

A full rent payer eligibility survey was carried out along with the annual VGO rent update. This was done to determine tenants ability to be able to be housed privately and also to ensure that tenants most in need of housing would receive the benefits supplied by the Department. Full rent payers were given various options including purchasing the property if it was available for sale.

Tenants who pay the full rent on the property they occupy have their rent re-assessed annually. Rent levels are set by the Valuer General's office based upon rises or falls in the rental housing market of the area.

State Homelessness Taskforce

In July 2001, the Government established a State Homelessness Taskforce to address the issue of homelessness in our community. Chaired by Mr Tony Pietropiccolo, the Taskforce was made up of individuals with a range of backgrounds who all shared a common concern for the plight of homeless people.

The Taskforce submitted a comprehensive report to the Minister for Community Development and the Minister for Housing and Works on 31 January 2002, and this report was made public immediately.

Taskforce recommendations in brief

The Taskforce made 68 recommendations to support the implementation of three key strategies:

- to prevent homelessness
- to provide effective support for those who are homeless
- to provide support for people attempting to maintain their accommodation after a period of homelessness.

In May 2002 the State Government released its response to the Taskforce Report, articulating three major themes that will underpin the implementation approach:

- better options for housing – improve access to affordable housing
- vulnerability and transition – assist people through important transitions from institutions and other situations
- stability in housing – provide services to keep people housed.

In its response, the Government noted the link between homelessness and other social issues, particularly poverty. The Taskforce's recommendations concerning affordable housing will be incorporated in the development of the State Housing Strategy.

The State Housing Commission will play a key role in the implementation of the Government's response and will administer a number of the specific initiatives identified in the response. An evaluation of the response will commence in July 2003.

Additional funding

The Government's response includes an immediate allocation of \$5m for an additional 60 units of public housing specifically for the homeless, and \$5.5m for people with special needs. Thirty-eight units will be allocated to Mental Health Services for clients exiting institutions and 27 units to the Department of Justice for people exiting prison. The Department of Housing and Works and relevant agencies are jointly implementing the program, together with other initiatives aimed at providing support and preventing homelessness.

Support initiatives include an additional \$500,000 for the Department of Housing and Works Special Housing Assistance Program (SHAP), which provides support to vulnerable Homeswest tenants and assists them to retain their tenancies. The increase will provide nine new support workers, and will include a new initiative to assist vulnerable people in private dwellings. An evaluation of the increase in SHAP services will be conducted in 2002/03.

Culturally and Linguistically Diverse (CALD) Services

Homeswest aims to ensure that language is not a barrier to service for people from non-English speaking backgrounds. Many of its customers are from culturally and linguistically diverse and indigenous backgrounds.

The three metropolitan regional offices have on-site interpreter services. The telephone interpreter service is used on a needs basis, including in country regions, and for customers with hearing impairments to help them understand the range of services offered and the legal rights and obligations attached to a service.

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

In 2001/2002 the total cost of providing the service exceeded \$30,000.

Housing for Youth

Homeswest continued to work in partnership with Anglicare, Fremantle Community Youth Services and the Rockingham Youth Accommodation Program to provide housing support for young people.

The three schemes Homeswest supported during the year were YES Housing (Youth Externally Supported Housing) in the Mirrabooka and Cannington regions, and FRESH and RYEAP (Fremantle Regional Externally Supported Housing and Rockingham Youth External Accommodation Program) in the Fremantle region.

The schemes cater for youth in need, including single mothers, helping them to obtain affordable housing throughout the metropolitan area. The agencies manage the tenancies until the tenants are able to live independently. Many of these tenants later become mainstream Homeswest tenants.

Homeswest provides the housing for the youth schemes and the Department for Community Development provides funding for the management services.

Supported Housing Assistance Program

Homeswest continued to work with other agencies to assist tenants having difficulty managing their tenancies. During the year about \$1.1m was spent on the Special Housing Assistance Program (SHAP), with eight agencies receiving funding for 12 programs to assist families across all Homeswest regions.

Issues that effect tenancies include non-payment of rent, property standards and anti-social behaviour. Many tenancies are saved by these partnership arrangements with community support agencies.

Homeswest also works with the Department for Community Development to provide family support programs to people whose tenancies may be in jeopardy.

As part of the Government's response to the State Homelessness Taskforce Report an allocation of \$500,000 has been made to provide additional SHAP services in 2002/2003.

During the year the Commission also provided funding to and participated in a number of initiatives targeted at early intervention and support of its tenants. These initiatives included the Indigenous Families Program, Strong Families Program and the Cyclical Offending Program.

Regional Customers

Homeswest continues its commitment to providing services to country clients as part of the State Government's Regional Development Policy. The Department has six country regional offices – in Broome, South Hedland, Geraldton, Bunbury, Albany and Kalgoorlie – and a number of branch offices located throughout the state in larger rural towns.

The Department's web site assists with bridging the gap and meeting regional customer need with information and forms available on-line. Information includes rental, maintenance and bond policies, how to apply for rental accommodation and bond assistance, home ownership options, help for people with disabilities and a tenants' newsletter.

Homeswest is involved in many inter-agency programs and is represented on committees such as SaferWA, the Regional Domestic Violence Committee and Joint Venture/Senior's Groups to promote services and develop regional community networks. This makes it possible for Homeswest to identify the specific needs of rural towns in the planning of accommodation for seniors, safe houses for women and children, and family accommodation.

Homeswest's service delivery extends to the Cocos and Christmas Islands following the signing of a service agreement the Commonwealth Department of Transport and Regional Services in 2001 to help manage public housing. The Department provides support services and training to staff to ensure equitable service is provided in these remote locations.

Employment Programs

Job Ready Pilot program

The Commission is a partner in the Job Ready Pilot - Hills Community Support Group and Enterprise East community-based employment programs.

The Hills Community Support Group and Enterprise East is a not-for-profit venture which operates in partnership with the Midland Brick Company Pty Ltd. The purpose of the venture is to create employment opportunities for people who experience personal barriers to employment by providing workplace experience, social support, job ready skills, training and employment. The venture seeks to engage local business, community services and obtain

donated materials to undertake a training and job-ready employment program in the building industry for long-term unemployed local residents.

The pilot has attracted tangible support from a number of key stakeholders including the Department of Training and Employment. The Commission has provided support by quarantining a number of houses in selected locations and introduced the Hills Community Support Group and Enterprise East to Tara Homes, a company which is acting in the role of host builder for two of the project's participants.

Aboriginal Apprenticeship Scheme

The West Australian Group Training Company was appointed in early 2000 to act as employer/group training company for Aboriginal apprenticeship opportunities in New Living areas (New North) and subsequently New Construct housing. The Training Company is responsible for training outcomes.

Three private sector contractors, Swan Painting, Plasterwise and Sol Home Improvements, act as host employers to four apprentices. The apprentices' wages are subsidised by the Commonwealth Department of Employment and Workplace Relations.

Mid West Apprentice and Traineeship Company – Geraldton

The Mid West Training Group scheme commenced in Geraldton in 1995. Construction contracts are allocated to the Training Group at a commercially agreed price, outside of the public tender system. Contracts are subject to the Mid West Training Group employing solely Aboriginal trainees and apprentices.

The building team, operating under the trading name MTG Builders, has provided training to 20 Aboriginal people ranging in age from 18 years to 35 years. Three people are currently in apprenticeships and one is in a traineeship. Of these, 16 have successfully completed their traineeships and of those nine have graduated as apprentices, two are currently articulated into apprenticeships and one is a trainee.

Albany

The Commission is developing a new Aboriginal Apprenticeship model with Skill Hire in Albany. This model requires Skill Hire and the Master Builders' Association to develop specifications for expressions of interest for builders. The specifications stipulate that the builders must be able to undertake certain contractual conditions to provide apprenticeship and training components. The expression of interest will be used by the State Housing Commission to seek suitable builders too participate in this program.

A proposal is also being developed to increase the number of apprenticeships, especially for adult Aboriginal apprentices using the Commission's Capital Works Programs.

Bunbury

The Commission supported an initiative to match Homeswest tenants of the One Bunbury New Living project with suitable job opportunities. In September 2001 a flyer developed by Pindan Construction, a partner in the New Living Project, was circulated to tenants. Jobs South-West received numerous enquiries from tenants who received the flyers, with 19 job opportunities eventuating.

Use of Surplus Computers

Under the State Housing Commission's Community Disability Housing Program (CDHP), a pilot program was established in the Balga area to provide nine tenants with disabilities with surplus computers, aids, equipment and relevant training from Balga TAFE.

In a partnership with the volunteer group Technical Aids to the Disabled Inc (TADWA), the State Housing Commission donated around 200 computers and invited all tenants with disabilities to apply for a computer. TADWA also entered into a Memorandum of Understanding to implement the Balga Pilot Project for CDHP tenants in the Balga TAFE

catchment area. Computer recipients would then be eligible to receive initial training under the Department of Training's First Click strategy.

Homeswest Evictions

Homeswest is mindful of the impact evictions may have on both the immediate and extended family. Eviction is used as a last resort in the management of tenancies. The number of evictions is small in proportion to the number of tenancies.

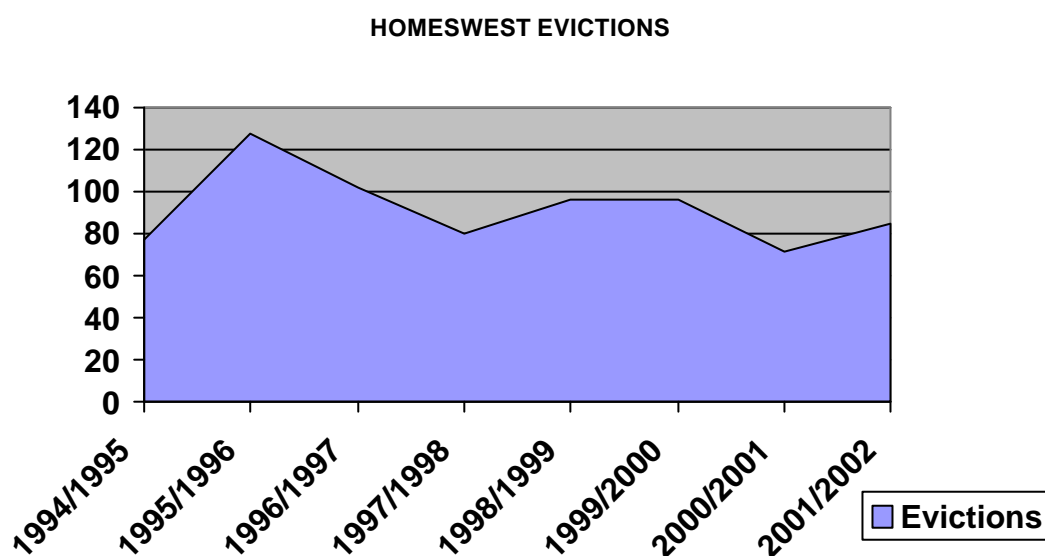
Comparative data on the number of evictions per year since 1994/1995 is as follows:

Year	1994/ 1995	1995/ 1996	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002
*Evictions	77	128	102	80	96	96	72	85

This shows that out of the 39,000 tenancies controlled by Homeswest there were 85 evictions in 2001/2002. The majority of these were for Rental Arrears.

This equates to 0.22% of all households in the 2001/2002 year.

**This does not include those who voluntarily vacated under threat of eviction.*



Bond Assistance

Bond Assistance is an interest-free loan provided to eligible people with limited finances who are homeless or likely to become homeless. The loan is used to obtain private rental accommodation if there is no suitable Homeswest rental accommodation available.

Applicants may call into any Department of Housing and Works office to apply for assistance. Approval is usually granted immediately and no appointment is necessary. To qualify, applicants must meet public housing income and asset limits and should be over 16 years of age.

In March 2002, the Commission increased the Bond Loan levels by an average 25 per cent. These levels were last increased in 1991 and the new levels are based on average market rent

set in 2001. Bond applicants in remote and north-west areas receive a 40% higher level of Bond Assistance to cater for the higher cost of private rental housing.

This interest-free loan is repayable in regular payments of at least \$15 per fortnight and repayment options include direct deduction from Centrelink payments.

In 2001/2002 the bond budget of \$4.8m was increased by \$500,000, taking the budget to \$5.3m for 2001/2002 to cater for the new levels introduced in March 2002. A budget increase of 25 per cent (\$1.2m) was approved for 2002/2003, boosting the total budget to \$6m.

The scheme remains popular with customers and the private real estate industry. Performance highlights of the scheme during 2001/2002 include:

- A total of 15,254 loans valued at \$5,340,075 were approved;
- Clients made loan repayments totalling \$4,558,188;
- 62% per cent of loan repayments (\$2.8m) were made through direct deduction from the Centrelink payments of loan clients;
- As at 30 June 2002 there were 20,500 bond applicants paying off bond loans valued at \$4.4m.

Ingoing fees (Rent in Advance and Letting Fee)

1. As part of the State Housing Commission's commitment to reducing homelessness, ingoing fees were provided during the year to those on a needs basis, with the approval of the Regional Manager or delegate and the Bond Assistance Manager. People were assessed as capable of undertaking a private rental and were either rough sleepers, residents of crisis accommodation or at risk of becoming homeless with no other accommodation options available.
2. As at 30 June 2002, 105 clients had been assisted with a total of \$66,183 comprising:
 - bond assistance loan \$41,318
 - rent in advance \$20,825
 - letting fee \$4040.
3. Ingoing fees are added to the Bond Loan obtained by the client.

Homeless Helpline

In May 2001, the State Housing Commission formed the Homeless Help Line, a free call access point for homeless people (phone 1800 065 892). It collects information about clients' circumstances and is a liaison point for welfare and government agencies. It collaborates with the Supported Accommodation Assistance Program and private operators to secure urgent shelter or support for homeless people.

The Helpline was initially established to identify and help people sleeping rough while the State Homelessness Task Force prepared its report for government. Demand for the service has demonstrated a continuing need from a wider range of clients and the Department has decided to permanently incorporate the function within its operations.

The Help Line has been widely promoted to government departments, the welfare sector, Centrelink and the WA Police Service. It provided the State Homelessness Taskforce with supplementary information on homelessness, and is working with the Department for Community Development on the development of new support services, as recommended by the Taskforce.

The majority of calls to the Help Line have been from people who are at imminent risk of homelessness. In the majority of cases, clients are advised on private rental options and assistance available through the bond loan scheme.

The Commission is particularly grateful to the Salvation Army and YMCA Perth for their assistance. After business hours, callers are referred to the Salvo Careline, enabling a 24 hours a day 7 days a week service. To assist in emergencies, the Commission has formed a partnership with YMCA Perth, the Aboriginal and Torres Straits Islander Commission, the City of Perth, the Nyoongar Patrol System, 55 Central Inc, St Bartholemews House and Anawim Centre, to use spare capacity at Jewell house in East Perth, which is under private lease to the YMCA.

The table below shows Homeless Help Line Statistics for 2001/2002.

Call / Assistance Details	Year
No of calls from clients and welfare agencies to Help Line	2082
Repeat calls	735
Total calls	2817
<i>Call dissection</i>	
Clients without shelter (at time of call)	550
Clients with shelter but no home	1532
Total	2082
Type of Assistance	
<i>Bond Assistance and Ingoing Fees</i>	
Clients advised to apply for Bond Assistance	1747
Bond loans issued	234
Ingoing fees issued (includes regional approvals)	100
<i>Homeswest Rental Assistance</i>	
Allocations via the Help Line	126
Allocations via clients directly approaching Regional offices	111
<i>Other Assistance</i>	
Clients referred to crisis accommodation vacancies	365
Total lots of assistance (including crisis referrals)	936

Community Housing

Community housing is rental accommodation managed by non-profit community organisations, housing associations and local governments. It provides tenants with an alternative to renting in the public or private rental market. 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 for a range of customer groups including families, singles, seniors, Indigenous people, people from culturally and linguistically diverse backgrounds, people with disabilities and those with special support needs. Applicants seeking housing assistance must meet the eligibility criteria for public housing accommodation.

The Commission manages four distinct community housing programs;

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

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

As at 30 June 2002, a total of 3640 units of accommodation have been provided across WA under these housing programs including 782 rental properties under the CDHP and 116 rooms in seven lodging houses.

Highlights of 2001/2002

- A 10-bedroom housing project was completed in Carlisle to accommodate youth experiencing homelessness and substance abuse.
- A joint venture project in Westminster was completed, providing 17 units for seniors.
- The Governor of Western Australia opened a 10-unit development in Shenton Park for people with disabilities.
- An eight-bedroom lodging house in Cannington for single men was completed.
- Several women's crisis accommodation projects were completed, including a new three-unit refuge in Northam, a seven-unit refuge in Kalgoorlie and the upgrade of existing women's refuges in Gosnells and Wyndham.
- Ongoing links were maintained with the Disability Services Commission and the Department of Health to provide supported accommodation for people with disabilities. During the year an additional 76 units were provided, taking the total number of units to 782.
- The second National Customer Satisfaction Survey of community housing tenants was undertaken in which WA achieved a 76% overall satisfaction rate from community housing tenants surveyed.

Outlook for 2002/2003

- A four-year Strategic Plan for community housing in WA will be developed.
- New women's refuges will be completed in Carnarvon, Newman, Port Hedland and major upgrades to existing refuges in Bentley and Mandurah.

- A new women's refuge will be completed in Derby, complete with an adjoining family healing centre for the Indigenous community.
- Joint ventures with Regional Housing Associations to construct 21 seniors units in Warnbro, 11 seniors units in Kenwick, eight family units in Gosnells and 10 units for students in Ashfield will be concluded.
- In response to the State Homelessness Taskforce Report an additional \$5.5m will be provided to acquire 65 extra units of accommodation to house people with a mental illness and those exiting the justice system.
- The 500th unit for people with a mental illness will be acquired under the Community Disability Housing Program, established in 1995.
- A new youth crisis housing service will be established in Perth's southern suburbs, along with a domestic violence men's perpetrator service at Calista.
- The Commission's Disability Services Plan and the Disability Policy will be reviewed.

Community Housing Program

Community Housing Program funds are available for the purchase or construction of long term rental accommodation for a range of client groups including families, singles, seniors, Indigenous people, people from culturally and linguistically diverse backgrounds, people with disabilities and youth.

During the 2001/2002 year 35 new accommodation units were commenced and 37 units completed.

A portion of Community Housing Program (CAP) funds continues to be used for the provision of community sector infrastructure funding. The Commission provided ongoing financial support of \$240,000 to the Community Housing Coalition of WA, a peak advocacy and resource organisation for community housing organisations across the State.

Four housing associations (three in metropolitan Perth and one in a country location) also received funds of \$120,000 to assist in their ongoing growth and consolidation. These groups and a further five housing associations are reaching a point of financial viability and are increasingly able to offer significant financial contributions towards the costs of new community housing projects.

Crisis Accommodation Program

The Crisis Accommodation Program provides capital funds for non-profit community organisations to purchase, construct or lease accommodation to provide short-term housing assistance to people who are homeless or facing a housing crisis. Accommodation types include refuges and night shelters as well as self-contained units or houses used as transitional accommodation. Community organisations are generally funded through the Supported Accommodation Assistance Program to provide appropriate support to tenants and assist them to return to independent living in the community.

During the year, CAP commenced 53 new units and completed 32 units to assist people in housing crisis.

Joint Venture Rental Housing Program

The Joint Venture Housing Program (brings together the assets of community and local government organisations (including land, cash and in-kind services) and the funds and expertise of the Commission, to construct long-term rental accommodation. The respective equities of each organisation are then recognised in a legal agreement that generally lasts for a 25 year term.

During the year 52 non-resident funded rental units were completed. The Commission received some \$779,000 in cash contributions towards construction costs during the year and all of these funds were directed back into other community housing projects.

Community Disability Housing Program

The Department of Housing and Works continues to have a close working relationship with the Disability Services Commission and the Department of Health in providing appropriate and secure housing for people with a wide range of disabilities. Accommodation is either purpose-built, purchased from the private market or allocated from public housing stock, then leased to a variety of community housing organisations that provide the property management services. The Disability Services Commission or Department of Health provide funding for the support needs of the tenants to enable them to live independently in the community.

Under the Community Disability Housing Program there were 30 units of accommodation commenced and a further 44 were completed during the year. In addition there were 32 units allocated to the community Disability Housing Program from Homeswest rental stock.

Annual Surveys and Organisational Reviews

Operational Guidelines for community housing providers that were developed in consultation with the community housing sector are used to assist organisations in establishing benchmarks for sound property, tenancy and financial management practices. The Guidelines are distributed annually to community housing organisations, together with self-assessment surveys that enable them to examine management practices and identify areas needing improvement. A total of 82.77 % of community housing organisations completed these surveys.

National Customer Satisfaction Survey

Donovan Research published a National Social Housing Survey with Community Housing in June 2002. The report summarised the results of a national survey designed to measure tenant satisfaction with accommodation and services provided by community housing providers in Australia. Western Australia achieved a 76% overall satisfaction rate from community housing tenants surveyed.

Disability Services

Highlights of 2001/02

- A total of \$17m was spent on construction, spot purchase, maintenance to existing properties, provision of home loans, or additional accommodation through Community Housing programs to provide appropriate housing options for people with disabilities;
- The Commission and the Disability Services Commission signed a Memorandum of Understanding setting out respective obligations and commitments in the delivery of disability services under the Community Disability Housing Program;
- The Commission has also established a Memorandum of Understanding with the Mental Health Services Directorate of the Fremantle Hospital, an agreement that supports inter-agency approaches and protocols between both organisations;
- “Action on Access Awards” – The Commission was the recipient of a Commendation for Improvements in Access for people with disabilities for a cluster housing project designed for people with Cerebral Palsy;
- A review and update of the Commission’s Purpose Building Information Package was conducted;
- Mental Health Awareness – Staff education sessions were conducted at metropolitan and country offices (Bunbury, Albany and Geraldton). This initiative is a partnership with the Mental Health Division of the Commission of Health;
- Community Options 100 Project Reference Group – The Commission is represented on this committee. The committee is considering the de-institutionalisation of clients with

mental illness and will assist in the establishment of community based accommodation options.

Achievements

During the financial period \$17m was spent on accommodation services for people with disabilities. This funding provided 479 homes through the Access Home Loan Scheme, Community Housing Programs, public rental housing and construction and spot purchase of housing for people with disabilities.

Included in the above was funding for the construction of 56 purpose-built mobility homes and purchase of 23 houses from the private market.

This accommodation was provided for individuals and families through either mainstream rental housing or Community Housing Programs.

Through the Access Home Loan scheme 68 loans totalling \$6.2m were provided to individuals and families to enable them to build or purchase homes. To date, 433 loans have been approved under this scheme to the value of \$34.5m. Eligible home loan customers can also access a free architectural design service to assist in developing plans to modify or purpose build a home to meet their disability needs.

Partnerships

As a member of a number of working committees, the Commission participates in overseeing policy development and implementation of housing strategies to support positive outcomes for people with disabilities.

Membership includes;

- Interest Group – ACROD's Acquired Brain Injured Interest Group;
- Housing Officers Group – a partnership with Mental Health Division of the Commission of Health to progress policy and operational delivery of accommodation and supports for people with mental illness;
- Joint meetings with the Disability Services Commission to support the interests and housing needs of people with physical and intellectual disabilities;
- Mental Health Service Division – Intensive Support Project Group, and Community Accommodation Planning Project Reference Group.

Mental Health Awareness Sessions

Several staff training sessions were conducted across the state with presenters from the Commission and the Mental Health Division of the Commission of Health. Bunbury, Albany and Geraldton staff participated, while in the metropolitan area, staff from head office and the Fremantle and Mirrabooka Regions attended training workshops.

These sessions are designed to raise the awareness of staff about issues impacting on people with disabilities, and improve staff skills and housing management strategies in an effort to deliver a higher standard of customer service.

Memorandum of Understanding

The Commission has established a Memorandum of Understanding with the Disability Services Commission which formalises the relationships between both organisations under the Community Disability Housing Program. A similar Memorandum of Understanding is currently being finalised with the Mental Health Division of the Department of Health.

Modifications

Modifications to existing Commission housing stock are undertaken wherever possible to meet the design needs of people with disabilities. In the reporting period \$540,329 was spent

on these works. Bathrooms and kitchens may be modified to ensure they are “mobility” accessible. In some instances additional rooms may be provided to cater for the needs of people with disabilities and their carers.

Modification to existing seniors’ housing supports the “Ageing in Place” principles, providing suitable housing to enable senior citizens to remain in their home and familiar community environment for as long as possible.

Occupational Therapist Service

The Occupational Therapist contract was reviewed and extended for a further term. The service provides assistance, professional advice, assessments and input into the housing design needs of people with disabilities. This includes mobility purpose built housing, modifications and transfer applications to more suitable accommodation. The service also provides staff with educational information to assist with housing design and needs assessments.

Housing Procurement

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

Highlights

- The Commission commenced construction, spot-purchased or refurbished 1598 dwellings, of which 885 were for the rental programs;
- Construction commenced on 99 dwellings specifically for Aboriginal families;
- 88 dwellings for Community Housing were commenced, including a major program to construct Women's Refuges in the north of the State;
- A major refurbishment of 477 older properties was carried out, as well as the conversion of bedsitter style accommodation into 49 one bedroom units;
- A total of 37 purpose-built mobility units were constructed for tenants with disabilities in the rental and Aboriginal housing programs;
- Construction of 91 Joint Venture units commenced for families and the aged;
- The Commission embarked on a program to raise awareness of sustainable housing concepts with staff and external consultants.

Overview

In 2001/2002, 1095 units of accommodation were completed or purchased in the Commission's combined main rental program, Community Housing program, and Aboriginal Housing Program and 1072 units were commenced, at a total expenditure of \$124.719 million. Of the 885 units commenced in the main rental program, 264 units or 30% were for seniors, 451 or 51% were for family accommodation and 170 or 19% were for one and two bedroom households for people aged 18 to 54 years. The changing demographics of applicants has prompted the Commission to increase its focus on meeting the needs of households other than families.

Spot Purchase Program

This program enables the Commission to acquire properties instead of constructing new dwellings for the following reasons:

- due to lack of available land in the area
- to distribute ownership more evenly through the community
- to acquire individual units in apartment complexes close to the city – especially for the Community Disability Housing Program (CDHP)
- to prepare for future needs in areas of high demand, by the acquisition of properties with eventual redevelopment potential
- to meet immediate housing need of people in crisis.

During the year 197 dwellings were purchased for the Commission's main rental, Aboriginal Housing and Community Housing programs across the state. One hundred and sixty seven of these properties were for the Commission's main rental program.

The 197 properties were purchased at a total cost of \$22.208m, of which \$20.094m was funded through the main rental program. Of the units purchased, 23 properties in the main rental program were purchased for clients accessing the Community Disability Housing Program.

The Department of Housing and Works has been leasing 55 units from the Department of Planning and Infrastructure. These units were purchased and added to the Commission's assets.

Rental Program

Some of the notable projects that commenced construction this year under the Commission's main rental program were:

Metropolitan Regions

- Station Street, Bassendean – 14 family units
- Two developments in Hancock Street, Doubleview – 12 seniors units on each
- Pollard Street, Glendalough – 10 seniors units
- Crocker Way, Innaloo – 12 senior's units (including one mobility unit)
- Jinda Way Koongamia – 10 seniors units
- Two developments in Crimea Street, Morley – 12 single person's units in total
- Milford Way, Nollamara – 12 family and single persons units (including two mobility units)
- Birkett Avenue, Beeliar – 13 seniors units
- Waitch Loop, Beeliar – 12 seniors units
- Rae Road, Safety Bay – 18 seniors units (including 1 mobility unit)
- Seventh Road, Armadale – 14 family and single persons units (including 2 mobility units)
- Henry Street, East Cannington – 12 seniors and single persons units

Country Regions

- Katoomba Street, Albany – 5 family and single persons units
- Goldsmith Street, Bunbury – 19 seniors units (including 2 mobility units)
- Clarke Street, Carey Park (Bunbury) – 7 single persons units
- Varden Street, Kalgoorlie – 6 single persons units
- Granberry Drive, Carnarvon – 5 family units
- Augustus Street, Geraldton – 5 family and seniors units
- Miles Loop, Karratha – 12 family and single persons units
- Harriet Way, Karratha – 10 family and single persons units

Across all programs, including the Commission's main rental, Aboriginal Housing and Community Housing programs, 1598 units commenced and 1582 were completed at a cost of \$136.105m. These included construction, spot purchase, bedsitter conversions and refurbishments.

Stock Replacement Program

This initiative replaces aging stock in small country towns, to the benefit of the Commission's residents and the local economy. As much of the original public housing stock in country towns was built for families, this program also enables the Commission to deliver more appropriate housing for seniors and one and two person households. During the year, 20 dwellings were commenced.

Towns benefiting from the program included Denmark, Kojonup, Narrogin, Brunswick Junction, Capel, Harvey, Dowerin, Northam and Kununurra.

Joint Venture Program

Joint Venture housing projects (referred to as joint charity projects in the financial statements) are undertaken with non-profit organisations, local authorities and church groups to provide additional housing options in local communities.

During the year, 74 joint venture units were completed and construction began on a further 91 units. These included Resident Funded Joint Venture projects with 22 units being completed and four commenced.

Notable joint venture projects commenced for rental occupants included:

- Warnbro – 21 units (Fremantle Housing Association)
- Gosnells – 8 units (South City Housing Association)
- Kenwick – 11 units (South City Housing Association)
- Denmark – 12 units (Denmark Lions Club)
- Exmouth – 9 units (Shire of Exmouth)

Minor Works

The Commission performed minor works upgrades of selected rental properties for a total of \$1.772m (excluding Aboriginal Housing upgrades).

During the year 27 bedsitter units were converted into 27 one bedroom units. Projects were undertaken in Nollamara, Albany, Bunbury, Narrogin, Merredin and Geraldton.

Sustainability Initiatives

- In consultation with a range of industry groups, the Commission developed a regional design competition to be conducted in Broome. The competition will focus on the challenge of producing sustainable housing on a budget.
- The brief to architects was reviewed to highlight the importance of designing sustainable housing.
- The policy to provide solar hot water heating to all new construction in the Murchison, Pilbara and Kimberley Regions was adopted.
- A 12-month project commenced in Fremantle and Manjimup to measure the effectiveness, and cost to residents, of solar hot water heating in southern areas.
- The policy to increase the number of dwellings being refurbished where possible, rather than demolish and construct new dwellings continued. This “recycling” of housing has reduced landfill, and enabled existing tenants to remain in their homes.
- Similarly, the conversion of poor amenity bedsitter units into units with a separate bedroom has extended the life of the dwellings with associated savings to the environment.

Regular 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.

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 client feedback on completed projects.

Safety Audits of Building Sites

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 across the Perth metropolitan area.

Outlook for 2002/2003

During 2002/2003, the Department plans to construct, purchase or refurbish 1868 housing units including:

- 894 units.
- 26 units for the Stock Replacement Program.
- 125 units for the Community Disability Housing Program.
- 80 joint venture units with charitable and church groups.
- 96 Aboriginal Housing units.
- 38 units for the Community Housing and the Crisis Accommodation Programs.
- 562 refurbishments of existing dwellings.
- 47 bedsitter conversions.

A significant number of dwellings will continue to be purpose-built to assist people with disabilities, and seniors. Redevelopment will again feature prominently, as will construction on land made available through the New Living Program. Construction and spot purchase activities across all programs will cost \$131.146m to commence 1259 units and complete 1116 units of new accommodation.

In the minor works program, \$1.119m has been allocated for upgrade works as well as conversion of bedsitter accommodation to create 27 one bedroom units at such locations as Inglewood, Bentley and Kalamunda. Through the General and New Living refurbishment programs, 457 units will commence and 437 complete as well as 20 one bedroom units from bedsitter conversions at a cost of \$14m. In addition, refurbishment will commence on 105 units and complete on 75 units through the Aboriginal Housing program.

Housing Awards

A number of State Housing Commission construction projects were either nominated or won a number of Master Builders' Association or Housing Industry Association awards during the year.

2001/2002 CONSTRUCTION & SPOT PURCHASE PROGRAMS					
PROGRAM	COMMENCEMENTS	COMPLETIONS	EXPENDITURE	CARRYOVER	CARRYOVER
			(\$M)	COMPLETIONS	EXPENDITURE
HOMESWEST RENTAL PROGRAM					
CONSTRUCTED (RENTAL)	627	702			
PURCHASED (RENTAL)	167	167			
CONSTRUCTED (JOINT VENTURE)	91	74			
PROGRAM TOTAL	885	943	101.185	812	58.114
ABORIGINAL HOUSING URBAN PROGRAM					
CONSTRUCTED (RENTAL)	24	35			
PURCHASED (RENTAL)	22	22			
PROGRAM TOTAL	46	57	5.831	18	1.948
ABORIGINAL HOUSING REMOTE PROGRAM					
PROGRAM TOTAL	53	26	7.126	46	4.919
COMMUNITY HOUSING PROGRAM					
COMMUNITY HOUSING	35	37	6.589	34	1.333
CRISIS ACCOMMODATION	53	32	3.988	39	2.970
PROGRAM TOTAL	88	69	10.577	73	4.303
TOTAL	1,072	1,095	124.719	949	69.284
1. NOTE: THE ABOVE FIGURES DO NOT INCLUDE CAPITALISED ADMINISTRATION				Date:	14 August 2002

Outcome: Access to affordable rental accommodation for low to moderate income Western Australians.

RENTAL HOUSING OUTPUTS 2001/2002			
Quantity & Cost			
	<i>Actual</i>	<i>Target</i> 2001/2002	<i>Explanation for variance</i>
<i>Homeswest Rental Program</i>			
Commencements	885	750	The program was increased in order to further reduce the demand on the Commission's waiting list.
Completions	943	811	Completions exceeded the target due to an increase in the Spot Purchase program. This resulted from the acquisition of Keystart properties as well as dwellings in high demand areas where suitable land was not available.
Expenditure	\$101.185M	\$93.936M	The budget was increased in order to fund the additional units.
<i>Homeswest Refurbishment</i>			
Commencements	291 186	200	In addition to 291 commencements in the General program, there were another 186 commencements under the New Living program.
Completions	264 184	200	During the year, 264 refurbishments were completed in the General program and an additional 184 in the New Living program. The commencements and completions exceeded the target as the average cost per unit was less than budget resulting in more units being refurbished.
Expenditure	\$4.346M \$4.318M	\$4.410M	The \$4.318M reflects expenditure on the New Living program.
<i>Homeswest Bedsitter Conversions (units yielded from the Minor Works program)</i>			
Commencements	27 22	0	Projects that carried over from the 2000/2001 program, due to delays in tenant relocation, resulted in the increased commencements and completions. The 22 units reflect activity within New Living areas.
Completions	17 22	0	
Expenditure (Total Minor Works quoted)	\$1.772M \$0.950M	\$1.580M	Expenditure is indicative of the additional carryover works carried out within the year. The \$0.950M reflects expenditure on the New Living program.

<i>Aboriginal Housing Urban Program</i>						
Commencements	46	20	The increase is attributed to the commencement of 9 carryover units from 2000/2001 and the Spot Purchase of the “Autumn Centre” lodging house in Bayswater.			
Completions	57	50	The rescheduling of works together with the increased Spot Purchase commencements has resulted in a greater number of completions.			
Expenditure	\$5.831M	\$5.892M	Expenditure variance is within 1%.			
<hr/>						
<i>Aboriginal Housing Remote Communities Program</i>						
Commencements	53	63	The decrease in commencements was due to certain projects being postponed while a report into housing management was undertaken. The report has since been completed and the projects are being revised in accordance with the report’s recommendations.			
Completions	26	63	A number of building contracts were delayed resulting in a reduced number of completed units, though most projects are well advanced.			
Expenditure	\$7.126M	\$7.228M	Expenditure variance is within 2%.			
<hr/>						
<i>Community Housing Program (CHP & CAP)</i>						
Commencements	88	101	A number of large crisis projects in remote areas were delayed due to complex planning issues and unforeseen problems with land that had been identified for these. Due to the specific needs of some projects careful selection of suitable land and location was required, resulting in some delays.			
Completions	69	101				
Expenditure	\$10.577M	\$12.375M				
<hr/>						
	<i>1996/1997</i>	<i>1997/1998</i>	<i>1998/1999</i>	<i>1999/2000</i>	<i>2000/2001</i>	<i>2001/2002</i>
<i>Management Cost per Rental Property - Nominal</i>	\$1042	\$1093	\$1090	\$1227	\$1338	\$1372
<i>Management Cost per Rental Property - Real</i>	\$1042	\$1095	\$1073	\$1181	\$1222	\$1219
<i>For further information refer to Performance Indicator 2.5.</i>						
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Timeliness						
	<i>1996/1997</i>	<i>1997/1998</i>	<i>1998/1999</i>	<i>1999/2000</i>	<i>2000/2001/</i>	<i>2001/2002</i>
<i>Rental Waiting Times</i>						
Average	13 months	15 months	13 months	13¼ months	141/3 months	14½ months
Median	5 months	6¼ months	5 ¾ months	6 months	7 1/8 months	7 1/8 months
% Housed Within 1 Year	67.71%	62.29%	65.07%	64.11%	59.97%	59.84%
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<i>For further information refer to Performance Indicator 2.1.</i>						

Quality

National comparison of overall customer satisfaction across all States and Territories in relation to rental tenants.

An independent market research agency has undertaken the National Social Housing Survey for Public Housing, which measures satisfaction of tenants across all states and territories in relation to the product and service delivery.

In 2001 Western Australia was equal third in terms of overall satisfaction and was third in recording the highest proportion of very satisfied tenants. Almost three in ten State Housing Commission tenants (29 per cent) stated they were very satisfied overall with the service provided. A further 41 per cent of tenants stated they were satisfied with the service provided. Therefore seven in ten tenants (70%) expressed satisfaction with the overall service they received. Dissatisfaction (somewhat and very) was expressed by 16 per cent of Commission tenants.

In 1998, 1999, 2000 and 2001 the entire survey was carried out by self-completion. The response rate for Western Australia was 50 per cent (1791 responded out of a total of 3560). Sampling error is less than ± 2.3 per cent at the 95 per cent confidence level).

<i>2001 Overall Satisfaction – State Comparison</i>			
	<i>Very Satisfied</i>	<i>Satisfied</i>	<i>Dissatisfied (somewhat & very)</i>
WA	29%	41%	16%
SA	33%	43%	10%
QLD	31%	45%	10%
NT	25%	44%	12%
VIC	22%	43%	17%
NSW	28%	38%	23%
TAS	26%	44%	14%
ACT	19%	43%	22%
AUST	28%	41%	17%

Quality

National comparison of overall customer satisfaction across all States and Territories in relation to community housing tenants.

An independent market research agency has undertaken the National Social Housing Survey – Community Housing measuring community housing tenant satisfaction in each State and Territory in relation to key aspects of products and service delivery.

Considering total satisfaction (very satisfied and satisfied), 85 per cent of tenants in the ACT were satisfied, followed by 82 per cent in Queensland, 78 per cent in New South Wales and 76 per cent in Western Australia. Fewer than two in five Western Australian community housing tenants (38 per cent) stated they were very satisfied with the overall service provided. A further 38 per cent of tenants stated they were satisfied, while dissatisfaction (somewhat and very) was expressed by 8 per cent of tenants.

The survey methodology was the mail-out of questionnaires for self-completion. Face-to-face interviews were conducted in situations where providers indicated that interviews would be required. The response rate for Western Australia was 29 per cent (311 responded out of a total of 1078). Sampling error of $\pm 5.6\%$ at the 95 per cent confidence level.

<i>2002 Overall Satisfaction – State Comparison</i>			
	<i>Very Satisfied</i>	<i>Satisfied</i>	<i>Dissatisfied (somewhat & very)</i>
<i>WA</i>	<i>38%</i>	<i>38%</i>	<i>8%</i>
<i>SA</i>	<i>35%</i>	<i>40%</i>	<i>12%</i>
<i>QLD</i>	<i>46%</i>	<i>36%</i>	<i>6%</i>
<i>VIC</i>	<i>38%</i>	<i>37%</i>	<i>12%</i>
<i>NSW</i>	<i>41%</i>	<i>37%</i>	<i>11%</i>
<i>TAS</i>	<i>46%</i>	<i>29%</i>	<i>9%</i>
<i>ACT</i>	<i>41%</i>	<i>44%</i>	<i>7%</i>
<i>AUST</i>	<i>40%</i>	<i>37%</i>	<i>10%</i>

Note: NT not included in 2002 survey.

Aboriginal Housing and Infrastructure

The Aboriginal Housing and Infrastructure Unit (AHIU) policies and programs have been guided by the Aboriginal Housing Board and the 1997-2002 Agreement for the Provision of Housing and Related Infrastructure for Aboriginal and Torres Strait Islander People in Western Australia (Bilateral Agreement). This is an agreement between the Commonwealth, Aboriginal and Torres Strait Islander Commission (ATSIC) and the State Government of Western Australia.

The AHIU is also being influenced by the Building a Better Future: Indigenous Housing to 2010 statement, endorsed at the Commonwealth-State Housing Ministers' Conference in May 2001. This statement sets out the principles, objectives and implementation strategies for achieving substantial and enduring improvement in Indigenous housing outcomes over the next decade.

The State Housing Commission provides:

- rental homes for Aboriginal people outside the mainstream program
- a range of counselling and support services
- a targeted home loan scheme
- a range of construction, housing and infrastructure initiatives, associated training and capacity building programs for Aboriginal communities throughout the state.

AHIU Highlights 2001/2002

- The AHIU completed a review of the 1997-2002 Bilateral Agreement. The recommendations of this review were used to formulate the new Agreement for the Provision of Housing and Infrastructure for Aboriginal and Torres Strait Islander People (Indigenous Housing Agreement).
- More than 350 people from around the world attended the Community Technology 2001 conference at Murdoch University with AHIU as the major sponsor.
- Aboriginal Housing Forums were held at Katanning, Narrogin, Mirrabooka and Fremantle.
- The AHIU created 255 Aboriginal employment opportunities through its various programs.
- Tenders were called for preparation of community layout plans for six Aboriginal town reserves – Mirima and Nulleywah at Kununurra, Guda Guda and Warrayu at Wyndham and Ludja and Nicholson Camp at Halls Creek.
- The Kunawarritji Community in the eastern Pilbara and Youngaleena Aboriginal Community, north-east of Tom Price, were the major winners in this year's Clean and Healthy Communities Awards.
- Funding was secured for a new airstrip at Kalumburu. The strip was funded by the Aboriginal Housing and Infrastructure Unit's Aboriginal Communities Strategic Investment Program, ATSIC and the State Government's Regional Airports Development Scheme.
- Two formal service agreements were signed between four town-based Aboriginal communities at Halls Creek, and the State Housing Commission, Department of Indigenous Affairs, ATSIC, Shire of Halls Creek and Ngoonjuwah Council Aboriginal Corporation. Aboriginal communities involved were Lundja, Nicholson Block, Mardiwah Loop and Yardgee.

- Internal roads at Bidyadanga and Bardi communities were upgraded and sealed.
- Construction began on 53 dwellings in discrete Aboriginal communities throughout the state.
- The Oombulgurri community commenced construction on three houses as a community employment project with funding from the Community Construction Program. This was the first in-house bid under the new Construction Tender Waiver Policy within the program.
- Karalundi community pool, the fourth to be built under the Environmental Health Package (with contributions from the Department of Sport and Recreation, Geraldton and the Lotteries Commission) was opened.
- The Telethon Institute for Child Health Research conducted research at the first three remote communities to have new pools built (Burringurrah, Yandeyarra and Jigalong). The research findings were extremely encouraging, identifying improvements in the health of children in these communities.
- One of five Management Support Program Regional Project Manager positions was regionally based in the East Kimberley at Kununurra for a 12-month trial period, making this position more accessible to its client base.

New Indigenous Housing Agreement

The first Agreement for the Provision of Housing and Related Infrastructure for Aboriginal and Torres Strait Islander People in Western Australia (Bilateral Agreement) expired on 30 June 2002.

The review of this Bilateral Agreement recommended a number of changes to strengthen housing and infrastructure outcomes for Indigenous people. One of the major recommendations was to pool all Indigenous housing and infrastructure funds flowing into Western Australia with one program manager.

Under the new five-year Indigenous Housing Agreement (July 2002-June 2008), AHIU will act as Program Manager for Aboriginal housing and infrastructure in Western Australia, under the guidance of the new Aboriginal Housing and Infrastructure Council (AHIC). Pooling of program funds will have a staggered introduction from 2002/2003 as existing contractual obligations for a number of programs expire.

ATSIC Regional Councils will be responsible for providing a Regional Housing and Infrastructure Plan (RHIP) to the AHIC based on documented need in their region. The RHIP will identify housing and infrastructure projects to be undertaken in each region on a priority basis.

Regional Visits

One AHB meeting was held in Fitzroy Crossing in September 2001, where board members visited several nearby communities to discuss housing issues directly with community representatives.

Outlook for 2002/2003

As outlined in the new Indigenous Housing Agreement, the new Aboriginal Housing and Infrastructure Council (AHIC) will be established to replace the Aboriginal Housing Board early in the 2002/2003 financial year. The AHIC will be comprised of eight Aboriginal members, including:

- a part-time salaried Chair to be appointed by the WA Minister for Housing and Works;
- two State representatives who can demonstrate expertise in the area of Indigenous housing to be appointed by the WA Minister for Housing and Works;
- four representatives to be appointed by ATSIC; and
- the Executive Director of the AHIU to have full voting rights.

Standing Committee on Indigenous Housing

Commonwealth, State and Territory Housing Ministers agreed to the establishment of a Housing Minister's Advisory Council Standing Committee on Indigenous Housing (SCIH) in May 2001 to oversee the implementation of the recommendations contained in the Housing Ministers' Statement of New Directions (Building a Better Future: Indigenous Housing to 2010).

As Chair of the National Indigenous Housing Information Implementation Committee (NIHIIC) the Executive Director, Aboriginal Housing and Infrastructure Unit was a member of SCIH.

Western Australia took the lead in two priority areas that are directly related to the work being conducted by NIHIIC. The projects centred on:

- clarifying Indigenous data issues including the need to validate a multi-measure needs model and finalise a national minimum data set; and
- developing an evaluation and reporting framework for jurisdictions annual reporting to the Commonwealth.

Aboriginal Housing Forums

Several Aboriginal Housing Forums were conducted throughout Western Australia as a mechanism to assist with the development of programs and initiatives for the Aboriginal Housing Board and the AHIU. They provide an opportunity for Aboriginal people and Aboriginal community organisations to raise issues of concern relating to public rental housing. They also provide the Commission with an avenue to inform the Aboriginal community of its services, products and policies.

Urban Construction

The State Housing Commission has various initiatives in place responding to the ongoing strong demand for accommodation by Aboriginal people. This includes providing additional homes beyond the mainstream program, through construction or purchase of rental dwellings in urban locations which are allocated exclusively to Aboriginal people. These properties are managed through Department of Housing and Works regional offices.

In 2001/2002, 46 units were procured at a cost of \$5.831 million. Minor works and improvements were made to Aboriginal housing rental properties at a total cost of \$1.34m.

Notable procurements in 2001/02 included:

- 20 units in the Mirrabooka region;
- seven units in the Albany region; and
- five units in the Hedland region.

Outlook for 2002/2003

The proposed 2002/2003 urban building program includes a total of 42 units, including three units each in Fremantle and Cannington region, six units in Kalgoorlie region, seven units in the Geraldton region and six units in the Broome region. Total expenditure will be \$4.5m.

Community Construction Program

The Community Construction Program provides for the design and construction of new housing within discrete Aboriginal communities. Communities are encouraged to provide major input into the design and siting of their housing. There are also training and employment opportunities for community members associated with the construction and repair of buildings.

In 2001/2002 construction began on 53 homes in various locations including:

- 16 units at Looma Aboriginal Community;
- 12 units at Mardiwah Loop Aboriginal Community;
- 9 units at Jigalong Aboriginal Community; and
- 16 units in total at Oombulgurri, Menzies, Ninga Mia, Nulleywah and Yandeyarra communities.

Oombulgurri Aboriginal Community commenced contribution on three houses as a community employment project with funding from this program. This was the first in-house bid under the new Construction Tender Waiver Policy within the program.

Outlook for 2002/2003

In 2002/2003 it is proposed to begin the construction of another 54 houses in remote Aboriginal communities, including 12 units at Parnpajinya, 10 units at Bardi and seven units in the Ngaanyatjarra lands.

Further use of Construction Tender Waiver Policy will be encouraged. Negotiations with the Junjuwa Community have commenced regarding the construction of 10 units in 2002/2003 as a community employment project, including training of Aboriginal apprentices in the carpentry, plumbing and electrical trades.

The revised Fixing Houses for Better Health Program (second round), established to meet the need for urgent repairs of safety or health hazards in housing provided under various Indigenous housing programs, will commence in 2002/03 with the assistance of the Department of Family and Community Services. Urgent repairs will be targeted at 172 houses in five communities.

Remote Areas Essential Services Program

The Remote Areas Essential Services Program (RAESP) provided a vital repair and maintenance service for power, water and wastewater systems to 71 Aboriginal communities in WA at a total expenditure of \$7.7m in 2001/2002. RAESP is a crucial program, and a review of communities not currently serviced is anticipated, to assess their eligibility for inclusion.

In the latter half of 2001/2002 the AHIU developed a proposal to expand RAESP to provide a housing maintenance service for plumbing and electrical repairs to RAESP communities. The proposal will also address critical housing-related environmental health issues and provide for training of Aboriginal plumbing and electrical apprentices.

Outlook for 2002/2003

The Remote Areas Essential Services Program (RAESP) will continue to provide an essential repair and maintenance service for power, water and wastewater infrastructure to 71 remote Aboriginal communities in Western Australia.

The Commission has identified funds to commence the RAESP Housing Maintenance program in 2002/2003, once stakeholder consultation has occurred and feedback is analysed.

Aboriginal Communities Strategic Investment Program (ACSIP)

ACSIP seeks to achieve sustainable improvements in the health, living standards and quality of life of people in remote Aboriginal communities. The program also places an important emphasis on improving community management in selected remote communities.

One of the main aims of the program is to increase the involvement of local government authorities in delivering municipal services to Aboriginal communities to a standard compatible to that of other similarly sized mainstream communities.

Key outcomes include the sealing of roads, building of new homes, improving drainage and upgrading, replacing other community facilities and improving community governance.

The State Government committed \$29m to ACSIP over eight years (including forward estimates) from 1996/1997.

Environmental Health Package (EHP)

The Environmental Health Package aims to alleviate health problems in selected remote Aboriginal communities by sealing internal roads for dust abatement and greening communities with reticulation and plantings. The program also provides recreational facilities, including swimming pools and basketball courts, to combat boredom, despair and substance use among Aboriginal youth.

ACSIP and EHP outputs for 2001/02 included:

- construction of a new barge landing at Oombulgurri;
- construction of swimming pools at Jigalong and Mugarinya communities;
- upgrade and sealing of internal roads at Bidyadanga and Bardi communities; and
- improvement of community management, structures and systems at Kalumburu, Wirramanu and Bidyadanga.

Outlook for 2002/2003

In 2002/2003, the Commission will be involved in the following projects:

- airstrip, rubbish tip and barge landing upgrade at Kalumburu;
- installation of power meters in ACSIP communities; and
- contribution of funds to employ a senior officer within the Department of Local Government and Regional Development to improve access for Aboriginal people and bring about policy changes to benefit them.

Management Support Program

The Management Support Program focuses on developing housing repair and maintenance skills within Aboriginal communities, and developing appropriate housing management systems and skills to enable the community to manage their houses effectively.

Formal traineeships have been established with funding assistance provided through the Department of Training (WA) and the Commonwealth Department of Employment and Workplace Relations.

In 2001/02 the Program created 116 jobs. Accordingly, 97 Aboriginal people were employed in 30 Aboriginal communities. A total of 77 dwellings were upgraded, a further 21 received minor upgrades and 21 major roof repairs were completed. Total expenditure for the year was \$6,162,609.

Outlook for 2002/2003

In 2002/2003 the Management Support Program is targeting the upgrade of 135 dwellings in 29 communities and has allocated \$6.972m for that purpose.

Management Incentive Program

The Management Incentive Program is focussed on improving the capacity of Aboriginal communities to maintain and manage their housing stock. Funding is available to support housing management, excluding general office running costs or coordinator's wages.

During 2001/2002 the program created eight jobs within nine Aboriginal communities. A total of 15 communities received funding under the program for the year, with total expenditure at \$202,000.

Two formal service agreements were signed between four Aboriginal communities in the Kimberley and the State Housing Commission, Department of Indigenous Affairs, ATSIC, Shire of Halls Creek and Ngoonjuwah Council Aboriginal Corporation. Aboriginal communities involved were Lundja, Nicholson Block, Mardiwah Loop and Yardgee.

Outlook for 2002/2003

The Management Incentive Program will continue in 2002/03, focussing on the skilling of housing management officers, in line with Commonwealth requirements.

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, to help them understand their tenant rights and responsibilities, obtain housing and maintain their tenancy.

The ATSS has been established at the following regional centres:

- Port Hedland – Port Hedland Regional Aboriginal Corporation
- Wyndham – Joorok Ngarni Aboriginal Corporation
- Kalgoorlie – Eastern Goldfields Aboriginal Corporation
- Bunbury – South West Aboriginal Medical Service
- Albany and Narrogin – Southern Aboriginal Corporation
- Carnarvon – Kuwinywardu Aboriginal Regional Unit.

Town Reserve Regularisation Program

The aim of the Town Reserve Regularisation Program (TRRP) is to upgrade essential (power, water, and sewerage) and municipal (roads and communal facilities) services to Town Reserve communities. The objective is the transfer of responsibility for essential and municipal service infrastructure to the relevant utility or local authority. The program receives funding through AHU and ATSIC.

Action taken within eight communities in 2001/2002 included one or more of the following:

- ‘as constructed’ surveys
- community layout plans
- Water Corporation – regularisation process
- water system audit
- consultation
- emergency repairs and maintenance
- sewer system and storm water drainage.

Outlook for 2002/2003

- Community layout plans will be completed for 11 communities in the Kimberley and two in the Goldfields, including establishment of easements over essential services and gazetting roads as required.
- Water, wastewater and power reticulation to six town reserve communities in the East Kimberley will be assessed and upgraded as required.
- Emergency repairs will be undertaken to town reserve essential service infrastructure to 45 town reserves on a needs basis.

Clean and Healthy Communities Competition

The Clean and Healthy Communities Awards were established in 1997 to promote healthy living in Aboriginal communities and to encourage community participation to achieve this goal. The project focuses on healthy living practices such as:

- dust control (dust contributes to respiratory disease, eye disease and skin infections)
- reducing negative contact between people, animals, vermin and insects
- waste removal and litter control.

The 2001/2002 Clean and Healthy Communities Awards were sponsored by the Department of Housing and Works, the Aboriginal and Torres Strait Islander Commission, the Department of Indigenous Affairs and the Health Department WA. The competition was also supported by the Fire and Emergency Services Authority and the Education Department.

The award offered a \$33,000 prize pool and winners of the major prizes were Kunawarritji Community, \$10,000 (for population over 100) and Youngaleena Aboriginal Community, \$7000 (for population under 100).

General Outlook for 2002/2003

The new Indigenous Housing Agreement will begin to be implemented, including development of a Memorandum of Understanding with ATSIC and construction of a needs based Regional Housing and Infrastructure Plan framework.

In accordance with the new Indigenous Housing Agreement, a new five-year strategic plan will be developed by AHIC and the AHIU, based on the national directions established in Building a Better Future: Indigenous Housing to 2010.

Goals and strategies for Aboriginal housing will be further entrenched in State Government policy via the State Housing Strategy and the Regional Policy, both of which are to be finalised in 2002/2003.

The Indigenous Housing Management System, a PC-based housing management tool specifically designed for use by Aboriginal communities throughout Western Australia will be implemented.

The Aboriginal Housing and Infrastructure Unit will conduct its second State Indigenous Community Housing Conference in early 2003. This conference will focus on having management and sustainable community housing in Aboriginal communities.

Land and Development

Landstart

The State Housing Commission, through its Landstart directorate, is a major developer and seller of residential land in Western Australia.

Landstart's development and sale focus is on first homebuyer land. First homebuyers accounted for 55% of all land sold. Landstart retains a required number of lots (no more than one in nine) for use by Homeswest in constructing new rental dwellings. It also manages the important "New Living" program, which redevelops areas of high public housing concentration to reduce the rental presence. The program improves the dwellings and provides refurbished dwellings and residential land for sale.

Landstart outsources most of its functions, employing private sector project managers and consultants in its planning, development, financial, legal and sales activities. It also employs the joint venture method of development that invites private sector companies to share the risk and profits from selected projects.

Highlights

- The "Joint Venture" project in Dalyellup won the UDIA National Award for Excellence 2002, Residential Subdivision;
- The "Joint Venture" Project in Dalyellup won the UDIA WA 2001 Award for Excellence, Residential Subdivision more than 250 lots;
- The "New Living" Project in New North won the UDIA WA 2001 Award for Excellence, Urban Renewal;
- The "Joint Venture" project in Beeliar won the 2001 RAPI Award for best Community Plan Estate;
- 417 dwellings were refurbished and sold under the "New Living" program;
- 206 properties under the "New Living" program were refurbished and handed back to the Commission for rental purposes;
- Landstart sold 2146 vacant lots for \$102 million;
- First homebuyers accounted for 55% of all lands sold;
- 1705 lots were developed at a cost of more than \$50m;
- 194 rental properties worth more than \$18.3m were sold to Right to Buy and GoodStart applicants;
- 58 vacant rental properties were sold for more than \$9.7m.

Land Acquisitions

Strategic Planning and Land Acquisitions

To maintain continuity in the future supply of residential lots, the Commission acquires land and progresses planning approvals. Longer-term projects that have been the subject of ongoing planning investigations over the past year include Albion Town, Kiara and Forrestdale.

A review of structure planning has been undertaken for projects at Leda and Brookdale. The Commission has cooperated with the Stirling City Council in the preparation of an improvement strategy for the Mirrabooka Regional Centre.

Planning has continued on the Queens Park revitalisation project with the focus of resolving an implementation strategy. The Commission has acted as agent for the Government on the Hillview site in East Victoria Park by coordinating a public consultation process aimed at determining a sustainable development plan.

The Commission has also responded to various land use planning issues including Bush Forever, the Residential Planning Codes Review, the Review of Land Use Planning around the Perth Airport and numerous local authority town planning schemes.

To meet future rental housing needs and provide an ongoing supply of land for first homebuyers, the Commission buys single residential and grouped housing lots and broad-hectare land. Notable broad-hectare purchases in 2001/2002 included two hectares at North Beach, four hectares at Swanview and 41 hectares at Clarkson.

Actual expenditure this year was \$13.8m, compared with the budget allocation of \$13.5m. A total of 22 group housing development sites were acquired for \$5.76m in areas near Perth and in country regional centres. Approximately \$8m was used to acquire single residential allotments, redevelopment sites and Crown land.

Outlook for 2002/2003

A budget of approximately \$24m is planned for 2002/2003 to target specific sites in the metropolitan area and regional centres.

Land Program

Joint Ventures

In 1988 the State Housing Commission experimented with joint venture partnerships with the private sector in land developments in Alinjarra, Marangaroo and Mirrabooka. This initiative led to the very successful Ellenbrook joint venture that began a program of land sales in 1993.

The benefits of this approach to the Commission have been access to the strengths of the private sector in innovative presentation and marketing, the creation of sustainable communities and sharing the risk in major developments.

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 and negotiations are proceeding on another five projects. Landstart's joint venture partners include some of the most respected and progressive community developers, and the projects have attracted Australia-wide interest.

The Ellenbrook joint venture – one of the most successful land development projects in Australia – continued to attract interest and comment during the year, with 2919 lots sold to June 2002.

The third stage of Ellenbrook – Coolamon – featured an “Australiana” theme and introduced innovative technology features designed to encourage residents wishing to work from home. It also was used to encourage sustainable development by attention to solar orientation of lots and by providing free roof insulation for purchasers whose home designs met certain environmental energy saving criteria. A concept home and display village also attracted strong interest.

The fourth stage of Ellenbrook, Morgan Fields (south of Gnangara Road) featured some larger lots as well as traditional lots. Interest in the larger product has been very strong. Village 5 is due for release in April 2003 and will incorporate a feature lake, primary school and display village. Key Town Centre sites are also proposed for sale.

The Government has approved eight more joint venture projects in addition to Ellenbrook. Six of these are now producing lots - Dalyellup near Bunbury, Seacrest near Geraldton, Woodrise in Albany, Palm Beach near Rockingham, Bunbury and Butler. Four of the larger projects, Ellenbrook, Dalyellup, Seacrest and Bunbury, feature technology provisions with cabling to each lot for Internet and TV services and with additional features being made available as the developments proceed.

Other approved joint venture projects are at Beeliar and Somerly (Clarkson). Somerly is a transit-orientated development, which is located adjacent to the proposed Clarkson train station. The development will feature a main street containing high density residential, retail and mixed use.

The latest project at Leda, Wellard, is in the final stages of approval and the selection of a preferred tenderer will be announced shortly.

Each joint venture will provide a supply of lots for the construction of Homeswest rental properties as well as residential land for first homebuyers. The private sector participants manage the projects and provide expertise in marketing, community development and planning that will result in attractive, sustainable communities.

Sales of 1290 lots totalling \$35.3m were achieved in 2001/02 compared with a budget of 1167 sales for \$37.1m.

1291 lots were developed for a cost of \$34.1m, compared with a budget of 1328 lots at a cost of \$29.5m.

Outlook for 2002/2003

Lot sales will begin at Beeliar and Clarkson. Negotiations will commence with a nominated Joint Venture partner for Landstart's 320 hectare holding at Leda during the 2002/2003 financial year. The development will feature a fully integrated residential rail precinct with a town centre as part of the southwest metropolitan rail system.

The Commission will seek submissions for joint venture development for the balance of Landstart holdings at Banksia Grove. Plans are underway for longer-term projects at Albion Town (Henley Brook), Forrestdale, West Stratton, Golden Bay, Brookdale, Herne Hill and Amarillo.

Landstart is also holding talks with other developers who have submitted projects for consideration. In 2002/2003 Landstart plans a development program of 1435 lots at a cost of \$27.8m, and forecasts sales of 1479 lots for \$48.4m.

Sales for Land Development and Redevelopment

The Commission, through Landstart, sells land from the development of its broad-hectare land holdings and from redevelopment and infill sources.

In 2001/2002, 590 residential lots were sold for \$45.7m, compared to an annual target of 335 lots for \$31.9m.

During the year, auctions were held at Dianella, Willagee, Manning, Mt Claremont and Ascot, with excellent results achieved. In Dianella sales were slow at the start of the financial year, but interest increased in the latter portion of the year with all lots being sold out by March 2002.

In Manning an auction held in March 2002 was highly successful, with the sale of eight lots under the hammer well above reserve price. Similar results occurred in Willagee in December 2001, with 14 out of 23 lots selling under the hammer and the remainder selling on the day. In February 2002 another auction was held in Willagee. Ten out of 17 lots sold under the hammer, and the balance sold out within weeks.

In Mt Claremont, competitive bidding resulted in the sale of three lots in November 2001, under the hammer and selling well above expectations. Of 12 lots auctioned in Ascot in May 2002, two were sold under the hammer and the remainder sold out within five weeks.

Outlook for 2002/2003

The 2002/2003 program plans to sell 262 lots for \$30.3m. Sales will concentrate on Dianella, Broome, Banksia Grove and Quinns, with slower-moving developments continuing at Warnbro. Sales are also planned in the redevelopment areas of Willagee, Bayswater, Redcliffe, Manning and Como.

Land Development

The State Housing Commission develops its broad-hectare holdings to achieve three main goals:

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

The continued move to joint venture development has resulted in less emphasis on development in-house. The main projects during the year were continued developments at Dianella, Yangebup, Banksia Grove, Quinns and a new development at Broome.

During the year, 120 lots were developed at a cost of \$5.5m, compared with a budget forecast of 192 lots at a cost of \$4.6m.

Outlook for 2002/2003

In 2002/2003, the broad-hectare program will develop 210 lots in Dianella, Mirrabooka, Broome, Quinns, South Hedland and Banksia Grove at a cost of \$6.6m.

Redevelopment

The redevelopment program targets suburbs with high public housing stocks, well-located in terms of proximity to the City of Perth and essential services but with aging dwellings. Redevelopment involves a mix of sales, demolition and re-subdivision. In most cases financial advice is to sell properties on an "as is" basis. Re-subdivision is undertaken to enable construction of new rental dwellings or where there is a financial advantage in changing the lot sizes and configuration.

Projects were undertaken in Bayswater, Bentley, St James, East Victoria Park, Cloverdale, Doubleview, Scarborough, Innaloo, Hamilton Hill, Hilton, Mt Lockyer (Albany), Manning,

Redcliffe and Willagee. There was also some minor activity in other areas and significant planning for redevelopment at Queens Park.

During the year, 138 dwelling unit equivalents were created at a cost of \$2.4m, compared to a budget of 244 dwelling unit equivalents at a cost of \$ 3.2m.

Outlook for 2002/2003

In 2002/2003 a redevelopment budget of \$4m will be allocated to produce 259 dwelling unit equivalents. Redevelopment is scheduled for Bassendean, Bentley Como, Claremont, Cooloongup, Doubleview, East Victoria Park, Hilton, Scarborough, St James, Innaloo, Manning, Noranda, Queens Park and Willagee.

New Living Program

Overview

The New Living Program was conceived from a need to undertake major redevelopment and refurbishment of the State Housing Commission's estates. The majority of these estates were designed and constructed in the 1960s and 1970s. In some instances the estates were developed with high densities to satisfy a specific need at the time.

In the ensuing years some of these estates have suffered from high vacancy levels, crime, vandalism, restricted capital growth and social stigma. In response to these problems, the Commission initiated its first New Living projects in May 1995 in the localities of Kwinana and Lockridge. There are now seven separate New Living projects underway in metropolitan Perth and a further nine in country areas.

The seven metropolitan projects (covering 17 suburbs) include:

- Kwinana (Medina, Parmelia, Calista and Orelia)
- The "New North" (Balgga, Girrawheen, Koondoola and Westminster)
- Coolbellup
- Karawara
- Langford
- Armadale/Kelmscott
- Eastern Horizons (Midland, Midvale, Swanview and Koongamia).

There are also nine country projects. These projects include:

- Spencer Park / Mt Lockyer (Albany)
- Carey Park and Withers (Bunbury)
- Collie
- Nulsen (Esperance)
- South Kalgoorlie
- Rangeway (Geraldton)
- South Carnarvon
- South Hedland.

The New Living program aims to redevelop older public housing estates. Projects are of varying size and complexity but generally involve:

- the renovation of Homeswest dwellings for both sale and retention;
- the beautification and enhancement of infrastructure in the area (such as streetscape improvements, upgrading of parks and provision of entry statements) in partnership with Local Authorities;
- community development; and
- land development for the creation of new lots for sale.

The program provides affordable housing to the market and opportunities for tenants to purchase a home through various loan schemes. Tenants may continue renting or relocate to another area of their choice.

New Living projects involve partnerships between the Commission and private sector project managers. The program is largely self-funding, in that income generated from the sale of refurbished dwellings and newly-created residential lots covers the costs associated with these urban renewal projects. In addition, the Commission works closely with the Local Authorities involved. These councils often match funds contributed by the Commission for infrastructure works.

Some of the major impacts of the New Living program on the communities involved include:

- improved infrastructure and amenities in suburbs;
- enhanced parks, streetscapes, entries and public open space;
- reductions in crime;
- improved living standards;
- reductions in whole-of-government social costs;
- reductions in the social stigma attached to the areas; and
- increased property values.

THE NEW LIVING PROGRAM	BUDGET	ACTUAL
Expenditure – refurbishment	\$26.7m	\$30m
Income – property sales	\$34.9m	\$40.6m
Sales	428	417
Expenditure -land development	\$12.2m	\$8.4m
Lots created	265	156
Income – Land Sales	\$21m	\$21.4m
Lots sold	301	266

Project Highlights

The New North

The “New North” New Living Program, which commenced in June 1998, is the largest urban renewal project ever undertaken in the State. The project includes the suburbs of Balga, Girrawheen, Koondoola and Westminster, and is managed by McCusker Holdings/Satterley Property Group.

At the start of the project, Homeswest owned 29 per cent of dwellings in the New North. The target is to reduce the public housing presence in the area to 12 per cent.

To date the New North program has refurbished and sold 500 properties, refurbished 161 dwellings for retention by the Commission and sold 88 newly-created lots. The project continues to make good progress, with consistent sales being achieved.

During 2001/2002 some 132 dwellings were refurbished and sold. A further 45 dwellings were refurbished for retention. In addition, 14 vacant lots were sold. Sale prices in the “New North” continued to rise during the year. In the 12 months to 30 June 2002 the median house price increased by 19.7% in Balga, 14.6% in Girrawheen, 23.4% in Koondoola and 14.4% in Westminster.

During the year the project also sponsored several community programs such as the Balga Christmas Celebration, Balga Youth Program, Primary School Camps, and Balga Junior Football Club.

Undertaken together with the Cities of Stirling and Wanneroo, New North infrastructure enhancements included the beautification of Balga Avenue, Arkana Road, Princess Road, Girrawheen Avenue, Koondoola Avenue, Amberton Avenue, Hainsworth Avenue and Butterworth Avenue.

The New North project recently won the 2001 Urban Development Institute of Australia (UDIA) Award for the Excellence in the Urban Renewal category.

Kwinana

The Kwinana project commenced in May 1995. It consists of the suburbs of Calista, Parmelia, Orelia and Medina.

To date a total of 711 properties have been refurbished and sold to the general public, Another 346 dwellings have been refurbished and retained for the Commission’s rental program. The refurbishment component of this project is in its final stages and is expected to be completed in the latter part of 2002.

The land development component of this project is expected to continue on for several years. To date the project has developed 625 lots and 577 lots have been sold.

During 2001/2002 some 72 dwellings were refurbished and sold. A further 11 dwellings were refurbished for retention. In addition, 80 vacant lots were sold to the general public.

Infrastructure enhancements have included the upgrading of parks, the installation of traffic calming devices, the provision of entry statements and upgraded streetscapes.

Karawara

The Karawara New Living project commenced in June 1998. It is managed by Mirvac-Fini (WA) Pty Ltd. The project is scheduled for completion in December 2002.

Land development was the main focus for Karawara during 2001/2002. Some 74 lots were sold from Stage 4 of the “Collier Gardens” subdivision. In total, 190 lots have sold under the project to date.

A total of 77 dwellings have now been refurbished and sold in Karawara, including 20 during 2001/2002. Property values have increased by 21.9% in the 12 months to June 2002. A further 17 dwellings were refurbished for retention for public housing during the year.

Coolbellup

The Coolbellup New Living project commenced in June 1998. It is managed by Mirvac-Fini (WA) Pty Ltd. The objective is to refurbish and sell 500 dwellings and refurbish a further 250 dwellings over the five-year duration of the project.

To date some 215 dwellings have now been refurbished for sale. Of these 49 were sold during 2001/2002, with the focus of sales activity on the “Verona” and “Montague Rise” Apartment complexes.

Residential property values in Coolbellup continued to rise. In the 12 months to the end of June 2002, the median house price increased by 13%. Residential property values in Coolbellup have now risen by 67% since the commencement of the project, largely as a result of the New Living program.

A further 57 dwellings have been refurbished for use by the Commission. During 2001/2002, 34 dwellings were refurbished for retention including an 18-unit senior’s complex known as “Goonedah”. Re-subdivision works also commenced to create five new vacant lots for sale to the general public during the year.

The improvement of local infrastructure in the project area also continued during 2001/2002. Works commenced on the beautification of “Mamillus” and “Robb” parks and involved landscaping and drainage sump removal works. These works were undertaken in partnership with the City of Cockburn.

Langford

Voran Consultants were appointed to manage the Langford New Living project in March 1999. At the commencement of the project, the Commission owned 529 dwellings, or 29% of all dwellings in the suburb. The intention is to reduce this public housing presence to about 12% over the five-year duration of the project.

During the 2001/2002 financial year 44 dwellings were refurbished and sold. The sales market in Langford has been excellent, with the suburb recording a 26.9% increase in the median house price during the 12 months to June 2002. A further 27 dwellings were refurbished for retention.

The 137 group dwellings in the Wingrove Estate were demolished and will make way for 104 new residential lots. Stage 1 (28 lots) is currently under construction and due for release in July 2002. A further 11 vacant lots were developed in Langford during the year. Seven of these lots have now been sold at an average price of \$50,000.

A number of infrastructure enhancements were also undertaken in Langford during the year. The upgrading and beautification of Langford Reserve at the corner of Langford Avenue and Nicholson Road was completed. This exercise was jointly funded with the City of Gosnells. In addition, the first stage of landscaping of Langford Avenue was completed. A number of community development initiatives were also conducted including the annual Langford Multicultural Food Fair (Goz Carnival).

Eastern Horizons

The Eastern Horizons project involves the redevelopment of portions of the suburbs of Midland, Midvale, Swanview and Koongamia. The project commenced in July 1999 and is managed by Midland Project Management Pty Ltd. Some 654 properties have been identified under the project and it is expected to run for approximately five years.

To date some 68 properties have been refurbished for sale and 41 for retention (all this financial year) throughout the project area.

In April 2002, the Commission officially opened the 24-unit “Mallawa” apartment complex in Midvale. These units were refurbished for retention to be utilised as seniors’ accommodation. A number of the bed-sitter units were converted to one-bedroom units.

To date 53 surplus vacant lots throughout the project area have been placed on the open market for sale. Of these, 42 have settled, 10 are under offer and one is currently being marketed.

Work has also now been completed, in co-operation with the City of Swan, on the beautification of three parks at strategic locations in Midland and Midvale. Parks were upgraded at Hooley Road and Charles Street in Midvale and in John Street in Midland. Warnock Park in Charles Street, Midvale was officially opened in October 2001 and the Hooley Road Park was officially opened by the Premier on March 27, 2002 and named “Snow Bennett Park”.

Tenders recently closed for the completion of civil works for a new park at North Street and Charles Street in Midland. The street lighting upgrade in Midvale was completed and the first stage of street-scaping commenced in the Hooley Road precinct.

Armadale/Kelmscott

The Armadale/Kelmscott project commenced in June 1998, under the management of the McCusker/Satterley Property Group. Some 285 dwellings were identified for refurbishment under the program, of which 160 were earmarked for sale and 125 for retention.

To date some 140 dwellings have been refurbished and sold in the project area, 14 during 2001/2002. A further 73 dwellings, including 15 this financial year, have been refurbished for retention and handed back to the Department’s regional office for public rental housing.

Country

A number of smaller country redevelopment projects under the New Living banner continued during 2001/2002. Project activity was limited in Nulsen (Esperance), South Hedland, Collie, South Carnarvon and South Kalgoorlie. The real estate sales market in these areas was slow during 2001/2002. Redevelopment activity continued in Spencer Park and Mt Lockyer (Albany) and Rangeway (Geraldton) during 2001/2002.

The Carey Park and Withers (Bunbury) New Living Project is managed by the Pindan Property Group. During 2001/2002 some nine refurbished dwellings and eight vacant lots were sold in Carey Park. A further 14 dwellings and six vacant lots were sold in Withers. Please refer to the Joint Venture section.

Outlook for 2002/03

The New Living program plans a refurbishment budget of \$32.4m and a sales budget of \$44.5m (510 sales) in 17 areas: Armadale, Bunbury (Withers and Carey Park), Collie, Coolbellup, Karawara, Kwinana, Langford, Midland/Midvale, Albany (Spencer Park and Mt Lockyer), New North, Esperance (Nulsen), Geraldton (Rangeway), South Kalgoorlie (Adeline), South Carnarvon and South Hedland.

A land development and infrastructure budget of \$8.1m (190 lots) and a sales budget of \$11.5m (238 sales) are planned for Bunbury (Withers and Carey Park), Karawara, Kwinana, Langford, Midland/Midvale, New North, Albany (Spencer Park and Mt Lockyer) and South Kalgoorlie (Adeline).

Rental Sales Program

The Commission has developed two schemes to help people, especially tenants, into home ownership. These are the Rental Sales Scheme, which enables eligible tenants to buy their own property outright with discounts for fees assistance and tenant improvements of up to \$8000; and the GoodStart scheme, which helps tenants buy a share of their home in partnership with Keystart. The Rental Sales Scheme, which commenced on 2 July 2001, replaced the Right to Buy Scheme.

During the year 194 Rental Sales (including Right to Buy not settled) and GoodStart applicants bought their homes for a total of \$18.3m, compared to a budget of 170 sales for \$ 17 million.

Vacant properties which Homeswest considered surplus to requirements were also sold. There were a total of 58 sales for \$ 9.8m compared with a budget of 92 sales for \$ 9.8m.

Funds realised from these sales programs are reallocated to the housing operation for the provision of public housing.

Outlook for 2002/03

It is planned to sell 80 properties for \$7m to tenants and 15 vacant properties for \$1m and 26 redevelopment project properties for \$4.9m.

Regional Customers

Landstart is committed to assisting regional customers by providing residential land. The Dalyellup joint venture development near Bunbury features a standard of infrastructure and community creation not previously seen in the southwest region. The development provides level serviced lots with minimum site costs, well-planned open space areas, beach access, early provision of educational facilities (through schools in shops) and community facilities (early provision of a community centre, and use of a dedicated community consultant within the development).

Local subcontractors and suppliers have been used extensively. Dalyellup is the busiest site for housing construction anywhere in the country. A display centre featuring housing products suitable for the area is well-attended by local residents and visitors to the area.

In the other Landstart joint venture in Bunbury, work opportunities for local people have been targeted. Consultation with the local council, educational providers and community groups has provided target areas for job creation. Local planners, engineers, sales people and principal contractors are being used for this project.

In Geraldton, the Seacrest joint venture is the only development outside Perth that features fibre optic cable connection to all lots. High-speed direct connection Internet services are available, as well as free-to-air and cable TV services - all without the need for an antenna. Future services will include intranet security, option of STD phone calls for local call prices, intranet chat lines and connections with schools and other education facilities.

In Albany, the Woodrise joint venture and redevelopment projects in Mt Lockyer and Spencer Park are providing employment for locally-based consultants and contractors. These include engineers, surveyors, earthmoving and electrical contractors, builders and real estate agents.

Landstart uses locally based real estate agents in the Kimberley, Pilbara and Eastern Goldfields areas and regional valuers in these areas.

In each joint venture, local councils were invited for inclusion on the selection panel responsible for choosing the successful tenderer. The councils are consulted both before and during the development process.

OUTCOME: LOW TO MEDIUM-PRICED SUBDIVIDED LAND FOR SALE

LAND OUTPUTS 2001/2002

Quantity & Cost

	Actual	Target	Explanation for variance
		2001/2002	
Land Development			
Broadhectare			
Lots developed	120	192	The variance in expenditure was due to the commencement of a new project at Broome and the completion of a further stage at Quinns. This expenditure was offset by the deferral of a further stage at Dianella, due to there being sufficient stock at hand. This resulted in fewer lots being developed.
Expenditure	\$5.542M	\$4.615M	
New Living (Estates Improvement)			
Lots developed	156	265	The under expenditure is a result of reduced expenditure on works at Withers and Langford in response to market conditions and reduced expenditure on infrastructure at Karawara.
Expenditure (incl infrastructure)	\$8.372M	\$12.199M	
Redevelopment			
Dwelling Unit Equivalents developed	138	244	Dwelling unit equivalents developed were under target due to the reduction in the supply of properties suitable for redevelopment.
Expenditure	\$2.432M	\$3.201M	
Joint Venture			
Lots developed	1291	1328	The variance in expenditure is due to the acquisition of land for the Butler project.
Expenditure	\$34.118M	\$29.493M	
Land Sales			
Broadhectare & Redevelopment			
Lots sold	590	335	The greater number of lots sold was due to increased market demand at Banksia Grove, Quinns, Dianella and Beeliar.
Income (proceeds)	\$45.750M	\$31.986M	
New Living (Estates Improvement)			
Lots settled	266	301	Sales in Bunbury – Withers & Carey Park and Langford were less than anticipated as a result of market conditions. Higher prices achieved in
Income (proceeds)	\$21.401M	\$20.965M	

			Karawara showed better returns from fewer sales.		
Joint Venture					
Lots sold	1290	1167	The variance is due to delays in settlements in Ellenbrook and Dalyellup which was partly offset due to higher than expected demand at Butler.		
Income (proceeds)	\$35.356M	\$37.120M			
Rental Property Sales					
New Living	417	428	Higher than expected market demand at New North and Karawara and higher than expected prices being realised resulted in increased sales revenue.		
	\$40.572M	\$34.945M			
Right-to-Buy and Rental Sales	194	170	The Right to Buy Scheme was terminated from 30/06/01 but applications in the system were honoured and processed. The variation is due to a higher number of these applications proceeding to settlement than was anticipated. In addition, the replacement Rental Sales Scheme received stronger support than was anticipated.		
	\$18.286M	\$17.000M			
Vacant Property	21	38	Reduction in the anticipated supply of rental properties becoming surplus to rental housing requirements has resulted in sales being under target.		
	\$1.590M	\$2.660M			
Redevelopment Properties	37	54	Higher than expected demand for properties in areas such as Bentley, East Victoria Park, Rivervale, Innaloo, Doubleview and Como, resulted in improved prices being achieved.		
	\$8.171M	\$7.115M			
Refurbishment	\$30.013M	\$26.694M	Variance is due to the New North, Karawara and Kwinana projects exceeding expenditure budgets as a result of earlier than expected relocation of tenants and market demand.		
	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
Management Costs as a % of Land Program					
Administration	5.63%	4.28%	5.91%	4.11%	3.75%
Selling Expenses	9.10%	9.26%	10.75%	13.09%	13.52%
For further information refer to Performance Indicator 3.2.					

Timeliness

There is no waiting list for land sold. All land is sold by public treaty or through auctions and timing is based on demand and market conditions. Land development programs are adapted to meet market conditions.

Office of Policy and Planning

Following the restructure of the Department of Housing and Works, the former Office of Housing Policy was amalgamated with Corporate Development to form the Office of Policy and Planning in November 2001.

Housing Strategy WA

In August 2001 Cabinet endorsed the development of a Housing Strategy WA as part of the Government's suite of strategic policies.

The strategy is exploring the State's capacity to continue providing quality affordable housing over the next thirty years. The process takes a systematic approach to the housing market, looking at supply and demand, market failure and intervention across a number of themes and sub-markets.

During 2001/2002 the process delivered the following outcomes:

- Cabinet endorsement for the Strategy's preparation;
- Ongoing stakeholder consultation to guide affordability and sustainability issues papers;
- Submission of a Residential Housing Sector paper to the State Sustainability Strategy and;
- Preparation of a series of trend papers to be published in July 2002 that has incorporated the latest housing and population data from the first release of 2001 Census in June 2002.

Ongoing work on a series of issues papers for synthesis with emerging trends and growth projections will culminate in the release of a draft strategy in the latter part of 2002.

Commonwealth-State Housing Agreement

Since 1945, the Commonwealth-State Housing Agreement (CSHA) has provided States with Commonwealth funding for public housing. The current agreement finishes on 30 June 2003, and the process for developing a new agreement commenced after the Federal election in November 2001.

The Policy and Research Working Group, a sub-committee of the Housing Ministers' Advisory Committee, is developing options and the policy framework for the renegotiation of a new Housing Agreement. Western Australia is represented on this working group by the Executive Director of the Office of Policy and Planning.

The Housing Industry Forecasting Group

The Housing Industry Forecasting Group, established in August 2000 to research, forecast and disseminate information on the housing industry in WA to Government and industry, released its second round of reporting in 2001/2002. This comprised a main report in October 2001 that presented the outlook for the 2001/2002 and 2002/2003 years. As part of the cyclical process, an interim report was released in April 2002 to update the current forecasts in light of changing economic conditions.

The Group, chaired by Warwick Hemsley, Managing Director of Peet and Company, has representation from the peak economic, housing and land development bodies plus key Government agencies to advise on various aspects influencing the housing sector.

Since the Group's inception, the task of forecasting the short-term outlook has been exceptionally challenging. The housing industry has experienced a "roller-coaster ride" from the pre-GST boom before July 2000, through the post-GST trough in 2000/2001, followed by the rebound in 2001/2002 driven by the \$14,000 First Home Owners Grant. The Grant for new construction was reduced to \$10,000 in December 2001, allowing the housing industry to stabilise.

Provision of Secretariat to Housing Advisory Committee

The Housing Advisory Committee (HAC) 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.

HAC has a system of standing committees structured around the different tenures — home ownership, rental housing (private and public) and community housing. In August 2000, HAC was restructured to broaden the representation on the committee and to give it a more strategic focus.

After two years as chairperson, Ian Carter tendered his resignation to the Minister for Housing and Works, effective from the June 2002 meeting of HAC. The Minister for Housing and Works, the Hon Tom Stephens MLC assumed the role of chairperson of HAC in June 2002 for an initial period of 12 months.

National Housing Research

The Commonwealth Department of Family and Community Services and state housing authorities contribute around \$3 million per annum to the Australian Housing and Urban Research Institute (AHURI). The Institute funds housing and housing-related research projects by universities around Australia. The Executive Director of the Office of Policy and Planning represents the States on the AHURI Research Panel. The Panel assesses all research submissions and makes recommendations to the AHURI Board for final approval of successful research proposals. There were two funding rounds in 2001/2002.

A total of 64 research projects have commenced since 2000 and an increasing range of reports are being published. The reports are available on the AHURI web site at www.ahuri.edu.au.

Business Strategies

Human Resources

The past year was a challenging one for the State Housing Commission following the Machinery of Government Taskforce Review. The Review recommended the amalgamation of the State Housing Commission, the Works division and Regional Services of the former Department of Contract and Management Services, Commercial Property Branch, Government Projects Office, Government Employees Housing Authority and Country Housing Authority to form the new Department of Housing and Works. As a result, the Human Resources branch now services 1080 employees in delivery of human resource management and support, including 900 staff for the State Housing Commission.

The past year has also brought an overhaul of the departmental structures. There is still much work to do to merge and revise branch structures, rework job descriptions, and advertise and fill positions. This work will continue on for some time, with large sections of the new department working in merged office environments, and frequently across more than one entity.

Training and Development

Expenditure on training and development during the year was \$707,212. This was equal to 1.74% of payroll and represented expenditure of \$887.34 per FTE. Staff attended over 11,700 hours of training and development activities, an average of 14.7 hours per FTE.

In addition to providing ongoing staff development to its employees, the Commission undertook a number of significant training projects in support of major organisational initiatives.

Information technology training was the most important theme in the organisation's training and development activities during the year, accounting for around 27% of all training hours and more than half of all course attendances. Most of this training was related to the development of skills in word processing, spreadsheets and other common computer applications.

Equal Opportunity/diversity was the second major area of training during the year, accounting for 13% of training hours. In addition to general EEO/Diversity awareness, 14 anti-racism workshops were conducted for service delivery staff and two courses on dealing with EEO complaints were conducted for managers and supervisors.

As a result of an increased focus on occupational safety and health within the agency, there was considerable training activity in this area. Over 12 per cent of all training hours were devoted to safety and health training, with 71 staff attending courses in areas including Safety Representative training, First Aid, and four-wheel driving skills.

Customer service was another significant area of activity. There were 111 attendances at customer service courses on topics including understanding domestic violence, Aboriginal cultural awareness, and the housing needs of people with mental illness. These customer service courses accounted for around 8% of all training hours.

Frontline Management skills and the agency's maintenance policies and procedures were the two final significant categories of training activity during the year accounting for seven and five per cent of training hours respectively.

HR Planning

The Branch continued to provide a quality HR information reporting service enabling effective management of the Commission's workforce.

The following table sets out staff numbers for the agency (including staff provided for the Government Employees Housing Authority and the Country Housing Authority).

At 30 June 2002	At 30 June 2001
Permanent Full Time Staff	
731	711
Permanent Part Time Staff	
98	92
Contract Full Time Staff	
56	66
Contract Part Time Staff	
15	11
Total People	
900	880

Total FTE's

797	797
------------	------------

Average Staffing Level for the Year

2001-2002	2000-2001
786	794

Aboriginal Employment

The State Housing Commission has a strategy to increase employment opportunities for Aboriginal people by creating work in Aboriginal communities as well as direct employment.

Through the various programs managed by the Aboriginal Housing and Infrastructure Unit, the Commission created 255 Aboriginal employment opportunities for people in Aboriginal communities.

The State Housing Commission currently employs 82 Aboriginal staff, representing nine per cent of the overall workforce. This is more than four times the representation in the overall public sector workforce.

The majority of Aboriginal staff commenced their careers through the traineeship program. There are 12 Aboriginal employees currently undertaking traineeships, while a further eight Aboriginal people have already completed traineeships this year and are continuing their employment with the agency.

Since 1997, a total of 97 Aboriginal people have joined the Department under the traineeship program, with 49 still employed. The agency has also been the stepping-stone for many Aboriginal people to gain further employment with other government agencies, including Health, Education, Police, and Community Development.

Equal Opportunity

The following are some of the achievements that have been accomplished during the year 2001/2002 in relation to Equal Employment Opportunity and Diversity:

- In response to the government's Equity and Diversity Plan, new targets have been set for the representation and distribution of equity groups in the agency's workforce in the years 2003 and 2005.
- A strategy has been developed to increase employment opportunities for people with disabilities.
- Policies and Guidelines relating to the Public Sector Standards in Human Resource Management have been updated and are available on the agency's Intranet.
- The Focus on Racism training program has been continued. Fourteen workshops have been conducted at Metropolitan and Regional Branches through the year with 184 staff receiving the training.
- *EO Update*: a quarterly newsletter has been published on the agency's Intranet and copies have been distributed to managers and Contact Officers throughout the organisation.

Department of Housing and Works - Representation of Equal Employment Opportunity Target Groups as at 30 June 2002

	Number	Percent
Indigenous employees	82	9.1%
Culturally & linguistically		
Diverse employees	21	2.3%
Employees with disabilities	32	3.6%
Women	471	52.3%
Total employees	900	100%

Employee Relations

The 1999 Ministry of Housing Workplace Agreement expired in December 2001; however, under its provisions the parties could agree to maintain the Agreement until either party chose to withdraw. No productivity payments were made under the Agreement during the year.

For employees not party to a Workplace Agreement, negotiations were conducted for a replacement to the 1998 Ministry of Housing Enterprise Bargaining Agreement. This, however, was overtaken with the registration of the Public Sector General Agreement 2002 in March 2002 which provided pay increases for those groups of employees receiving less than the Public Sector benchmark rates and introduced a number of common conditions to address parity issues across the Public Sector.

Workers' Compensation Statistics

No. of lost time injuries: 14

Frequency rate: 9.9
(no. of lost time injuries
per million hours worked)

Incident rate: 1.54
(no. of lost time injuries
per 100 workers)

Rehabilitation

Seven existing rehabilitation cases were carried over into 2001/2002 and four new cases were established. During the year three cases were resolved with full-time return to work, and three cases/claims were settled.

To assist injured employees return to work, rehabilitation consultants have been engaged to work with and support employees returning to work after extensive illness and/or non-work related injuries, to minimise the likelihood of injury or aggravation.

Occupational Safety and Health

The network of Safety Representatives was widened to account for the revised structure and increased size of the workforce. Accredited Safety training was conducted for all Safety Representatives in November 2001.

The Safety Committee, serving as a peak body, met on five occasions during the year. The safety and security of employees working in public areas and those working in the field has been paramount due to threats of violence to employees. A number of items relating to the review of public counters, personal security procedures, and staff training, have been considered by the Safety Committee.

Information Services

This year the merger of the Ministry of Housing, CAMS, Government Projects Office, and Commercial Properties into the new Department of Housing and Works has involved considerable time and resources from the Information Services Branch.

Preparation is underway for the transition from several current outsourcing contracts to either in house management or new arrangements under the WA Govt SPIRIT contracting framework.

Technical and Support services

Achievements during the year include:

- Refurbishment & relocation of the Head Office Computer Room
- The conversion from Type 1 cabling and Token Ring technology to the industry standard Cat5 cabling and Ethernet technology for Head Office commenced during the year, with an expectation of completion during 2002/2003.
- Tender, purchase, and installation of a new Core Switch

Business systems

1. Selective outsourcing

The Department has embarked on a selective outsourcing strategy in an attempt to optimise its cost-benefit ratio.

- Rationalisation of application support of 50 application systems into two contracts and a small in-house applications development team.
- Rationalisation of server support of the above applications is expected to be completed by early 2003

2. Enterprise Reporting

The Department, over the year, has been developing a enterprise data warehouse comprising of a fully integrated set of data, to be used for corporate reporting and decision making purposes. This repository is supported by:

- a corporate meta data repository, which provides business definitions of the data
- a report library, which describes the corporate reports within the Department

Both resources are available to all staff via the local Intranet.

Communications

The Communications and Marketing unit reports to the Executive Director Business Strategies and offers a range of services to all divisions. The 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 2001/2002 the unit was involved in several major projects including:

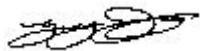
- Ongoing management of the new Department's badging and corporate branding;
- A review of all publications;
- Ongoing management of the Department's web site content;
- Project management of all advertising and sponsorship on behalf of Landstart and Keystart.

The unit also responded to media inquiries, produced press releases and speeches for the department and the Minister and managed events around the state.

FOR 2001/2002 ANNUAL REPORT:

STATEMENT OF COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND CODES

1. In the administration of the State Housing Commission, operating as 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 in 1. above is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are :
 - Number lodged.....nil
 - Number of breaches found, including details of multiple breaches per application nil
 - Number still under review.....nil
4. During the year the Office of The Public Sector Standards Commissioner investigated one complaint.



G L JOYCE
DIRECTOR GENERAL

Reporting Requirements

Advertising

Advertising Agencies	
MJB & B	\$400,149.24

Market Research Organisations

NFO Donovan Research	\$111,084.00
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Polling Organisations	NIL
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Direct Mail Organisations	NIL
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Media Organisations	
Marketforce Productions	\$215,980.00
Media Decisions	\$362,450.00
TOTAL	\$578,430.00

Total	\$1,089,663.24
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Disclosure of Pecuniary Interests

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, the Chairman of the Board and two Commissioners declared pecuniary interests in firms that have business dealings with the Commission or companies owned by the Commission.

- Chairman Lloyd Guthrey is a member of the WA Advisory Board of Aon Risk Services Ltd, which provides insurance services to the Commission on a commercial basis.
- Commissioner John Gherardi is the Chairman of the Board of Directors of the Perth Inner City Housing Association, which is involved in the provision of housing to low-income earners using funds allocated under the Commission's Community Housing Programs.
- Commissioner Jeanice Krakouer is employed by the Southern Aboriginal Corporation, which manages properties funded via the Commission's Community Housing Programs.

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

Conveyancing fees

The role of the Securities Branch is to ensure the Commission's real property and security assets are protected and to assist in areas such as statutory compliance and legislative change that may impact on the Commission's operations. The Branch also manages a panel of legal service providers to provide legal opinions to the Commission. During the year 12,874 transactions were effected on behalf of the commission. Revenue received from conveyancing fees was \$1.807 million.

Pricing Policy - Rents

Rents charged to tenants are determined from time to time by the Commission and approved by the Minister for Housing and Works under Section 30 of the Housing Act 1980. Each Homeswest property is designated a market rent based on information provided by the Valuer General's Office.

Tenants are required to pay no more than 25 per cent of assessable household income in rent. Tenants who are unable to pay the full market rent receive a rental subsidy. Subsidised tenants 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.

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 rates charged by the financial institutions once all added costs are taken into account.

The maximum home loan rate charged by the commission is currently 6.24 per cent per annum. This rate was published in the Government Gazette on May 31, 2002.

Disability Services Plan

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

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

With its commitment to providing appropriate services for people with disability the Commission continues to monitor and deliver appropriate services and outcomes. For example, the Purpose Building Information Package has been updated in 2001/2002 to reflect current practices and policies. The package is a guide for architects, occupational therapists, service providers and applicants where the Commission has agreed to significantly modify an existing rental dwelling or purpose build a rental home.

2. Improved Access to Department of Housing and Works offices.

This is an ongoing commitment and review process across all departmental offices, which this year included an access audit of the new Hay Street premises. Assessment and modification of the personal workstations of staff members with disabilities is also carried out as required.

3. Providing information about State Housing Commission facilities and services in formats that enhance communication with people with disabilities.

The Commission provides comprehensive information about its facilities and services through written and electronic means and personal contact with staff. A designated brochure, 'Housing Options for People with Disabilities', provides an overview of Rental Accommodation, Home Ownership and Community Housing program options. The Department's web site is regularly updated and available to all customers.

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

The Commission provides opportunity for people with disabilities to be represented on various committees. It convenes consultation forums from time to time and invites responses from stakeholders and consumers on specific policy and program initiatives. For example, as part of the update of the Purpose Building Information Package, feedback was provided by disability sector members on housing design considerations for people with physical disabilities.

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

During the year, Mental Health Awareness sessions were conducted for staff in several metropolitan regions and three country locations. These forums were convened in partnership with the Mental Health Services of the Department of Health and covered a range of issues, including insight into mental health and wellbeing.

Practical information and education was provided to staff working with the Occupational Therapy Service in providing appropriate housing allocations to people with disabilities.

Seniors

The Commission is committed to meeting the needs of the growing aged sector in the community. This year, 264 units were built for seniors, representing 30% of the general construction program.

It is significant that all units were constructed, rather than purchased, primarily because many of the “universal design” features of the Commission’s seniors dwellings are not present in privately constructed dwellings.

In addition, the rolling program to improve the amenity level of seniors’ bedsitter-style accommodation continued, with the creation of 49 one bedroom units from bedsitter conversions. Tenant feedback suggests this conversion greatly improves the level of amenity, while giving existing tenants the chance to stay in the area where they have lived for many years.

New seniors accommodation projects have been distributed throughout the state. Some of the notable projects for 2001/2002 were:

- An 18 unit development at Rae Road, Safety Bay
- A 19 unit development at Goldsmith Street, Bunbury
- Joint venture projects in Warnbro for 21 units, Denmark for 12 units and Exmouth for 9 units
- A number of other developments of 10 units or more in Doubleview, Glendalough, Innaloo, Koongamia, Beeliar, East Cannington and Kenwick.

Waste Paper Recycling

The Department uses Paper Recycling Industries for waste paper removal. The contract expires on May 1, 2005. The contractor collects all grades of paper except cardboard. The collection and destruction of confidential material is not included in this contract.



AUDITOR GENERAL

To the Parliament of Western Australia

**THE STATE HOUSING COMMISSION
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002**

Scope

I have audited the key effectiveness and efficiency performance indicators of The State Housing Commission for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Board of Commissioners is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Commission's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of The State Housing Commission are relevant and appropriate for assisting users to assess the Commission's performance and fairly represent the indicated performance for the year ended June 30, 2002.

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

D D R PEARSON
AUDITOR GENERAL
August 30, 2002

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 2002.



L.GUTHRIE
CHAIRMAN



G.L.JOYCE
BOARD MEMBER
DIRECTOR GENERAL

PERFORMANCE INDICATORS 2001/2002

Outcome 1: Realistic home ownership opportunities for low to moderate income Western Australians provided by The State Housing Commission and through its Keystart Housing Scheme

Provide a range of affordable home ownership opportunities to help people secure housing finance, which they may not otherwise obtain through the private sector

1.1 Percentage of demand met from home loan applicants

Effectiveness Indicator

The State Housing Commission (Commission) provides Western Australians on a low to medium income a range of tenure options. One of these is home ownership, allowing people to access a home of their own. For those who are able to afford to make the longer-term commitment of partial or full home ownership, the Commission provides home ownership opportunities through a range of home loan products tailored for specific needs. These include Keystart loans, and the shared equity schemes of Goodstart, Access Home Loans for people with disabilities and the Aboriginal Home Ownership Scheme. The Commission also assists people to maintain their home loan through the safety net scheme, which is in place to help borrowers whose financial situation deteriorates after their loan is approved.

Percentage of demand met from home loan applicants' measures the effectiveness of the home loan products to meet the demand from eligible home loan customers.

The Commission was able to assist 100% of eligible applicants with home loan assistance in 2001/2002.

	96/97	97/98	98/99	99/00	00/01	01/02
Percentage of eligible home loan applicants assisted with a loan	100%	100%	100%	100%	100%	100%

1.2 Percentage of loan accounts in arrears

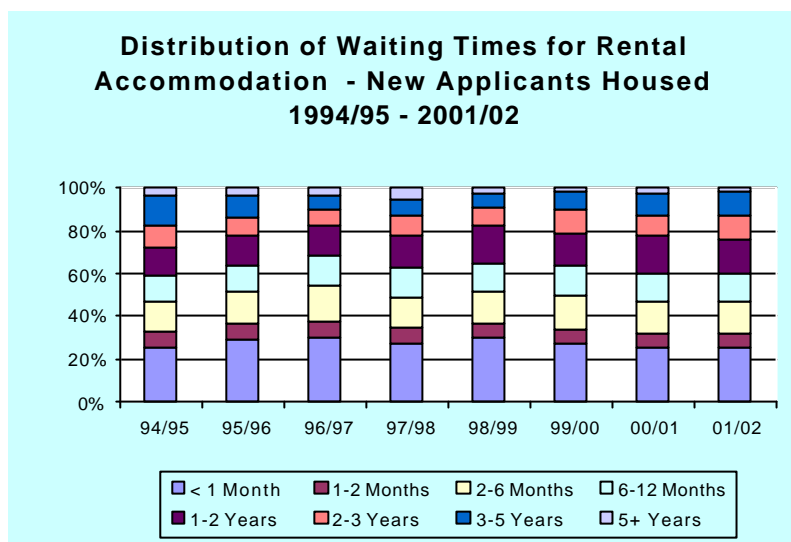
Effectiveness Indicator

Percentage of loan accounts in arrears measures how effective the Commission's home ownership products are in meeting need without putting customers in housing difficulty. It is calculated by dividing the number of accounts in arrears by the total number of active accounts. Keystart loans is the growing portfolio, while the Total Other Loans portfolio continues to diminish, therefore a combined figure has been included in the graph below. Total Other Loans includes Goodstart, Access Home Loans for people with disabilities, Aboriginal Home Ownership Scheme and previous loan schemes.

The percentage of loan accounts in arrears for the Commission's (including Keystart) home ownership products decreased to 1.80% in June 2002 from 2.28% in June 2001.

The percentage of loan accounts in arrears for Keystart customers, decreased to 1.56% in June 2002 compared to 2.19% in June 2001. The decrease is attributable to a reduction in interest rates for a major part of the year combined with the active management of the loans.

Percentage of loan accounts in arrears for Total Other Loans was 2.66% in June 2002, which is a similar level to June 2001.



Output: Home Ownership

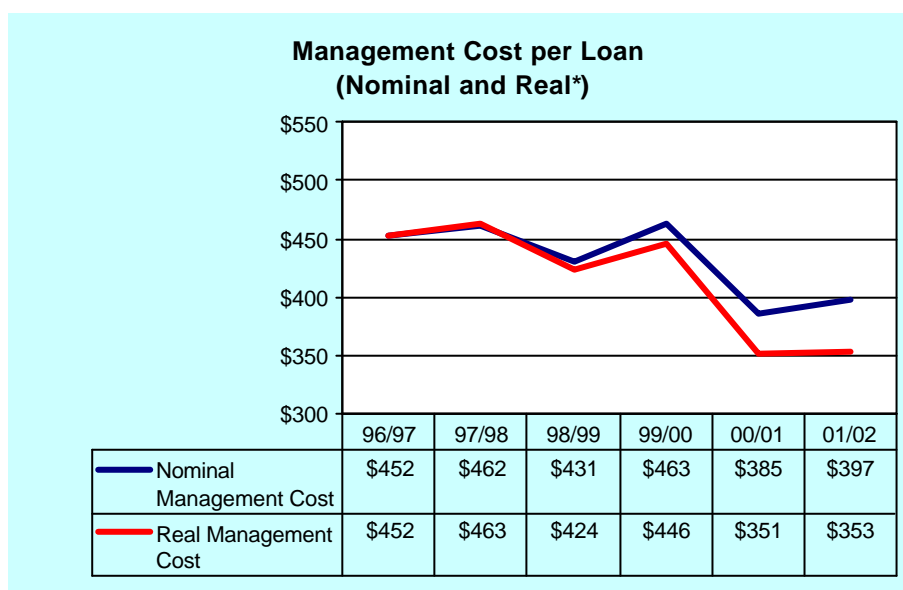
Ensure that home ownership products and services are delivered in the most cost efficient manner

1.3 Management cost per current loan account

Efficiency Indicator

Management cost per current loan account measures the cost efficiency in delivering home ownership products and services. It is calculated by dividing gross management costs (including fees paid by Keystart to the loan retailers for the management of the loans) by the total number of loans (Keystart and total other loan products). The expenses include both direct and indirect management expenses before any recoups and administration is capitalised.

On average, it costs \$397 to administer each Commission loan account in 2001/02. The increase relates to an increase in superannuation contributions for staff rather than any increase in general administrative items. Even with this included, the real increase is negligible.



* 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). Management cost per loan has been adjusted to 1996/97 prices.

Outcome 2: Access to affordable rental accommodation for low to moderate income Western Australians

Provide access to affordable rental accommodation (based on the household income) which offers security of assistance to Western Australians

2.1 Waiting times for accommodation – new applicants housed

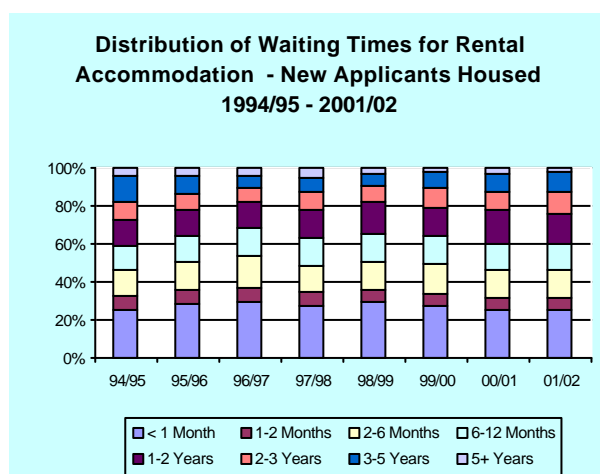
Effectiveness Indicator

Waiting times for accommodation measures the extent to which public rental housing provision is meeting the need of eligible new rental applicants. This is calculated by taking the households that were housed in the year and calculating the difference between the time when the customer applied and when they were housed.

The average waiting time increased marginally and the median remained the same in 2001/2002. The percentage housed within 1 month and within 1 year has decreased. The percentage housed within 1 to 2 years also decreased. The percentage housed within 2 to 3 years and after 3 years has increased. In line with a revised Government commitment in 1998, which sought to reduce the time an applicant waits for an offer of accommodation to less than three years, the Commission has continued to target long term applicants. This resulted in a greater number of long term applicants being housed in 2001/02.

The relocation of tenants in the New Living and redevelopment areas is a high priority, so that work in these programs can begin as soon as possible. This affects the number of properties available to allocate to new applicants from the waiting list. The increased requests for urgent housing through initiatives such as the Homeless Helpline has impacted on new waiting list allocations and policy changes have enabled former tenants to reapply for housing.

Waiting Time for Rental Accommodation								
	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02
Average	16 ½ months	14 ½ months	13 months	15 months	13 months	13 ¼ months	14 1/3 months	14 ½ months
Median	7 ½ months	5 ½ months	5 months	6 ¼ months	5 ¾ months	6 months	7 1/8 months	7 1 months
% Housed Within 1 Month	25.94%	28.94%	30.25%	28.15%	29.67%	27.65%	25.81%	25.35%
% Housed Within 1 Year	58.54%	63.48%	67.71%	62.29%	65.07%	64.11%	59.97%	59.84%
% Housed 1-2 Years	14.23%	14.38%	13.85%	15.85%	16.44%	14.86%	17.56%	15.38%
% Housed 2-3 Years	9.51%	8.83%	7.84%	8.80%	8.61%	10.01%	10.14%	11.83%
% Housed After more than 3 Years	17.72%	13.31%	10.60%	13.06%	9.88%	11.02%	12.33%	12.95%



2.2 Waiting times for accommodation – transfer applicants housed

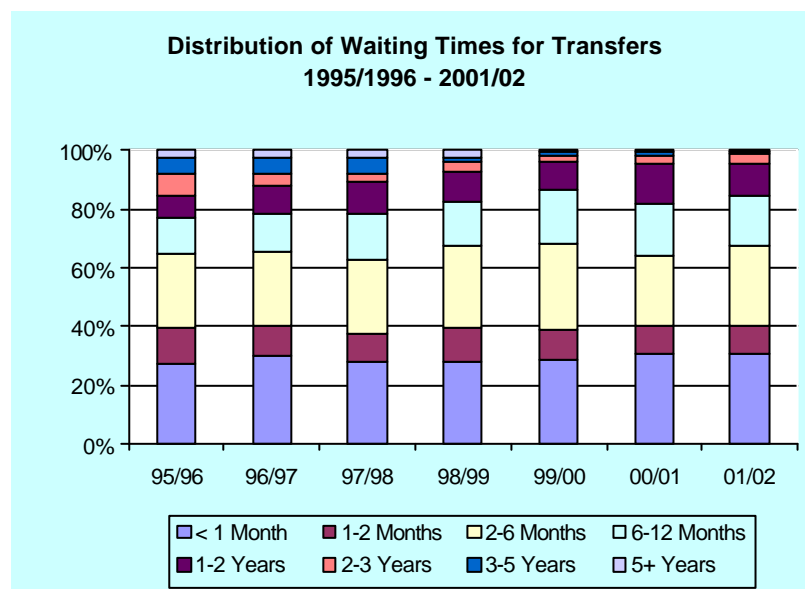
Effectiveness Indicator

Waiting times for accommodation measures the extent to which public rental housing provision is meeting the needs of eligible tenants who are already in Commission rental accommodation and who wish to transfer. This is calculated by taking the households, which were housed in the year, and calculating the difference between the time the tenant applied for a transfer and when they were housed.

In 2001/2002 the average waiting time decreased by over half a month and the median waiting times has decreased slightly. The percentage housed within 1 month increased marginally. The percentage housed within 1 year increased.

Waiting Time for Rental Transfers

	95/96	96/97	97/98	98/99	99/00	00/01	01/02
Average	11 ¼ months	9 ½ months	10 months	7 ¾ months	6 months	6 2/3 months	6 1/8 months
Median	4 ½ months	3 months	3 ½ months	3 months	3 months	3 1/5 months	3 1/8 months
% Housed Within 1 Month	27.27%	29.78%	28.14%	27.85%	28.60%	30.40%	30.64%
% Housed Within 1 Year	77.21%	78.62%	78.68%	82.64%	86.73%	81.98%	84.57%
% Housed 1-2 Years	7.49%	9.50%	10.43%	10.29%	9.55%	13.49%	11.17%
% Housed 2-3 Years	7.36%	3.54%	3.32%	2.92%	1.70%	2.60%	2.93%
% Housed After more than 3 Years	7.94%	8.34%	7.57%	4.15%	2.02%	1.93%	1.33%



2.3 Proportion of tenants in receipt of a rental subsidy, average subsidy

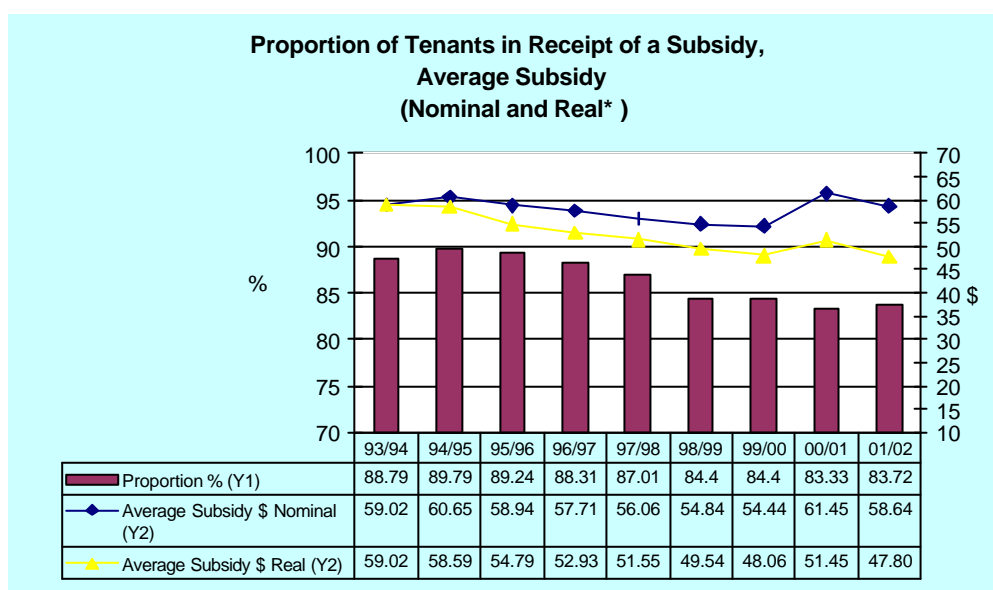
Effectiveness Indicator

This indicator measures how targeted is the Commission's public rental assistance. To gain access to public rental housing, applicants cannot own any property and must be income eligible. The income eligibility limits are set by applying the Henderson Equivalence Scale, based on household structure, to average weekly earnings. Tenants are required to pay no more than 25% of assessable household income in rent. If this is less than the individual property-market rent of the property, then they receive a rental subsidy.

The proportion of tenants receiving subsidies indicates the level of targeting by the Commission. A higher number reflects greater targeting to those on low to moderate incomes.

At June 30, 2002, 83.72% of the Commission tenants were receiving a subsidy. This is consistent with the previous three years.

At June 2002, the average subsidy was \$58.64 per week, a decrease of \$2.81 over the previous year, continuing the trend over the last decade. The continuing decrease in the average subsidy level is attributable to the increasing proportion of tenants now paying 25% of assessable income in rent, and only moderate increases in property market rents in recent years. Commission property market rents were not increased during 2001/02.



* 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). Average subsidy has been adjusted to 1993/94 prices.

Output: Rental Housing

Ensure that the Commission maximises the use of its physical assets

2.4 Average days vacant per rental property

Efficiency Indicator

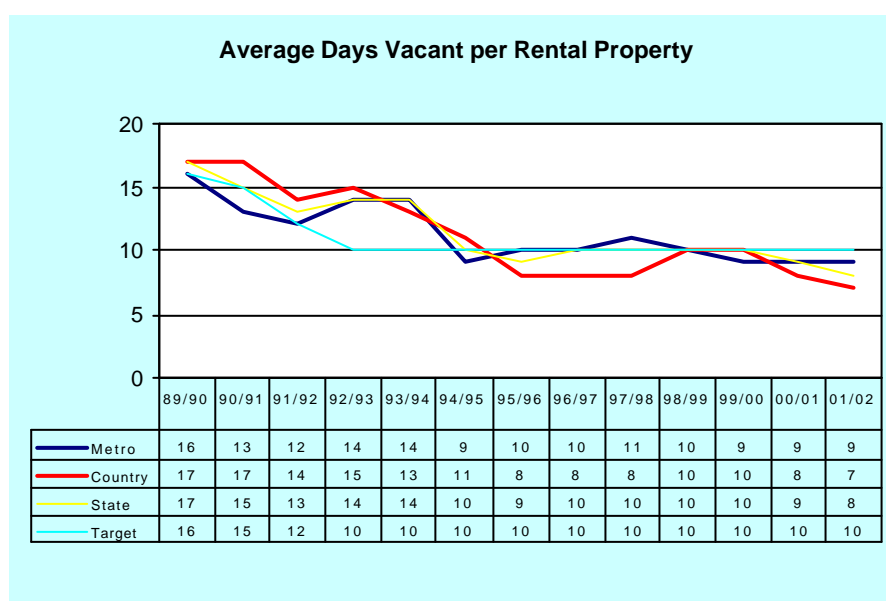
Average days vacant per rental property measures the length of time that a property remains vacant between vacation by one household and occupation by another. Rental properties are required to undergo maintenance prior to occupation by new tenants. This indicator demonstrates the efficiency of the Commission in re-letting its properties. The average days vacant impacts on the Commission's ability to house tenants and manage rental revenue.

The figures do not include weekends and public holidays, new properties, properties earmarked for demolition or those that are not lettable, (ie. through vandalism and lack of demand). The average days vacant is calculated by dividing the total number of days vacant for the year by the total number of properties relet during the year.

In 2001/2002 the country was well below the target of 10 days for the average days vacant per rental property. The average days for the metropolitan area and the overall state were also below the target of 10 days.

On a statewide basis, it took on average 8.2 days to re-let a property during the year, a decrease of 0.3 days on the 8.5 days in 2000/2001. It took on average in the metropolitan area 8.9 days to re-let a property during the year, a marginal increase on the 8.7 days in 2000/2001. The average days to re-let a property in the country decreased 1.2 days to 7.1 days during the year compared to 8.3 days in 2000/2001.

The decrease in the average days vacant per rental property was due to the continued focus on the management of re-let times by Regional Managers to ensure the maximisation of rental revenue.

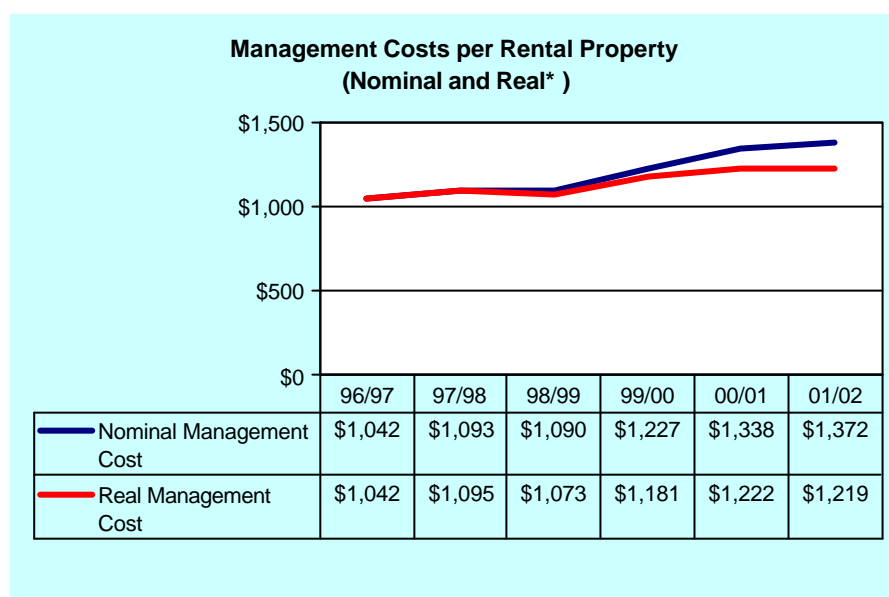


2.5 Management cost per rental property

Efficiency Indicator

Management cost per rental property measures the cost efficiency of rental housing. It shows gross management costs (costs before any capitalisation and recoup of administration expenses are deducted). It is calculated by dividing gross management costs by the total number of rental properties.

The management cost per rental property has increased over the 2001/02 financial year to \$1,372 per rental property. The costs have been influenced by an increase in superannuation provisions arising from actuarial studies conducted annually. In real terms there has been a decrease in the management cost.



* 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). Management cost per rental property has been adjusted to 1996/97 prices.

Outcome 3 Low to medium-priced subdivided land for sale

The provision of land through:

- Broadacre development (land that has had no previous urban use);
- New Living (land that has previously been used for urban purposes, including older public housing estates);
- Redevelopment (land that has previously been used for urban purposes); and
- Joint ventures with private land developers

3.1 Percentage of Commission's land sales against the overall market in different price ranges

Effectiveness Indicator

The performance indicator compares the percentage of land sales for the Commission against the overall market in different price ranges. The greater the proportion of land sold by the Commission in lower ranges reflects its participation in the low to medium priced market compared to the overall market.

The performance of the land program is measured by how well the Commission has targeted its land development to the lower to medium-priced market.

Market sales are obtained from the Valuer General's Office and filtered for single vacant land sales as defined above, and exclude Commission sales.

The Commission continues to provide land through its land program to the lower end of the market. The Commission sold 1823 vacant residential lots in 2001/02, of which 54.69% was sold at prices of \$64,999 and below. In comparison only 28.55% of sales in the overall market were in that price range.

There was a strong demand for first homebuyer land as a result of the increased First Home

Owners Scheme. This is reflected in the results for land priced between \$50,000 and \$64,999.

Distribution of land sales 2001/2002 (Vacant single residential lots*)				
\$	Market		SHC	
	No.	%	No.	%
0 - \$49,999	739	10.05	326	17.88
\$50,000 – \$64,999	1360	18.50	671	36.81
\$65,000 - \$99,999	2375	32.30	592	32.47
\$100,000 and over	2879	39.15	234	12.84
	7353		1823	

* Vacant single residential lots are defined as: zoned for single residential development; not zoned commercial, industrial, rural etc; lots over 1000 square metres; not capable of supporting 2 dwellings or more (ie duplex size and over); not multiple sales to the same person at the same time, and not sales to other government departments and companies. Internal sales for the Commission's rental program are excluded from the Commission sales.

Output: Land

Ensure that the production of land for rental housing and for sale is cost efficient

3.2 Management costs as a percentage of land operations

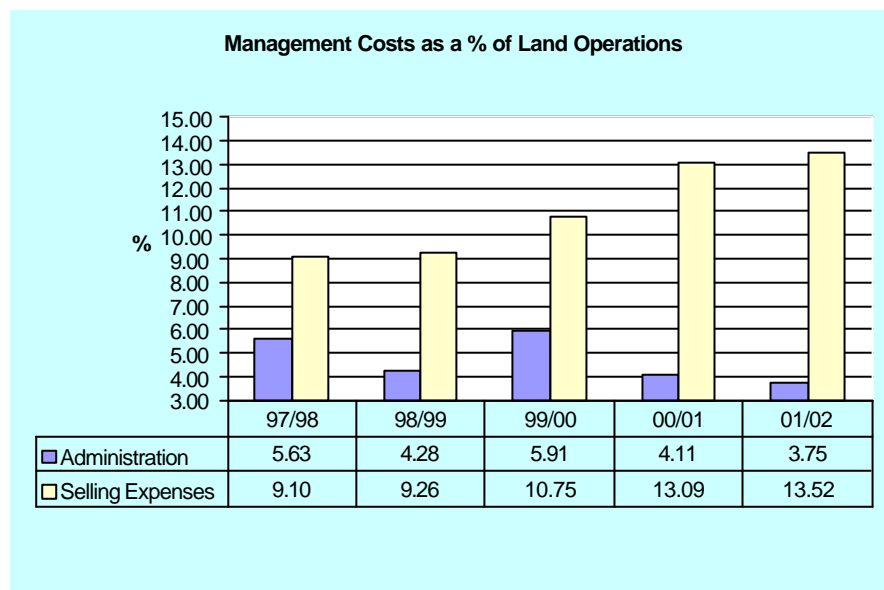
Efficiency Indicator

This indicator measures the efficiency of land operations by calculating the proportion of administration to total land sold externally and internally to the construction program and the proportion of selling costs compared to sales revenue.

In 2001/2002 there was a decrease in the administration ratio to 3.75% compared to 4.11% in 2000/2001. The decrease was due to higher than anticipated land sales and a significant reduction in indirect administration costs, i.e. a reduction in costs for information services and support services.

The land selling expense ratio increased to 13.52% in the year compared to 13.09% in 2000/2001.

The increase in the selling expenses ratio is due to an increase in the landscaping and fencing provision to cater for a larger number of lots being sold in areas offering landscaping and fencing incentives.





AUDITOR GENERAL

To the Parliament of Western Australia

**THE STATE HOUSING COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002**

Scope

I have audited the accounts and financial statements of The State Housing Commission for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985. The financial statements include the consolidated accounts of the consolidated entity comprising the Commission and the entities it controlled at the year's end or from time to time during the financial year.

The Board of Commissioners is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Board of Commissioners.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Commission to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Commission's and the consolidated entity's financial position, their financial performance and their cash flows.

The audit opinion expressed below has been formed on the above basis.

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 and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows of the Commission and the Consolidated Statement of Financial Performance, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows of the consolidated entity and the Notes to and forming part of 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 June 30, 2002 and their financial performance and their cash flows for the year then ended.

D D R PEARSON
AUDITOR GENERAL
August 30, 2002

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 provision of the Financial Administration and Audit Act 1985, from proper accounts and records, to present fairly the financial transactions for the year ended 30 June, 2002 and the financial position as at 30 June, 2002.

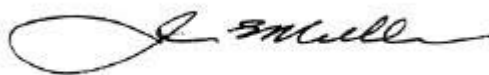
At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



L.GUTHRIE
CHAIRMAN



G.JOYCE
BOARD MEMBER
DIRECTOR GENERAL



J.MULLEN
PRINCIPAL ACCOUNTING OFFICER

AUGUST 27, 2002

**THE STATE HOUSING COMMISSION
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2002**

	NOTE	Consolidated June-2002 \$000	June-2001 \$000	S.H.C June-2002 \$000	June-2001 \$000
REVENUE					
Revenues from ordinary activities					
Rental revenue	3	120,017	114,969	120,017	114,969
Interest revenue	4	110,682	140,182	62,699	70,365
Net profit on the disposal of assets	5	23,624	20,960	23,627	20,962
Developers contributions		779	2,464	779	2,464
Commonwealth grants and contributions	6	107,523	109,247	107,523	109,247
Other revenues from ordinary activities	7	4,108	2,819	3,307	11,531
Total revenues from ordinary activities		366,733	390,641	317,952	329,538
EXPENSES					
Expenses from ordinary activities					
Community support programs	8	28,566	30,154	28,566	30,154
Depreciation & amortisation	9	43,976	42,579	41,935	39,889
Borrowing costs expense	10	112,503	131,783	91,848	97,547
Administration & employee expenses	11	56,459	53,531	55,355	52,459
Rental expenses	12	87,337	84,837	87,606	84,837
New Living expenses	12	33,650	35,392	33,650	35,392
Other expenses from ordinary activities	13	23,864	25,531	11,409	11,467
Total expenses from ordinary activities		386,355	403,807	350,369	351,745
Loss from ordinary activities before grants and subsidies from government		(19,622)	(13,166)	(32,417)	(22,207)
GRANTS AND SUBSIDIES FROM GOVERNMENT					
State grants	6	23,410	15,395	23,410	15,395
		23,410	15,395	23,410	15,395
Profit/(loss) from ordinary activities after grants and subsidies from government		3,788	2,229	(9,007)	(6,812)
NET PROFIT/(LOSS)	2(i)	3,788	2,229	(9,007)	(6,812)
Net increase in asset revaluation reserve	32	206,264	130,745	206,264	130,745
Total Revenues, expenses and valuation adjustments recognised directly in equity.		206,264	130,745	206,264	130,745
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS					
		210,052	132,974	197,257	123,933

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 2002**

	NOTE	Consolidated June-2002 \$000	June-2001 \$000	S.H.C June-2002 \$000	June-2001 \$000
CURRENT ASSETS					
Cash assets	14	90,235	59,770	78,744	43,991
Restricted cash assets	15	8,447	8,338	8,447	8,338
Receivables	16	24,880	18,584	20,291	17,650
Inventories	17	36,930	50,671	36,930	50,671
Other financial assets	18	10,465	10,102	-	-
Other assets	19	6,144	9,871	9,266	8,402
Total Current Assets		177,101	157,336	153,678	129,052
NON-CURRENT ASSETS					
Other financial assets	18	1,649,955	1,729,302	1,146,992	1,084,253
Rental properties	20	3,126,562	2,881,851	3,126,562	2,881,851
Community housing properties	21	183,327	168,918	183,327	168,918
Shared equity properties	22	107,375	103,380	107,375	103,380
Other properties	23	23,272	23,450	23,272	23,450
Plant & equipment	24	3,809	4,779	3,780	4,733
Buildings under construction		59,040	81,653	59,040	81,653
Freehold land		200,647	224,540	200,647	224,540
Joint venture land	26	79,756	59,538	79,756	59,538
Other assets	27	6,507	8,838	3,976	6,179
Total Non-Current Assets		5,440,250	5,286,249	4,934,727	4,638,495
Total Assets		5,617,351	5,443,585	5,088,405	4,767,547
CURRENT LIABILITIES					
Interest-bearing liabilities	28	20,519	18,393	20,519	18,393
Payables	29	23,968	20,885	28,386	24,412
Other liabilities	30	25,786	32,219	18,720	17,276
Provisions	31	8,731	6,654	8,731	6,654
Total Current Liabilities		79,004	78,151	76,356	66,735
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	28	2,203,048	2,262,151	1,778,048	1,692,151
Payables	29	863	674	6,982	674
Provisions	31	43,736	42,641	43,736	42,641
Total Non-Current Liabilities		2,247,647	2,305,466	1,828,766	1,735,466
Total Liabilities		2,326,651	2,383,617	1,905,122	1,802,201
NET ASSETS	2(ii)	3,290,700	3,059,968	3,183,283	2,965,346
EQUITY					
Asset revaluation reserve	32 (i)	1,526,110	1,391,338	1,526,110	1,391,338
Asset realisation reserve	32 (ii)	521,812	450,320	521,812	450,320
Interest assistance Lowstart reserve	32 (iii)	1,351	1,485	-	-
Contributed Equity	33	20,680	-	20,680	-
Retained profits	34	1,220,747	1,216,825	1,114,681	1,123,688
TOTAL EQUITY		3,290,700	3,059,968	3,183,283	2,965,346

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 2002**

	NOTE	Consolidated June-2002 \$000	Consolidated June-2001 \$000	S.H.C June-2002 \$000	S.H.C June-2001 \$000
CASHFLOWS FROM OPERATING ACTIVITIES					
Receipts					
Commonwealth grants and contributions		107,523	109,247	107,523	109,247
Rental receipts		120,716	115,638	120,716	115,638
Other receipts		2,589	3,622	2,802	13,190
GST receipts on sales		1,385	472	1,385	472
GST receipts from taxation authority		3,255	4,018	3,255	4,018
Developers contributions		779	2,282	779	2,282
Interest received		111,083	142,234	61,970	70,438
Payments					
Administration & employment costs		(65,175)	(62,753)	(51,630)	(51,367)
Interest paid to					
Commonwealth government		(26,191)	(26,631)	(26,191)	(26,631)
WA Treasury Corporation		(63,491)	(67,865)	(63,491)	(67,865)
Other interest & finance charges paid		(26,689)	(39,195)	(509)	(425)
GST payments on purchase		(5,147)	(4,818)	(5,147)	(4,818)
GST payments to taxation authority		-	-	-	-
Rental property payments		(90,077)	(88,451)	(90,346)	(88,451)
New Living payments		(33,650)	(34,487)	(33,650)	(34,487)
Other Payments		(29,958)	(18,361)	(30,108)	(18,361)
Net cash (used in) provided by operating activities	35	6,952	34,952	(2,642)	22,880
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from the sale of property, plant & equipment		166,485	150,315	166,482	150,285
Payments for purchase of property, plant & equipment	36	(187,263)	(203,670)	(186,876)	(203,670)
Home purchase receipts		445,346	454,637	37,377	32,514
Home purchase advances		(385,623)	(383,754)	(21,036)	(22,488)
Other investing payments		-	-	(1,695,000)	(1,230,000)
Other investing receipts		10,068	65	10,068	65
Net cash used in investing activities		49,013	17,593	(1,688,985)	(1,273,294)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings from					
WA Treasury Corporation		(17,698)	(6,394)	(17,698)	(6,394)
Commonwealth government		(10,928)	(10,510)	(10,928)	(10,510)
Other non-government sources		(1,681,517)	(1,052,193)	-	-
Proceeds from borrowings					
WA Treasury Corporation		106,649	74,500	1,711,649	1,244,500
Other non-government sources		1,535,000	930,000	-	-
Net cash (used for)/provided by financing activities		(68,494)	(64,597)	1,683,023	1,227,596
CASH FLOWS FROM/TO GOVERNMENT					
Interest paid to Consolidated Fund		-	(627)	-	(627)
Owners Contribution		20,680	-	20,680	-
Proceeds from grants		23,410	15,395	23,410	15,395
Net cash provided by Government		44,090	14,768	44,090	14,768
Net increase/(decrease) in cash held		31,561	2,716	35,486	(8,050)
Cash assets at the beginning of the financial year		76,728	74,012	50,847	58,897
Cash assets at the end of the financial year	37	108,289	76,728	86,333	50,847

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

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by The State Housing Commission (operating within The Department of Housing and Works), the Keystart Housing Scheme Trust and the Homeswest Loan Scheme Trust 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 preceding year.

(a) Basis of Accounting

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 (TI). 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.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the exception of certain non-current assets which subsequent to initial recognition, have been measured on the fair value basis in accordance with AAS 38(5.1) The values have been provided by the Valuer General's Office. Additions to non-current physical assets since valuation are stated at cost and are considered to represent fair value.

(b) 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) and its controlled entities as defined in AAS 24 "Consolidated Financial Reports". A list of controlled entities appears in note 18. 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.

(c) Legal form of Controlled Entities

- (i) The Keystart Housing Scheme includes a trust and company structure set up to enable funds to be raised from financial markets 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 manager.
- 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. Under the structure funds are raised through Keystart Bonds Ltd and on lent to borrowers through a network of retailers. The State Housing Commission provides a support arrangement to the structure through the Support Trust.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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.

(d) 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 three Directors from The State Housing Commission, one Director from the Western Australian Treasury Corporation and three 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 the extent that it will meet cash shortfalls and losses from the Scheme to investors or other creditors. The State Housing Commission's obligations are contained in a Support Agreement to the various participants of the Scheme. No subsidies were required for the 2001/2002 financial year, as the Trust achieved an increase in retained earnings of \$ 12,795 M (refer to note 18 (b)).

(e) Basis of property valuations

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 July 1 in the previous year. The basis of valuations is primarily integrity three assessments (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.

(f) Rental Properties

Rental Properties are shown at fair valuation 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 July 1 in the previous year. The basis of valuations is primarily integrity three assessments (external property inspection). The Valuer General has valued land and dwellings at fair value. Properties less than one year old are shown at construction cost, which is considered to represent fair value, plus land at fair value.

(g) Community Housing

Community Housing Properties includes properties acquired under the Commonwealth programs of Crisis Accommodation and Community Housing, and are shown at fair valuation 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 July 1 in the previous year. The basis of valuations is primarily integrity three assessments (external property inspection). The Valuer General has valued land and dwellings at fair value. Properties less than one year old are shown at construction cost, which is considered to represent fair value, plus land at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leases

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

(i) Freehold Land

Freehold 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 historical 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.

(j) 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 July 1 in the previous year. The basis of valuations is primarily integrity three assessments (external property inspection). The Valuer General has valued land and dwellings at fair value.

(k) 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 July 1 in the previous year. The basis of valuations is primarily integrity three assessments (external property inspection). The Valuer General has valued land and buildings at fair value.

(l) 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 expended plus capitalised costs. Land owned by The State Housing Commission is shown at cost plus capitalised costs.

Interests in joint venture operations have been reported 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.

(m) Buildings under construction

Buildings under construction is 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)

(n) 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.

(o) Depreciation and Amortisation

All Non-Current Assets having a limited useful life are systematically depreciated over their 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 so as to write off the net carrying value of each item of property, plant and equipment, using rates which are reviewed annually.

Depreciation for Keystart plant and equipment is calculated using the reducing balance method. The variance in methods is not considered to be of a material nature.

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:	2002	2001
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% - 36%	10% - 36%
Other Assets		
- Joint Charity Properties	2%	2%
- Computing Software	20% - 24%	20% - 24%

(p) Other Assets

(i) Joint Charity Projects

Joint Charity Projects are represented by the capital contribution made by The State Housing Commission to a joint arrangement which provides alternative methods of securing appropriate rental housing for eligible people. The capital contribution is amortised over a period of 50 years on a straight line basis. The State Housing Commission receives service potential from the assets with the operational revenue and outgoings being conferred to the Joint Charity Partner as the Project Manager. Cash contributions from Joint Charity Partners are disclosed as Developers Contributions in the Statement of Financial Performance.

(ii) Computing Software

Costs, including capitalised administration expenses, incurred on development of computer systems and software are amortised from the commencement of live production of the system on a straight line basis over 5 years.

(iii) Computing Development

Costs, including capitalised administration expenses, incurred on development of computer systems and software are deferred to future periods to the extent that future benefits are expected beyond any reasonable doubt to be equal 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.

(iv) 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)

(q) Rental Property Revenue and Rental Subsidy

(i) Rental Property Revenue

The State Housing Commission charges market rents, structured on the basis of regional rental markets. Rental property revenue represents the potential rental revenue calculated using this structure 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 paid by tenants.

(r) Revenue Recognition

(i) Revenue from land 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.

(s) Insurance

The State Housing Commission maintains an appropriate level of insurance cover over selected insurable risks. Property Assets continue to be insured with the commercial insurance market against major loss for a maximum of \$40 Million for any one event, any one location. The Commission is responsible for the first \$10 Million of any claim.

The State Housing Commission's insurance program continues to be a combination of insurance policies provided by commercial insurance providers and the Western Australian Government's Risk Cover program. This approach has achieved resultant benefits in terms of;

- (1) improved policy terms and conditions;
- (2) increased indemnity cover; and
- (3) premium savings.

As per Treasurer's Instructions 109, Insurance is complimented by a comprehensive approach to Risk Management and prudent management policies and practices.

(t) Employee Entitlements

(i) Annual Leave

This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees' service up to that date.

(ii) Long Service Leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using interest rates to obtain the estimated future cash outflows.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Employee Entitlements (continued)

(iii) Superannuation

Staff may contribute to the Superannuation and Family Benefits Act 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 liability for superannuation charges incurred under the Superannuation and Family Benefits Act pension scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date. Cash is set aside to fund the liability. The State Housing Commission's Superannuation liability was \$37.345M at reporting date, of which \$20.700M had been set aside in cash and \$16.645M had been used internally within The State Housing Commission Land programme.

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

The note disclosure required by paragraph 51(e) of AAS30 (being the employers share of the difference between 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 State Housing Commission is impractical under current arrangements and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(u) 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 Bond Debt work in progress at mercantile agent; 100% of the expected shortfall from forfeited properties and 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. The State Housing Commission provides an amount for 75% of the accumulated interest subsidy balance on income based housing loans.

Keystart: Keystart has adopted the methodology of calculating the provision as recommended by the Australian Financial Institutions Commission. 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 AFIC Prudential 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)

(v) 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.

(w) 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 improvements and infrastructure costs.

(x) Comparative Figures

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

(y) Rounding

All amounts have been rounded to the nearest thousand dollars.

(z) 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.

(aa) 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.

(ab) Financial Instruments

The Financial Instrument note (note 45) has further accounting policy disclosure.

(ac) 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.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

2 (i). SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE

June 2001							CONSOLIDATED		June 2002						
	RENTAL \$000	LOANS \$000	LAND \$000	ELIMINATION \$000	TOTAL \$000	REVENUE		RENTAL \$000	LOANS \$000	LAND \$000	ELIMINATION \$000	TOTAL \$000			
- 114,969	114,533	7	429	-	114,969	Rental revenue	3	119,541	2	474	-	120,017			
- 140,182	271	139,911	-	-	140,182	Interest revenue	4	429	110,253	-	-	110,682			
- 20,960	277	107	20,576	-	20,960	Net profit on the disposal of assets	5	1,862	405	21,357	-	23,624			
- -	-	-	9,328	(9,328)	-	- Intersegment sales		-	-	4,466	(4,466)	-			
- 2,464	2,464	-	-	-	2,464	Developers contributions		779	-	-	-	779			
- 109,247	97,620	11,627	-	-	109,247	Commonwealth grants and contributions	6	98,459	9,064	-	-	107,523			
- 2,819	10,776	949	627	(9,533)	2,819	Other revenues from ordinary activities	7	3,100	1,051	226	(269)	4,108			
- 390,641	225,941	152,601	30,960	(18,861)	390,641	Total revenues from ordinary activities		224,170	120,775	26,523	(4,735)	366,733			
EXPENSES															
- 30,154	29,729	425	-	-	30,154	Community support programs	8	28,419	147	-	-	28,566			
- 42,579	37,848	4,466	265	-	42,579	Depreciation & amortisation	9	40,078	3,727	171	-	43,976			
- 131,783	20,347	98,749	12,687	-	131,783	Borrowing costs expense	10	20,806	79,524	12,173	-	112,503			
- 53,531	44,427	3,722	5,382	-	53,531	Administration & employee expenses	11	47,514	3,656	5,289	-	56,459			
- 84,837	84,710	-	127	-	84,837	Rental expenses	12	87,439	-	167	(269)	87,337			
- 35,392	35,392	-	-	-	35,392	New Living expenses	12	33,650	-	-	-	33,650			
- 25,531	8,191	26,513	360	(9,533)	25,531	Other expenses from ordinary activities	13	9,164	14,435	265	-	23,864			
- 403,807	260,644	133,875	18,821	(9,533)	403,807	Total expenses from ordinary activities		267,070	101,489	18,065	(269)	386,355			
Profit/(loss) from ordinary activities before grants and subsidies from government															
- 15,395	(34,703)	18,726	12,139	(9,328)	(13,166)	Grants from government	6	(42,900)	19,286	8,458	(4,466)	(19,622)			
- 2,229	15,395	-	-	-	15,395	Profit/(loss) from ordinary activities after grants and subsidies from government		23,410	-	-	-	23,410			
- 2,229	(19,308)	18,726	12,139	(9,328)	2,229	Intersegment transfers		(19,490)	19,286	8,458	(4,466)	3,788			
- 2,229	14,778	-	(14,778)	-	-	NET PROFIT/(LOSS)		9,666	-	(9,666)	-	-			
- 2,229	(4,530)	18,726	(2,639)	(9,328)	2,229	Non-Cash expenses other than Depreciation and amortisation		(9,824)	19,286	(1,208)	(4,466)	3,788			
	124,186	66,182	14,511	-	204,879			119,544	58,846	13,948	-	192,338			
THE STATE HOUSING COMMISSION															
REVENUE															
- 114,969	114,533	7	429	-	114,969	Rental revenue	3	119,541	2	474	-	120,017			
- 70,365	271	70,094	-	-	70,365	Interest revenue	4	429	62,270	-	-	62,699			
- 20,962	277	109	20,576	-	20,962	Net profit on the disposal of assets	5	1,862	408	21,357	-	23,627			
- -	-	-	9,328	(9,328)	-	- Intersegment sales		-	-	4,466	(4,466)	-			
- 2,464	2,464	-	-	-	2,464	Developers contributions		779	-	-	-	779			
- 109,247	97,620	11,627	-	-	109,247	Commonwealth grants and contributions	6	98,459	9,064	-	-	107,523			
- 11,531	10,776	128	627	-	11,531	Other revenues from ordinary activities	7	3,100	(19)	226	-	3,307			
- 329,538	225,941	81,965	30,960	(9,328)	329,538	Total revenues from ordinary activities		224,170	71,725	26,523	(4,466)	317,952			
EXPENSES															
- 30,154	29,729	425	-	-	30,154	Community support programs	8	28,419	147	-	-	28,566			
- 39,889	37,848	1,776	265	-	39,889	Depreciation & amortisation	9	40,078	1,686	171	-	41,935			
- 97,547	20,347	64,513	12,687	-	97,547	Borrowing costs expense	10	20,806	58,869	12,173	-	91,848			
- 52,459	44,427	2,650	5,382	-	52,459	Administration & employee expenses	11	47,514	2,552	5,289	-	55,355			
- 84,837	84,710	-	127	-	84,837	Rental expenses	12	87,439	-	167	-	87,606			
- 35,392	35,392	-	-	-	35,392	New Living expenses	12	33,650	-	-	-	33,650			
- 11,467	8,191	2,916	360	-	11,467	Other expenses from ordinary activities	13	9,164	1,980	265	-	11,409			
- 351,745	260,644	72,280	18,821	-	351,745	Total expenses from ordinary activities		267,070	65,234	18,065	-	350,369			
Profit/(loss) from ordinary activities before grants and subsidies from government															
- 15,395	(34,703)	9,685	12,139	(9,328)	(22,207)	Grants from government	6	(42,900)	6,491	8,458	(4,466)	(32,417)			
- (6,812)	15,395	-	-	-	15,395	Profit/(loss) from ordinary activities after grants and subsidies from government		23,410	-	-	-	23,410			
- (6,812)	(19,308)	9,685	12,139	(9,328)	(6,812)	Intersegment transfers		(19,490)	6,491	8,458	(4,466)	(9,007)			
- (6,812)	14,778	-	(14,778)	-	-	NET PROFIT/(LOSS)		9,666	-	(9,666)	-	-			
- (6,812)	(4,530)	9,685	(2,639)	(9,328)	(6,812)	Non-Cash expenses other than Depreciation and amortisation		(9,824)	6,491	(1,208)	(4,466)	(9,007)			
	124,186	66,182	14,511	-	204,879			119,544	58,846	13,948	-	192,338			

2 (ii). SEGMENTED NET ASSETS REPORT

		June 2001				
		Rental	Loans	Land	Unallocated	Total
		\$000	\$000	\$000	\$000	\$000
-	59,770	(12,477)	148,357	(88,835)	12,725	59,770
-	8,338	6,856	-	1,482	-	8,338
3,527	18,584	9,011	6,393	6,294	413	22,111
-	50,671	1,380	-	49,291	-	50,671
-	10,102	-	10,102	-	-	10,102
-	9,871	203	8,964	628	76	9,871
3,527	157,336	4,973	173,816	(31,140)	13,214	160,863
-						
20,000	1,729,302	-	1,748,178	-	1,124	1,749,302
-	2,881,851	2,881,851	-	-	-	2,881,851
-	168,918	168,918	-	-	-	168,918
-	103,380	-	103,380	-	-	103,380
-	23,450	2,527	-	65	20,858	23,450
-	4,779	116	46	18	4,599	4,779
-	81,653	81,615	38	-	-	81,653
-	224,540	1,954	-	222,586	-	224,540
-	59,538	-	-	59,538	-	59,538
-	8,838	-	2,659	-	6,179	8,838
20,000	5,286,249	3,136,981	1,854,301	282,207	32,760	5,306,249
23,527	5,443,585	3,141,954	2,028,117	251,067	45,974	5,467,112
-						
-	18,393	10,677	2,783	4,933	-	18,393
23,527	20,885	13,376	595	25,905	4,536	44,412
-	32,219	6,113	22,144	2,543	1,419	32,219
-	6,654	-	-	1,768	4,886	6,654
23,527	78,151	30,166	25,522	35,149	10,841	101,678
-						
-	2,262,151	406,090	1,705,804	150,257	-	2,262,151
-	674	-	-	674	-	674
-	42,641	-	-	3,879	38,762	42,641
-	2,305,466	406,090	1,705,804	154,810	38,762	2,305,466
23,527	2,383,617	436,256	1,731,326	189,959	49,603	2,407,144
-	3,059,968	2,705,698	296,791	61,108	(3,629)	3,059,968
		205,982	624	73,118	941	280,665

Total Receivables, 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 and a \$10.037 million debtor between the Rental and Loan segments. These transactions have been eliminated in the Statement of Financial Position.

CONSOLIDATED

CURRENT ASSETS

Cash assets
Restricted cash assets
Receivables
Inventories
Other financial assets
Other assets

Total Current Assets

NON-CURRENT ASSETS

Other financial assets
Rental properties
Community housing properties
Shared equity properties
Other properties
Plant & equipment
Buildings under construction
Freehold land
Joint venture land
Other assets

Total Non-Current Assets

Total Assets

CURRENT LIABILITIES

Interest-bearing liabilities
Payables
Other liabilities
Provisions

Total Current Liabilities

NON-CURRENT LIABILITIES

Interest-bearing liabilities
Payables
Provisions

Total Non-Current Liabilities

Total Liabilities

NET ASSETS

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

June 2002					
NOTE	Rental	Loans	Land	Unallocated	Total
	\$000	\$000	\$000	\$000	\$000
14	(41,523)	177,091	(68,089)	22,756	90,235
15	7,589	-	858	-	8,447
16	10,771	17,218	6,441	487	34,917
17	1,380	-	35,550	-	36,930
18	-	10,465	-	-	10,465
19	192	5,405	443	104	6,144
	(21,591)	210,179	(24,797)	23,347	187,138
18	-	1,669,237	-	718	1,669,955
20	3,126,562	-	-	-	3,126,562
21	183,327	-	-	-	183,327
22	-	107,375	-	-	107,375
23	1,458	-	447	21,367	23,272
24	63	29	14	3,703	3,809
	58,750	290	-	-	59,040
	1,488	-	199,159	-	200,647
26	-	-	79,756	-	79,756
27	-	2,531	-	3,976	6,507
	3,371,648	1,779,462	279,376	29,764	5,460,250
	3,350,057	1,989,641	254,579	53,111	5,647,388
28	10,943	2,908	6,668	-	20,519
29	7,755	6,976	21,937	11,218	47,886
30	6,455	15,262	2,730	1,339	25,786
31	-	-	3,303	5,428	8,731
	25,153	25,146	34,638	17,985	102,922
28	404,915	1,647,895	150,238	-	2,203,048
29	6,119	-	863	-	6,982
31	-	-	2,092	41,644	43,736
	411,034	1,647,895	153,193	41,644	2,253,766
	436,187	1,673,041	187,831	59,629	2,356,688
	2,913,870	316,600	66,748	(6,518)	3,290,700
	162,580	1,518	82,087	980	247,165

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

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

		June 2001				
		Rental	Loans	Land	Unallocated	Total
		\$000	\$000	\$000	\$000	\$000
-	43,991	(12,477)	132,578	(88,835)	12,725	43,991
-	8,338	6,856	-	1,482	-	8,338
-	17,650	9,011	1,932	6,294	413	17,650
-	50,671	1,380	-	49,291	-	50,671
-	-	-	-	-	-	-
-	8,402	203	7,495	628	76	8,402
-	129,052	4,973	142,005	(31,140)	13,214	129,052
-	-	-	-	-	-	-
20,000	1,084,253	-	1,103,129	-	1,124	1,104,253
-	2,881,851	2,881,851	-	-	-	2,881,851
-	168,918	168,918	-	-	-	168,918
-	103,380	-	103,380	-	-	103,380
-	23,450	2,527	-	65	20,858	23,450
-	4,733	116	-	18	4,599	4,733
-	81,653	81,615	38	-	-	81,653
-	224,540	1,954	-	222,586	-	224,540
-	59,538	-	-	59,538	-	59,538
-	6,179	-	-	-	6,179	6,179
20,000	4,638,495	3,136,981	1,206,547	282,207	32,760	4,658,495
20,000	4,767,547	3,141,954	1,348,552	251,067	45,974	4,787,547
-	-	-	-	-	-	-
-	18,393	10,677	2,783	4,933	-	18,393
20,000	24,412	13,376	595	25,905	4,536	44,412
-	17,276	6,113	7,201	2,543	1,419	17,276
-	6,654	-	-	1,768	4,886	6,654
20,000	66,735	30,166	10,579	35,149	10,841	86,735
-	-	-	-	-	-	-
-	1,692,151	406,090	1,135,804	150,257	-	1,692,151
-	674	-	-	674	-	674
-	42,641	-	-	3,879	38,762	42,641
-	1,735,466	406,090	1,135,804	154,810	38,762	1,735,466
20,000	1,802,201	436,256	1,146,383	189,959	49,603	1,822,201
-	2,965,346	2,705,698	202,169	61,108	(3,629)	2,965,346
		205,982	624	73,118	941	280,665

THE STATE HOUSING COMMISSION

CURRENT ASSETS

Cash assets
Restricted cash assets
Receivables
Inventories
Other financial assets
Other assets

Total Current Assets

NON-CURRENT ASSETS

Other financial assets
Rental properties
Community housing properties
Shared equity properties
Other properties
Plant & equipment
Buildings under construction
Freehold land
Joint venture land
Other assets

Total Non-Current Assets

Total Assets

CURRENT LIABILITIES

Interest-bearing liabilities
Payables
Other liabilities
Provisions

Total Current Liabilities

NON-CURRENT LIABILITIES

Interest-bearing liabilities
Payables
Provisions

Total Non-Current Liabilities

Total Liabilities

NET ASSETS

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

June 2002					
NOTE	Rental \$000	Loans \$000	Land \$000	Unallocated \$000	Total \$000
14	(41,523)	165,600	(68,089)	22,756	78,744
15	7,589	-	858	-	8,447
16	10,771	2,592	6,441	487	20,291
17	1,380	-	35,550	-	36,930
18	-	-	-	-	-
19	192	8,527	443	104	9,266
	(21,591)	176,719	(24,797)	23,347	153,678
18	-	1,166,274	-	718	1,166,992
20	3,126,562	-	-	-	3,126,562
21	183,327	-	-	-	183,327
22	-	107,375	-	-	107,375
23	1,458	-	447	21,367	23,272
24	63	-	14	3,703	3,780
	58,750	290	-	-	59,040
	1,488	-	199,159	-	200,647
26	-	-	79,756	-	79,756
27	-	-	-	3,976	3,976
	3,371,648	1,273,939	279,376	29,764	4,954,727
	3,350,057	1,450,658	254,579	53,111	5,108,405
28	10,943	2,908	6,668	-	20,519
29	7,755	7,476	21,937	11,218	48,386
30	6,455	8,196	2,730	1,339	18,720
31	-	-	3,303	5,428	8,731
	25,153	18,580	34,638	17,985	96,356
28	404,915	1,222,895	150,238	-	1,778,048
29	6,119	-	863	-	6,982
31	-	-	2,092	41,644	43,736
	411,034	1,222,895	153,193	41,644	1,828,766
	436,187	1,241,475	187,831	59,629	1,925,122
	2,913,870	209,183	66,748	(6,518)	3,183,283
	162,580	1,131	82,087	980	246,778

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	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
3. RENTAL REVENUE				
Rental Properties	220,220	204,799	220,220	204,799
Amenities Heating	1,833	1,854	1,833	1,854
Commercial Properties	1,919	2,030	1,919	2,030
	<u>223,972</u>	<u>208,683</u>	<u>223,972</u>	<u>208,683</u>
Less Vacancies & Concessions:				
Vacancies Rental Stock	7,820	9,049	7,820	9,049
Vacancies Amenities	61	75	61	75
Vacancies Commercial Properties	-	20	-	20
Concessions - Caretakers	54	61	54	61
Concessions - Community Playgrounds	577	394	577	394
Concessions - Other	4,441	3,782	4,441	3,782
Total Vacancies & Concessions	<u>12,953</u>	<u>13,381</u>	<u>12,953</u>	<u>13,381</u>
Rental Revenue	211,019	195,302	211,019	195,302
Less Rent Forgone:				
Rebates Rental	90,102	79,418	90,102	79,418
Rebates Amenities	900	915	900	915
Total Rent Forgone	<u>91,002</u>	<u>80,333</u>	<u>91,002</u>	<u>80,333</u>
Total Rental Revenue	<u>120,017</u>	<u>114,969</u>	<u>120,017</u>	<u>114,969</u>
4. INTEREST REVENUE				
LOAN INTEREST				
Keystart Secured Mortgage Advances	93,839	120,348	-	-
Loans to Terminating Building Societies	841	1,248	841	1,248
	<u>94,680</u>	<u>121,596</u>	<u>841</u>	<u>1,248</u>
The State Housing Commission Loan Schemes	11,215	14,262	11,215	14,262
Less Mortgage Subsidies	167	102	167	102
	<u>11,048</u>	<u>14,160</u>	<u>11,048</u>	<u>14,160</u>
Total Loan Interest	<u>105,728</u>	<u>135,756</u>	<u>11,889</u>	<u>15,408</u>
OTHER INTEREST				
Interest on Cash at Bank	3,971	3,192	3,971	3,192
Interest on Investments	926	1,148	46,782	51,679
Interest Other	57	86	57	86
Total Other Interest	<u>4,954</u>	<u>4,426</u>	<u>50,810</u>	<u>54,957</u>
Total Interest Revenue	<u>110,682</u>	<u>140,182</u>	<u>62,699</u>	<u>70,365</u>

5. NET PROFIT ON THE DISPOSAL OF ASSETS

June 2001				
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Gross Proceeds	Book Value	Selling Expenses	Concessions	Net Profit (Loss)
-	-	-	-	-
79,506	69,921	5,828	3,644	113
7,161	7,052	-	-	109
224	194	1	-	29
19,916	12,822	5,373	-	1,721
66,222	41,450	5,784	-	18,988
-	-	-	-	-
173,029	131,439	16,986	3,644	20,960

-	-	-	-	-
79,506	69,921	5,828	3,644	113
7,161	7,052	-	-	109
224	192	1	-	31
19,916	12,822	5,373	-	1,721
66,222	41,450	5,784	-	18,988
-	-	-	-	-
173,029	131,437	16,986	3,644	20,962

CONSOLIDATED

Community housing properties	
Rental properties	
Shared equity properties	
Properties plant & equipment	
Inventories - Joint Venture Land	
- Land	
- House and land packages	
Total	

THE STATE HOUSING COMMISSION

Community housing properties	
Rental properties	
Shared equity properties	
Properties plant & equipment	
Inventories - Joint Venture Land	
- Land	
- House and land packages	
Total	

June 2002				
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Gross Proceeds	Book Value	Selling Expenses	Concessions	Net Profit (Loss)
242	239	-	-	3
72,122	62,416	5,252	2,609	1,845
10,917	10,514	-	-	403
537	695	-	-	(158)
35,356	24,637	8,355	-	2,364
69,185	44,314	5,704	-	19,167
-	-	-	-	-
188,359	142,815	19,311	2,609	23,624

242	239	-	-	3
72,122	62,416	5,252	2,609	1,845
10,917	10,514	-	-	403
537	692	-	-	(155)
35,356	24,637	8,355	-	2,364
69,185	44,314	5,704	-	19,167
-	-	-	-	-
188,359	142,812	19,311	2,609	23,627

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
6. COMMONWEALTH AND STATE GRANTS				
COMMONWEALTH GRANTS				
Aboriginal Housing	16,743	17,402	16,743	17,402
Commonwealth Rental Grants	80,263	81,038	80,263	81,038
Crisis Accommodation & Community Housing	10,203	10,180	10,203	10,180
Interest Subsidised	314	627	314	627
Total Commonwealth grants	107,523	109,247	107,523	109,247
STATE GRANTS				
Department of Treasury and Finance	15,845	13,030	15,845	13,030
Department of Indigenous Affairs	100	-	100	-
Department of Transport	365	213	365	213
Department of Consumer and Employment Protection	5,000	-	5,000	-
Department of Education	100	100	100	100
Main Roads Western Australia	2,000	2,047	2,000	2,047
Office of Aboriginal Health	-	5	-	5
Total State grants	23,410	15,395	23,410	15,395
7. OTHER REVENUES FROM ORDINARY ACTIVITIES				
Bad Debts Recovered	656	722	656	722
Conveyancing Fees	1,807	399	1,807	399
Revenue from Keystart	-	-	-	9,533
Assets Received Free of Charge	553	-	553	-
Other Revenue	1,092	1,698	291	877
Total other revenues from ordinary activities	4,108	2,819	3,307	11,531
8. COMMUNITY SUPPORT PROGRAMS				
Aboriginal Housing	26,747	28,299	26,747	28,299
Community Housing	1,672	1,421	1,672	1,421
Mortgage and Rental assistance program - Cash assistance	147	434	147	434
Total community support programs	28,566	30,154	28,566	30,154
9. DEPRECIATION AND AMORTISATION				
Rental Properties & Other Assets				
- Depreciation	38,121	36,311	38,105	36,273
Other Assets				
- Amortisation	5,855	6,268	3,830	3,616
Total depreciation and amortisation	43,976	42,579	41,935	39,889
10. BORROWING COSTS EXPENSE				
Interest on Interest-bearing liabilities	91,848	97,547	91,848	97,547
Interest on Keystart Bonds Ltd. - Commercial Paper	20,655	34,236	-	-
Total borrowing costs expense	112,503	131,783	91,848	97,547

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
11. ADMINISTRATION AND EMPLOYEE EXPENSES				
Board Expenses	224	211	224	211
Communication	2,235	2,235	2,191	2,188
Other Costs & Expenses	7,323	7,465	6,464	6,682
Office Rental & Accommodation	1,982	2,540	1,982	2,539
Other Personnel Costs	1,508	1,575	1,508	1,575
Salaries & Wages	35,329	35,752	35,257	35,661
Salaries & Wages on Costs	11,662	9,306	11,662	9,306
Stationery & Supplies	614	808	545	693
	<u>60,877</u>	<u>59,892</u>	<u>59,833</u>	<u>58,855</u>
Less Credits:				
Administration Capitalised	2,897	5,639	2,897	5,639
Recoups	3,325	2,005	3,385	2,040
Total Credits	<u>6,222</u>	<u>7,644</u>	<u>6,282</u>	<u>7,679</u>
	<u>54,655</u>	<u>52,248</u>	<u>53,551</u>	<u>51,176</u>
Lease Expenses				
Non Cancellable Operating Leases:				
- Office Properties	763	478	763	478
- Motor Vehicles	948	802	948	802
Cancellable Leases				
- Office Properties	93	3	93	3
	<u>1,804</u>	<u>1,283</u>	<u>1,804</u>	<u>1,283</u>
Total administration & employee expenses	<u>56,459</u>	<u>53,531</u>	<u>55,355</u>	<u>52,459</u>

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

	June-2002	June-2001
Long Service Leave	\$244,000	\$820,000
Annual Leave	\$322,000	\$306,000
Superannuation	\$2,858,000	\$497,000

Office Property Leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	648	619	633	604
Later than 1 year & not later than 5 years	1,067	1,221	1,028	1,167
	<u>1,715</u>	<u>1,840</u>	<u>1,661</u>	<u>1,771</u>

Motor Vehicle Leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	636	765	636	765
Later than 1 year & not later than 2 years	265	354	265	354
	<u>901</u>	<u>1,119</u>	<u>901</u>	<u>1,119</u>

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
12. RENTAL EXPENSES				
Maintenance Expenses	31,205	30,528	31,205	30,528
Less Tenant Liability	3,880	3,298	3,880	3,298
	27,325	27,230	27,325	27,230
Debt Collection Expenses	1,310	1,340	1,310	1,340
Estate Management Expenses	3,383	3,163	3,383	3,163
General Expenses	4,025	4,249	4,294	4,249
Insurance Expenses	4,413	4,148	4,413	4,148
Rates Expenses	35,632	34,288	35,632	34,288
Renovations & Improvements	11,249	10,338	11,249	10,338
	87,337	84,756	87,606	84,756
Lease Expenses				
Operating Lease Costs Were:				
Rental Properties	-	81	-	81
	-	81	-	81
Total Rental Expenses	87,337	84,837	87,606	84,837
NEW LIVING EXPENSES				
Renovations & Improvements	30,013	32,244	30,013	32,244
Infrastructure expenses	3,215	2,568	3,215	2,568
Demolitions costs	422	580	422	580
Total New Living Expenses	33,650	35,392	33,650	35,392
13. OTHER EXPENSES FROM ORDINARY ACTIVITIES				
Doubtful Debts Expenses	4,566	7,043	2,737	3,328
Fees - Keystart	9,271	9,350	-	-
Grants & Subsidies	131	66	131	66
Land Expenses	16	-	16	-
Loan Scheme Expenses	1,900	1,719	1,900	1,719
Other Expenses	7,980	7,353	6,625	6,354
Total other expenses from ordinary activities	23,864	25,531	11,409	11,467

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
14. CASH ASSETS				
Cash at Bank - Operational	69,535	39,070	58,044	23,291
Cash at Bank - Superannuation	20,700	20,700	20,700	20,700
Total cash assets	90,235	59,770	78,744	43,991

15. RESTRICTED CASH ASSETS

Rental Tenants Bonds	7,589	6,856	7,589	6,856
Joint Venture Cash	858	1,482	858	1,482
Total restricted cash assets	8,447	8,338	8,447	8,338

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.

16. RECEIVABLES

CURRENT

General	11,202	4,585	6,613	3,651
Joint Venture Receivables	3,744	3,039	3,744	3,039
Land Debtors	1,876	3,533	1,876	3,533
Other Rents	411	452	411	452
Rental Bonds Assistance	4,398	3,965	4,398	3,965
Rents from Tenants	8,035	7,406	8,035	7,406
	29,666	22,980	25,077	22,046
Less Provision For Doubtful Debts	4,786	4,396	4,786	4,396
Total Receivables (Current)	24,880	18,584	20,291	17,650

17. INVENTORIES

Land held for Sale (Note 1(n))				
Cost of Acquisition and Development	23,862	38,183	23,862	38,183
Capitalised rates, taxes, administration and interest.	1,879	2,134	1,879	2,134
	25,741	40,317	25,741	40,317
Joint Venture Land	9,880	9,045	9,880	9,045
House and Land Packages	1,309	1,309	1,309	1,309
Total inventories	36,930	50,671	36,930	50,671

18. OTHER FINANCIAL ASSETS

CURRENT INVESTMENTS

Deposits at call				
Westpac	10,465	10,102	-	-
Total current other financial assets	10,465	10,102	-	-

NON - CURRENT INVESTMENTS

Ellenbrook Management Pty Ltd Shares (a)	24	24	24	24
Keystart Preferential Shares (d)	-	-	960,000	870,000
	24	24	960,024	870,024

LOANS TO HOMEBUYERS	1,649,337	1,723,351	173,487	195,415
Less Provision for Doubtful Debts	14,337	14,717	1,450	1,830
	1,635,000	1,708,634	172,037	193,585

LOANS TO TERMINATING BUILDING SOCIETIES (c)	13,694	18,972	13,694	18,972
LOANS OTHER				
Commercial Organisations	720	1,099	720	1,099
Local & Statutory Authorities	517	573	517	573
	1,649,931	1,729,278	186,968	214,229
Total Non - Current other financial assets	1,649,955	1,729,302	1,146,992	1,084,253

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

18. OTHER FINANCIAL ASSETS (Continued)	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000

(a) Interest is held in the following company.

Name	Principal Activities	Percentage of each share class held	Dividends received (\$000)	Value of Shares at cost (\$000)
		June-2002 %	June-2001 %	
Ellenbrook Management Pty Ltd	Real estate development	Ord. 47.14	47.14	Nil 24

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

Name	Percentage Owned	Contribution to Economic Entity result (\$000)	Investment Shares at cost (\$)
	June-02 June-01	June-02 June-01	June-02 June-01
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		12,795 9,041	
Transfer from Reserve		134 2,871	
Keystart Support Trust		Nil Nil	
Homeswest Loan Scheme Trust		Nil Nil	

(c) Loans to Terminating Building Societies

Loans made by The State Housing Commission to Terminating Building 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 \$13,693,662 at June 30, 2002 made by The State Housing Commission to these building societies are secured by a floating charge over the assets of the societies. Monies on lent by the societies prior to 1985/86 totalling \$1,154,632 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, 2002 was \$457,745 (June 2001 \$598,976). The State Housing Commission is responsible for any shortfall realised for monies on lent by the societies subsequent to 1985/86. At June 30, 2002, the value of loans repayable in respect of monies on lent since 1985/86 amounted to \$12,539,029 (June 2001 \$14,929,000).

(d) Keystart Preferential Shares

The Western Australian Treasury Corporation has provided The State Housing Commission with a \$1,000 Million floating rate 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 Bonds Ltd. meets all principal, interest and other costs associated with the facility. To date \$960 Million of this facility has been drawn down.

19. OTHER ASSETS (Current Assets)

ACCRUED REVENUE

Keystart Hedging Instruments	3,440	7,191	-	-
Interest on Cash at Bank	409	361	409	361
Interest Keystart Shares	-	-	8,161	7,165
	3,849	7,552	8,570	7,526

PREPAYMENTS

Insurance Premiums	236	229	236	229
Interest on Borrowings	1,599	1,443	-	-
Joint Venture	443	628	443	628
Other	17	19	17	19
	2,295	2,319	696	876
Total other assets	6,144	9,871	9,266	8,402

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
20. RENTAL PROPERTIES				
Rental Properties at fair value				
Improvements	1,676,238	1,562,000	1,676,238	1,562,000
Land	1,483,210	1,349,386	1,483,210	1,349,386
	<u>3,159,448</u>	<u>2,911,386</u>	<u>3,159,448</u>	<u>2,911,386</u>
Less Accumulated Depreciation	33,383	30,345	33,383	30,345
	<u>3,126,065</u>	<u>2,881,041</u>	<u>3,126,065</u>	<u>2,881,041</u>
Leasehold Improvements at cost	1,208	2,172	1,208	2,172
Less Accumulated Depreciation	711	1,362	711	1,362
	<u>497</u>	<u>810</u>	<u>497</u>	<u>810</u>
Total rental properties	<u>3,126,562</u>	<u>2,881,851</u>	<u>3,126,562</u>	<u>2,881,851</u>
21. COMMUNITY HOUSING PROPERTIES				
Crisis Accommodation properties at fair value				
Improvements	25,603	24,590	25,603	24,590
Land	23,815	23,151	23,815	23,151
	<u>49,418</u>	<u>47,741</u>	<u>49,418</u>	<u>47,741</u>
Community Housing properties at fair value				
Improvements	44,181	38,441	44,181	38,441
Land	22,470	23,505	22,470	23,505
	<u>66,651</u>	<u>61,946</u>	<u>66,651</u>	<u>61,946</u>
Joint Charity Projects at cost				
Improvements	74,292	65,846	74,292	65,846
Land	1,105	-	1,105	-
	<u>75,397</u>	<u>65,846</u>	<u>75,397</u>	<u>65,846</u>
	<u>191,466</u>	<u>175,533</u>	<u>191,466</u>	<u>175,533</u>
Less Accumulated Depreciation:				
Crisis Accommodation	663	714	663	714
Community Housing	887	731	887	731
Joint Charity Projects	6,589	5,170	6,589	5,170
	<u>8,139</u>	<u>6,615</u>	<u>8,139</u>	<u>6,615</u>
Total community housing properties	<u>183,327</u>	<u>168,918</u>	<u>183,327</u>	<u>168,918</u>
22. SHARED EQUITY PROPERTIES				
The State Housing Commission Loan Properties at fair value				
Improvements	58,939	57,588	58,939	57,588
Land	50,223	47,522	50,223	47,522
	<u>109,162</u>	<u>105,110</u>	<u>109,162</u>	<u>105,110</u>
Less Accumulated Depreciation:	1,787	1,730	1,787	1,730
Total shared equity properties	<u>107,375</u>	<u>103,380</u>	<u>107,375</u>	<u>103,380</u>

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
23. OTHER PROPERTIES				
Other Properties at fair value				
Offices				
Improvements	8,155	9,955	8,155	9,955
Land	13,106	11,362	13,106	11,362
	<u>21,261</u>	<u>21,317</u>	<u>21,261</u>	<u>21,317</u>
Commercial				
Improvements	374	1,179	374	1,179
Land	1,084	1,347	1,084	1,347
	<u>1,458</u>	<u>2,526</u>	<u>1,458</u>	<u>2,526</u>
Joint Venture Buildings at cost	<u>493</u>	<u>83</u>	<u>493</u>	<u>83</u>
	<u>23,212</u>	<u>23,926</u>	<u>23,212</u>	<u>23,926</u>
Less Accumulated Depreciation:				
Offices	409	495	409	495
Commercial	7	23	7	23
Joint Venture Buildings	46	18	46	18
	<u>462</u>	<u>536</u>	<u>462</u>	<u>536</u>
	<u>22,750</u>	<u>23,390</u>	<u>22,750</u>	<u>23,390</u>
Leasehold Improvements at cost	523	60	523	60
Less Accumulated Depreciation:	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>522</u>	<u>60</u>	<u>522</u>	<u>60</u>
Total other properties	<u>23,272</u>	<u>23,450</u>	<u>23,272</u>	<u>23,450</u>

24. PLANT & EQUIPMENT

Plant & Equipment at cost				
Air Conditioning	536	507	536	507
Commercial Vehicles	460	463	460	463
Computing Facilities & Equipment	8,601	10,017	8,482	9,854
Furniture & Fittings	1,960	1,966	1,680	1,686
Office Machines & Equipment	1,610	1,602	1,562	1,554
Joint Venture Office Equipment	37	37	37	37
Plant & Equipment	64	11	64	11
	<u>13,268</u>	<u>14,603</u>	<u>12,821</u>	<u>14,112</u>
Less Accumulated Depreciation:				
Air Conditioning	310	255	310	255
Commercial Vehicles	397	347	397	347
Computing Facilities & Equipment	6,201	6,815	6,088	6,670
Furniture & Fittings	1,416	1,337	1,153	1,077
Office Machines & Equipment	1,098	1,041	1,056	1,001
Joint Venture Office Equipment	23	19	23	19
Plant & Equipment	14	10	14	10
	<u>9,459</u>	<u>9,824</u>	<u>9,041</u>	<u>9,379</u>
Total plant & equipment	<u>3,809</u>	<u>4,779</u>	<u>3,780</u>	<u>4,733</u>

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

25. PROPERTY, PLANT AND EQUIPMENT RECONCILIATION

June 2002

CONSOLIDATED

	Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Freehold Land	Joint Venture Land	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	2,881,851	168,918	103,380	23,450	4,779	224,540	59,538	3,466,456
Additions	164,805	20,129	8,869	963	521	49,187	44,855	289,329
Disposals	(84,911)	(467)	(10,639)	(938)	(1,856)	(73,080)	(24,637)	(196,528)
Revaluation Increments	167,204	(3,729)	5,822	(277)	-	-	-	169,020
Depreciation	(2,387)	(1,524)	(57)	74	365	-	-	(3,529)
Carrying amount at end of year	3,126,562	183,327	107,375	23,272	3,809	200,647	79,756	3,724,748

June 2002

THE STATE HOUSING COMMISSION

	Rental Properties	Community Housing Properties	Shared Equity Properties	Other Properties	Plant & Equipment	Freehold Land	Joint Venture Land	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	2,881,851	168,918	103,380	23,450	4,733	224,540	59,538	3,466,410
Additions	164,805	20,129	8,869	963	521	49,187	44,855	289,329
Disposals	(84,911)	(467)	(10,639)	(938)	(1,812)	(73,080)	(24,637)	(196,484)
Revaluation Increments	167,204	(3,729)	5,822	(277)	-	-	-	169,020
Depreciation	(2,387)	(1,524)	(57)	74	338	-	-	(3,556)
Carrying amount at end of year	3,126,562	183,327	107,375	23,272	3,780	200,647	79,756	3,724,719

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

26. JOINT VENTURE LAND	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
	79,756	59,538	79,756	59,538

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 Butler. 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.

Bunbury

The State Housing Commission holds an interest in a joint venture operation named Glen Iris, Shearwater and Brookvillage for the development of State Housing Commission land in Bunbury. The State Housing Commission contributes to the development of the land. The revenue received is the value of the lot and 80% share in the profit after all development costs have been meet.

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 \$13,000.00 upon the sale of each lot and 50% share in the profit after all development costs have been meet.

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 meet.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

26. JOINT VENTURE LAND (continued)
JOINT VENTURE OPERATIONS

	June 2002									
	Butler	Dalyellup Beach	Ellenbrook	Seacrest	Beeliar	Bunbury	Clarkson	Palm Beach	Woodrise Estate	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT ASSETS										
Cash assets	450	325	57	26	-	-	-	-		858
Receivables	1,534	739	1,442	29	-	-	-	-		3,744
Inventories	-	-	9,880	-	-	-	-	-		9,880
Other assets	154	-	289	-	-	-	-	-		443
	2,138	1,064	11,668	55	-	-	-	-		14,925
NON-CURRENT ASSETS										
Office Equipment	-	-	14	-	-	-	-	-		14
Buildings	-	395	52	-	-	-	-	-		447
Development costs (1)	14,695	10,317	10,359	606	-	-	-	-		35,977
	14,695	10,712	10,425	606	-	-	-	-		36,438
Total assets	16,833	11,776	22,093	661	-	-	-	-		51,363
CURRENT LIABILITIES										
Payables and Interest-bearing liabilities	3,995	2,302	664	14	-	-	-	-		6,975
Provisions	-	-	3,301	2	-	-	-	-		3,303
	3,995	2,302	3,965	16	-	-	-	-		10,278
NON-CURRENT LIABILITIES										
Payables and Interest-bearing liabilities	-	650	24	-	-	-	-	-		674
Provisions	-	-	-	70	-	-	-	-		70
	-	650	24	70	-	-	-	-		744
Total liabilities	3,995	2,952	3,989	86	-	-	-	-		11,022
NET ASSETS	12,838	8,824	18,104	575	-	-	-	-		40,341
Land (1)	17,585	763	8,159	934	3,943	2,334	8,727	907	427	43,779

1. The total of Development costs, State Housing Commission Land and Dalyellup Beach Land acquired by the joint venture represents the \$79.756 million Joint Venture figure. in the Statement of Financial Position.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

26. JOINT VENTURE LAND (continued)

JOINT VENTURE OPERATIONS

	June 2001								
	Butler	Dalyellup Beach	Ellenbrook	Seacrest	Beeliar	Bunbury	Palm Beach	Woodrise Estate	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT ASSETS									
Cash assets	251	511	688	32	-	-	-	-	1,482
Receivables	589	1,273	1,170	7	-	-	-	-	3,039
Inventories	-	-	9,039	6	-	-	-	-	9,045
Other assets	168	-	459	1	-	-	-	-	628
	1,008	1,784	11,356	46	-	-	-	-	14,194
NON-CURRENT ASSETS									
Office Equipment	-	-	18	-	-	-	-	-	18
Buildings	-	-	65	-	-	-	-	-	65
Development costs (1)	3,663	7,881	10,386	670	-	-	-	-	22,600
	3,663	7,881	10,469	670	-	-	-	-	22,683
Total assets	4,671	9,665	21,825	716	-	-	-	-	36,877
CURRENT LIABILITIES									
Payables and Interest-bearing liabilities	1,599	2,238	639	16	-	-	-	-	4,492
Provisions	-	-	1,766	2	-	-	-	-	1,768
	1,599	2,238	2,405	18	-	-	-	-	6,260
NON-CURRENT LIABILITIES									
Payables and Interest-bearing liabilities	-	650	24	-	-	-	-	-	674
Provisions	-	-	1,766	-	-	-	-	-	1,766
	-	650	1,790	-	-	-	-	-	2,440
Total liabilities	1,599	2,888	4,195	18	-	-	-	-	8,700
NET ASSETS	3,072	6,777	17,630	698	-	-	-	-	28,177
State Housing Commission Land (1)	17,852	1,865	8,573	943	3,549	2,026	1,901	228	36,937

1. The total of Development costs, State Housing Commission Land and Dalyellup Beach Land acquired by the joint venture represents the \$59.538 million Joint Venture figure. in the Statement of Financial Position.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
27. OTHER ASSETS				
Other Assets at cost				
Computing Software	3,673	3,871	2,887	3,472
Less Accumulated Amortisation	2,218	2,572	1,812	2,173
	1,455	1,299	1,075	1,299
Computing Development	9,418	9,804	9,418	9,804
Less Accumulated Amortisation	6,517	4,924	6,517	4,924
	2,901	4,880	2,901	4,880
Capital Establishment & Development costs and premiums on financial instruments	5,691	11,316	-	-
Less Accumulated Amortisation	3,540	8,657	-	-
	2,151	2,659	-	-
Total other assets	6,507	8,838	3,976	6,179

28. INTEREST-BEARING LIABILITIES

CURRENT

Borrowings

State Nominated Funds

WA Treasury Corporation

Commonwealth Advances

3,227	3,088	3,227	3,088
9,320	7,471	9,320	7,471
7,972	7,834	7,972	7,834
20,519	18,393	20,519	18,393

NON - CURRENT

Borrowings

State Nominated Funds

WA Treasury Corporation

Commonwealth Advances

Medium Term notes

Keystart Bonds Ltd. - Commercial Paper

293,714	296,941	293,714	296,941
1,209,976	1,112,874	1,209,976	1,112,874
274,358	282,336	274,358	282,336
200,000	350,000	-	-
225,000	220,000		
2,203,048	2,262,151	1,778,048	1,692,151

Total interest-bearing liabilities

2,223,567	2,280,544	1,798,567	1,710,544
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29. PAYABLES

CURRENT

Contractors retention monies

Keystart

General

Rental Properties Water Consumption

Joint Venture Creditors

Rental Tenants Bonds

Total current payables

2,854	3,316	2,854	3,316
-	-	4,300	3,527
5,225	4,813	5,343	4,813
1,325	1,408	1,325	1,408
6,975	4,492	6,975	4,492
7,589	6,856	7,589	6,856
23,968	20,885	28,386	24,412

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

	June-2002	June-2001
Amounts carried forward from previous financial year.	\$15,351	\$206
Payments made by the Commonwealth for IOT services.	\$523,402	\$63,404
Cost of services.	\$30,064	\$48,259
Amounts carried forward to following financial year.	\$508,689	\$15,351

NON CURRENT

Keystart

Joint Venture Creditors

Accrued Expenses

Total Non-current payables

-	-	6,119	-
674	674	674	674
189	-	189	-
863	674	6,982	674

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

30. OTHER LIABILITIES(Current Liabilities)	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
Accrued Expenses:				
Administrative & General Expenses	2,229	2,221	2,229	2,221
Interest on Borrowings	19,564	25,973	12,498	11,030
	21,793	28,194	14,727	13,251
Unearned Income	3,993	4,025	3,993	4,025
Total other liabilities(Current Liabilities)	25,786	32,219	18,720	17,276

31. PROVISIONS

CURRENT

Employee Entitlements				
Long Service Leave	2,307	2,087	2,307	2,087
Annual Leave	3,121	2,799	3,121	2,799
	5,428	4,886	5,428	4,886
Other				
Joint Venture Provisions	3,303	1,768	3,303	1,768
Total current provisions	8,731	6,654	8,731	6,654

NON-CURRENT

Employee Entitlements				
Long Service Leave	4,299	4,275	4,299	4,275
Superannuation	37,345	34,487	37,345	34,487
	41,644	38,762	41,644	38,762
Other				
Development Levies (note 1aa)	2,022	2,113	2,022	2,113
Joint Venture Provisions	70	1,766	70	1,766
Total non-current provisions	43,736	42,641	43,736	42,641

Long service leave liabilities have been established by actuarial assessment dated the 15th of July 2002. 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 5.7%.

The superannuation liability has been established from data supplied by the Government Employees Superannuation Board. The liability has been calculated at net present value allowing for a salary inflation rate of 4%, an investment earning rate (discount) of 6% and a pension increase rate of 3%.

32 (i). ASSET REVALUATION RESERVE

Balance brought forward from prior year	1,391,338	1,350,366	1,391,338	1,350,366
Transfer to Realisation Reserve	(71,492)	(89,773)	(71,492)	(89,773)
Revaluations during the year	206,264	130,745	206,264	130,745
Balance at June 30	1,526,110	1,391,338	1,526,110	1,391,338

Revaluations recognised during the year were in respect of:

Rental Properties - current	196,647	112,997	196,647	112,997
Other Properties - current	5,151	8,420	5,151	8,420
Land	4,466	9,328	4,466	9,328
	206,264	130,745	206,264	130,745

Transferred to Realisation Reserve

Value of Rental Properties Realised - Sold	(45,360)	(50,384)	(45,360)	(50,384)
Value of Rental Properties Realised - Demolished	(23,565)	(35,774)	(23,565)	(35,774)
Value of Other Properties Realised - Sold	(2,567)	(3,615)	(2,567)	(3,615)
	(71,492)	(89,773)	(71,492)	(89,773)

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(e).

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

32 (ii). ASSET REALISATION RESERVE	Consolidated		S.H.C	
	June-2002	June-2001	June-2002	June-2001
	\$000	\$000	\$000	\$000
Realisation Reserve				
Balance brought forward from prior year	450,320	360,547	450,320	360,547
Realisation during the year	71,492	89,773	71,492	89,773
Balance at June 30	521,812	450,320	521,812	450,320
Rental Properties - Sold	45,360	50,384	45,360	50,384
Rental Properties - Demolished	23,565	35,774	23,565	35,774
Other Properties - Sold	2,567	3,615	2,567	3,615
	71,492	89,773	71,492	89,773

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

32 (iii). INTEREST ASSISTANCE LOWSTART RESERVE

Balance brought forward from prior year	1,485	4,356	-	-
Transfer (to) retained profits	(134)	(2,871)	-	-
Balance at June 30	1,351	1,485	-	-

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

33. CONTRIBUTED EQUITY

Opening balance	-	-	-	-
Capital contributions	20,680	-	20,680	-
Balance at June 30	20,680	-	20,680	-

34. RETAINED PROFITS

Opening balance	1,216,825	1,211,725	1,123,688	1,130,500
Transfer from interest assistance lowstart reserve	134	2,871		
Net (loss)/profit for the year	3,788	2,229	(9,007)	(6,812)
Total retained profits	1,220,747	1,216,825	1,114,681	1,123,688

35. RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH NET PROFIT (LOSS)

Net Profit (Loss)	3,788	2,229	(9,007)	(6,812)
Depreciation & Amortisation Expense	42,007	40,061	41,935	39,889
Doubtful Debts Expense	2,737	4,912	2,737	3,328
Premiums on Financial Instruments	1,974	2,490	-	-
Net Profit/Loss on Disposal of Assets	(23,627)	(20,960)	(23,627)	(20,962)
Increase in Accrued Interest	87,475	96,996	91,848	97,547
Decrease in Receivables	(67,413)	(46,387)	(69,204)	(42,683)
Increase in Creditors	(51,581)	(63,715)	(49,072)	(65,845)
Increase in Prepayments	(37,744)	(34,965)	(37,588)	(35,873)
Decrease in Accrued Income	49,336	54,291	49,336	54,291
Net Cash Flows (used in) provided by Operating Activities.	6,952	34,952	(2,642)	22,880

36. PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

Properties	22,345	12,500	22,345	12,500
Offices	39	278	39	278
Computing Facilities & Equipment	1,203	694	816	694
Furniture & Fittings	4	3	4	3
Office Machines & Equipment	121	147	121	147
Buildings under construction	99,077	144,706	99,077	144,706
Freehold Land	64,474	45,342	64,474	45,342
Total payment for property, plant and equipment.	187,263	203,670	186,876	203,670

37. RECONCILIATION OF CASH

Consolidated		S.H.C	
June-2002	June-2001	June-2002	June-2001
\$000	\$000	\$000	\$000

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	69,535	39,070	58,044	23,291
Cash at Bank - Superannuation	20,700	20,700	20,700	20,700
Investments (Unsecured Deposits)	10,465	10,102	-	-
Rental Tenants Bonds	7,589	6,856	7,589	6,856
	<u>108,289</u>	<u>76,728</u>	<u>86,333</u>	<u>50,847</u>

38. REMUNERATION OF ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS**Remuneration of Members of the Accountable Authority**

The total fees, salaries 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.

437 404

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

	2002	2001
\$0 - \$10,000	-	2
\$10,000 - \$20,000	-	2
\$20,000 - \$30,000	4	3
\$30,000 - \$40,000	1	-
\$40,000 - \$50,000	-	1
\$50,000 - \$60,000	1	-
\$60,000 - \$70,000	1	1
	<u>7</u>	<u>9</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.

Remuneration of Senior Officers

The total of fees, salaries 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.

706 710

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

	2002	2001
\$100,000 - \$110,000	1	3
\$110,000 - \$120,000	3	3
\$120,000 - \$130,000	1	-
\$130,000 - \$140,000	1	-
	<u>6</u>	<u>6</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.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

Consolidated		S.H.C	
June-2002	June-2001	June-2002	June-2001
\$000	\$000	\$000	\$000

39. 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	257	240	202	193
Fees for the Auditor General for Commonwealth reporting	5	5	5	5
	<u>262</u>	<u>245</u>	<u>207</u>	<u>198</u>

40. CAPITAL COMMITMENTS

At June 30, 2002 the capital expenditure commitments are as follows:

Within 1 year	131,258	159,588	82,388	93,953
Later than 1 year & not later than 5 years	34	139	34	139
Later than 5 years	-	-	-	-
	<u>131,292</u>	<u>159,727</u>	<u>82,422</u>	<u>94,092</u>

The capital commitments include amounts for the following:

Dwelling Construction & Upgrades	65,182	74,231	65,182	74,231
Land Development and Redevelopment	4,601	2,991	4,601	2,991
Loans to Home Buyers	49,669	67,929	799	2,294
Crisis Accommodation Program	2,970	2,205	2,970	2,205
Joint Venture Land Development	6,750	7,742	6,750	7,742
New Living	465	2,194	465	2,194
Local Government & Community Housing Programs	1,655	2,435	1,655	2,435
	<u>131,292</u>	<u>159,727</u>	<u>82,422</u>	<u>94,092</u>

Loans to Homebuyers represents loans approved, but not yet disbursed pending completion of construction or awaiting settlement. The decrease in loan commitments from the previous year arises, from the lower level of lending in the latter part of the year for Keystart loans.

The decrease in commitments for dwelling construction and upgrades reflects higher completions rate for 2001/02. A total of 1582 units were completed against original target of 1225.

In addition, Land Development & Redevelopment projects have increased due to new projects in Banksia Gardens, Broome, Willagee and Cloverdale.

41. 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 June 30, 2002 a total of \$1,385 million has been raised for Keystart. These borrowings comprise of \$225 million of commercial paper, \$200 million of medium term notes and a further \$960 million 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 June 30, 2002, The State Housing Commission's contingent liability to the account amounted to \$186,500. To date there has not been a call on these funds.

(c) Loans to Terminating Building Societies

Terminating Building 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 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 June 30, 2002 was \$12,798,665

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

The State Housing Commission , for the year ended June 30, 2002, incurred Cashiers Shortages totalling \$936 (June 2001 \$1,108) all of which have been funded by The State Housing Commission.

Reportable thefts in 2001/2002 totalled \$4,800 (June 2001 \$4,250) none of which is recoverable.

Bad Debts written off in the year ended June 30, 2002 totalled \$2,887,551 (June 2001 \$2,212,187).

Loan interest written off on income based housing loans in the year ended June 30, 2002 totalled \$361,447 (June 2001 \$333,278). (note 1(u))

Bad Debts recovered totalled \$652,257 (June 2001 \$721,638).

43. GIFTS OF PUBLIC PROPERTY

In the year ended June 30, 2002 The State Housing Commission did not make any gifts of public property.

44. FINANCIAL INSTRUMENTS**44(a) Terms, conditions and accounting policies**

The economic 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(u).	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(u).	Rent receivables are due weekly in advance.

44(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(u).	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 4.65%.
Loans - homebuyers	Loans are carried at their original amount less principal repayments less any provision for doubtful debts as per note 1(u). 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. (currently 5.99%).
Loans - terminating building 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 terminating building societies are due in 2018. Loans made on a cash agency basis are received by the Commission based upon the actual amount paid by the homebuyer to the terminating building society. Interest rates on all terminating building society loans are variable. Details in relation to terminating building societies loans are outlined in Note 18(c).

44(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 2005, 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.
<i>(ii) 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 4.15% 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 2003 and June 2041. Interest rates are fixed at rates between 3% and 6%.

44(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.	The funds owing are secured by a floating charge over the assets of the Keystart Housing Scheme Trust, with a variable interest rate of 4.7%.
Borrowings – Medium Term Notes	Borrowings are carried at the original amount less principal repayments. Interest is charged as an expense as it accrues.	The funds owing are secured by a floating charge over the assets of the Keystart Housing Scheme Trust, with a variable interest rate. (currently 4.0%).
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.

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

Interest Rate Swaps

The entity enters into interest rate swap agreements that are used to convert the variable interest rate of its short-term borrowings to medium-term fixed interest rates. It is the 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. The swaps are entered into with the objective of reducing the risk of rising interest rates.

At reporting date, the entity had nine interest rate swap agreements with the following notional amount, interest rate, and maturity dates.

- 1) \$25 million, 5.33%, 15/07/2002
- 2) \$25 million, 5.42%, 15/10/2002
- 3) \$200 million, 5.50%, 15/10/2002
- 4) \$25 million, 5.47%, 15/01/2003
- 5) \$50 million, 5.90%, 15/07/2003
- 6) \$150 million, 6.16%, 15/01/2004
- 7) \$50 million, 6.42%, 15/05/2004
- 8) \$50 million, 6.44%, 15/08/2004
- 9) \$50 million, 6.44%, 15/11/2004

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

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

Unrecognised Financial Instruments	Accounting Policies	Terms and Conditions
(iii) Derivatives		
Interest Rate Caps	<p>The entity enters into interest rate cap agreements that are used to protect against increases in interest rates. It is the 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.</p>	<p>At reporting date, the entity had sixteen interest rate caps with the following notional amount, cap rate, and maturity dates.</p> <ol style="list-style-type: none"> 1) \$50 million, 6.50%, 15/07/2002 2) \$50 million, 6.50%, 09/08/2002 3) \$25 million, 6.50%, 15/10/2002 4) \$25 million, 6.50%, 15/10/2002 5) \$100 million, 7.00%, 15/04/2003 6) \$50 million, 7.00%, 15/08/2003 7) \$50 million, 6.00%, 15/10/2003 8) \$25 million, 7.00%, 15/11/2003 9) \$50 million, 7.00%, 16/02/2004 10) \$100 million, 5.75%, 15/04/2004 11) \$50 million, 6.25%, 15/10/2004 12) \$50 million, 5.50%, 11/12/2004 13) \$25 million, 5.75%, 12/03/2005 14) \$50 million, 5.75%, 23/11/2005 15) \$100 million, 6.00%, 15/04/2005 16) \$25 million, 6.00%, 15/04/2006

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

Interest Rate Collars

The entity enters into interest rate collar agreements that are used to protect against increases in interest rates. It is the entity's policy not to recognise interest rate collars in the financial statements. Net receipts are recognised as an adjustment to interest expense. Premiums paid for interest rate collars are amortised over the term of the collar.

At reporting date the entity had one interest rate collars with the following notional amount, floor rate, cap rate, and maturity

1) \$100 million, 4.50%, 6.25%, 15/10/2004

Interest Rate Floors

The entity enters into interest rate floor agreements that are used to reduce premium costs of other hedging instruments. It is the entity's policy not to recognise interest rate floors in the financial statements. Net payments are recognised as an adjustment to interest expense. Premiums received for interest rate floors are amortised over the term of the floor.

At reporting date the entity had two interest rate floors with the following notional amount, floor rate, and maturity

1) \$100 million, 4.75%, 16/10/2002

2) \$100 million, 4.5%, 15/10/2003

44(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					
		June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000				
(i) Financial Assets															
Cash assets		69,535	39,070									69,535	39,070	4.67%	6.01%
Cash assets - Superannuation		20,700	20,700									20,700	20,700	4.67%	6.01%
Cash assets - Restricted		8,447	8,338									8,447	8,338	4.67%	6.01%
Receivables - general									14,425	11,578		14,425	11,578	-	-
Receivables - land debtors									5,620	6,572		5,620	6,572	-	-
Receivables - rent from tenants and other									4,122	3,924		4,122	3,924	-	-
Receivables - rental bonds assistance									4,153	3,701		4,153	3,701	-	-
Investments - current		10,465	10,102									10,465	10,102	4.20%	4.95%

- not applicable for non-interest bearing financial instruments

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

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

Financial Instruments		Fixed Interest Rate Maturing In:													
		Floating interest rate		1 Year or Less		Over 1 to 5 Years		More than 5 Years		Non-interest Bearing		Total Carrying Amount as per the Statement of Financial Position		Weighted Average effective interest rate on interest bearing instruments	
		June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000
(i)	Financial Assets														
Investments - loans to homebuyers	1,620,097	1,682,839	542	700	1,178	2,000	639	321	12,544	22,774	1,635,000	1,708,634	6.19%	7.74%	
Investments - loans to terminating building societies	12,914	18,036							780	936	13,694	18,972	5.06%	5.56%	
Investments - loans to commercial organisations	337	678							383	421	720	1,099	3.9%	3.9%	
Investments - loans to local and statutory parties			25	50	93	119			399	404	517	573	8.1%	7.9%	
Total financial assets	1,742,495	1,779,763	567	750	1,271	2,119	639	321	42,426	50,310	1,787,398	1,833,263			

- not applicable for non-interest bearing financial instruments

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

Financial Instruments	Fixed Interest Rate Maturing In:													
	Floating interest rate		1 Year or Less		Over 1 to 5 Years		More than 5 Years		Non-interest Bearing		Total Carrying Amount as per the Statement of Financial Position		Weighted Average effective interest rate	
	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000
<i>(ii) Financial Liabilities</i>														
Borrowings - State nominated			3,227	3,088	14,428	13,807	279,286	283,134			296,941	300,029	4.5%	4.5%
Borrowings - WATC		50,000	705,173	488,188	431,898	497,338	82,225	84,819			1,219,296	1,120,345	3.73%	4.7%
Borrowings - Commonwealth advances			7,972	7,708	34,313	33,104	240,045	249,358			282,330	290,170	4.43%	4.3%
Borrowings - Commercial Paper	225,000	220,000									225,000	220,000	4.7%	5.92%
Borrowings – Medium Term Notes			200,000	150,000		200,000					200,000	350,000	4.0%	5.60%
Creditors - general									15,054	12,621	15,054	12,621	-	-
Creditors - rental deposits and tenant bonds	7,589	6,856									7,589	6,856	4.67%	6.01%
Creditors - rental property water consumption									1,325	1,408	1,325	1,408	-	-
Interest Rate Swaps	(625,000)	(875,000)	275,000	250,000	350,000	625,000					***	***	-	-
Interest Rate Caps	825,000	600,000									***	***	-	-
Interest Rate Collars	100,000	400,000									***	***	-	-
Interest Rate Floors	200,000	150,000									***	***	-	-
Total Financial Liabilities	732,589	551,856	1,191,372	898,984	830,639	1,369,249	601,556	617,311	16,379	14,029	2,247,535	2,301,429		

- not applicable for non-interest bearing financial instruments.

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

44(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 economic 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 economic 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.

	Total carrying amount as per the Statement of Financial Position		Aggregate Net Fair Value	
	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000
<i>Financial Assets</i>				
Cash assets	98,682	68,108	98,682	68,108
Receivables - general, land debtors, rents, and bonds assistance	28,320	25,775	28,320	25,775
Current investments	10,465	10,102	10,465	10,102
Loans - homebuyers	1,635,000	1,708,634	1,635,000	1,708,634
Loans - terminating building societies	13,694	18,972	13,694	18,972
Loans - other commercial organisations	720	1,099	720	1,099
Loans - local and statutory	517	573	517	573
Total financial assets	1,787,398	1,833,263	1,787,398	1,833,263

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

44(c) Net Fair Values (Cont'd)

	Total carrying amount as per the Statement of Financial Position		Aggregate Net Fair Value	
	June 2002 \$000	June 2001 \$000	June 2002 \$000	June 2001 \$000
Financial Liabilities				
Borrowings - State nominated	296,941	300,029	249,030	241,241
Borrowings - WATC	1,219,296	1,120,345	1,242,414	1,145,567
Borrowings - Commonwealth advances	282,330	290,170	244,663	242,854
Borrowings - Commercial Paper	225,000	220,000	225,000	220,000
Borrowings - Keystart Bonds				
Borrowings - Medium Term Notes	200,000	350,000	200,000	350,000
Creditors - general, rental deposits, tenant bonds, rental property water consumption	23,968	20,885	23,968	20,885
Interest rate swaps	***	***	(5,887)	(8,581)
Interest rate caps	***	***	4,296	5,223
Interest rate collars	***	***	-	-
Interest rate floors	***	***	-	-
Total financial liabilities	2,247,535	2,301,429	2,183,484	2,217,189

*** 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

*Cash at bank, superannuation
cash and restricted cash:*

The carrying amount approximates fair value.

Receivables and creditors:

The carrying amount approximates fair value.

Investments - current:

The carrying amount approximate fair value because
of their short term to maturity.

Loans to homebuyers:

The carrying amount approximates fair value.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

44(c) Net Fair Values (Cont'd)

<i>Loans to terminating building 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.
<i>Interest rate collar agreements:</i>	The fair values of interest rate collar agreements are determined by reference to similar types of hedging arrangements priced at reporting date.
<i>Interest rate floor agreements:</i>	The fair values of interest rate floor agreements are determined by reference to similar types of hedging arrangements priced at reporting date.

44(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 -\$5,887,200,
- (ii) interest rate caps and collars - which is limited to the net fair value of the cap agreement at reporting date, being \$4,295,900.

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.

45(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.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

EXPLANATORY STATEMENT OF FINANCIAL RESULTS

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.

COMPARISONS OF ESTIMATES 2001/2002 AND ACTUAL OPERATING RESULTS FOR 2001/2002

	Budget \$000	Actual \$000	Variation \$000
1. Revenues from ordinary activities have varied by the following:			
* Net profit on the disposal of assets. This variance of \$7,882 million is attributed to better than expected sales for vacant land. The market continued to be favorable throughout the year, with higher profit margins sustained. A revision was made to the budget as part of the review process during the year.	15,745	23,627	7,882
* Developers contributions. This variance is due to increased contributions from developer partners, primarily in Community Housing programs.	500	779	279
* Other revenues from ordinary activities. This variance is due to increased Conveyancing fees as a result of an increase in the volume of conveyancing, contributed by the transfer of Keystart Building Societies loans during the financial year.	1,773	3,307	1,534
2. Expenses from ordinary activities have varied by the following:			
* Community support programs. This variance arises from an increase in expenditure in the Aboriginal Villages and infrastructure program where there has been an increased focus in improving housing and infrastructure needs for Aboriginal communities.	26,177	28,566	2,389
* New living expense. This variance is mainly due to the increase in the level of the New living programme, which is as a result of complexes being made available earlier for refurbishment works to commence. The increase in expenses has been offset by increased revenue from sales.	29,716	33,650	3,934
3. Grants and subsidies from government have varied by the following.			
* State grants This variance is mainly due to the recent decision made by the Treasurer, to treat CSHA Matching funds from Treasury as contributions of Equity, as opposed to previous treatment, which was to classify these grants as revenue in the Commission's Financial Performance statement.	31,235	23,410	(7,825)

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

Details and reasons for significant variations between actual operating results for 2000/2001 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.

COMPARISONS OF ACTUAL OPERATING RESULTS FOR 2001/2002 WITH THOSE OF THE PRECEDING YEAR

	Actual June-2002 \$000	Actual June-2001 \$000	Variation \$000
1. Revenues from ordinary activities have varied by the following:			
* Rental revenue increased by \$5.048 million due to an increase in tenants reaching the 25 per cent household income to rent threshold.	120,017	114,969	5,048
* Interest revenue decreased by \$7.666 million due to predominately a decrease of interest earned on investments in Keystart preferential shares of \$4.897 million and a decrease of interest on loans of \$3.519million.	62,699	70,365	(7,666)
* Net profit on the disposal of assets increased by \$2.665 million. Net profit on the sale of land increased by \$0.825million due to increased market demand. An increase in net profit on sale of rental properties of \$1.732m was recorded.	23,627	20,962	2,665
* Developers contributions decreased by \$1.685 million due to contributions by developers towards Community Housing projects reverting to normal levels compared to the increased activity of the previous year.	779	2,464	(1,685)
* Other operating revenue has reduced by \$8.224 million mainly due to the effect of previous years revenue received from Keystart of \$9.533 million and increased conveyancing fees earned of \$1.408 million in the current year.	3,307	11,531	(8,224)
2. Expenses from ordinary activities have varied by the following:			
* Borrowing cost expense has decreased by \$5.699 million predominately due to a decrease in the interest rates on Keystart WATC borrowings of \$4.897million.	91,848	97,547	(5,699)
3. Grants and subsidies from government have varied by the following.			
* State grants have increased due to additional funds from Treasury for Aboriginal remote community infrastructure and services and a transfer of \$5.0 million from Department of Consumer affairs for rental housing assistance.	23,410	15,395	8,015

Estimated Statement of Financial Performance
for the period ending June 30, 2003

	<i>Homeswest</i>	<i>Home Purchase Assistance</i>	<i>LandStart</i>	<i>Corporate Overheads</i>	<i>Segment Eliminations</i>	<i>Entity Totals</i>
A001 Department of Housing and Works						
Income						
Net Rental Revenue	121,673,000	0	439,000	0	0	122,112,000
Sales Non Current Assets	10,970,000	820,000	22,063,500	0	(6,147,500)	27,706,000
Other Income	2,723,140	902,460	231,400	16,000	0	3,873,000
Total Interest Revenue	1,160,126	58,878,874	0	0	0	60,039,000
	136,526,266	60,601,334	22,733,900	16,000	(6,147,500)	213,730,000
Expenditure						
Rental Operating Expense	129,176,000	0	348,000	0	0	129,524,000
Management Expense	32,565,004	1,520,947	4,217,501	10,244,213	0	48,547,665
Net Interest Expense	21,378,523	56,382,183	11,809,744	0	0	89,570,450
Community and Villages Support Prog	34,809,000	75,000	0	0	0	34,884,000
Sundry Expense	3,668,723	2,228,035	70,807	8,000,915	0	13,968,480
Deprec and Amortisation	39,179,799	1,857,835	223,602	284,094	0	41,545,330
	260,777,049	62,064,000	16,669,654	18,529,222	0	358,039,925
Gross Profit/(Loss)	(124,250,783)	(1,462,666)	6,064,246	(18,513,222)	(6,147,500)	(144,309,925)
Support Staff Allocations	8,789,534	1,096,131	358,548	(10,244,213)	0	0
Support Service Other Costs	7,094,810	884,784	289,415	(8,269,009)	0	0
Abnormal Items	0	0	0	0	0	0
Net Profit/(Loss)	(140,135,127)	(3,443,581)	5,416,283	0	(6,147,500)	(144,309,925)
Commonwealth Grants	101,567,000	5,750,000	0	0	0	107,317,000
State Grant Funds	20,331,000	0	0	0	0	20,331,000
Operating Surplus/(Deficit) Prior to Transfer	(18,237,127)	2,306,419	5,416,283	0	(6,147,500)	(16,661,925)
Segment Transfers						
CSHA Matching	1,935,000	0	(1,935,000)	0	0	0
Rental Sales Fees Contribution	600,000	0	(600,000)	0	0	0
	2,535,000	0	(2,535,000)	0	0	0
Operating Surplus/(Deficit)	(15,702,127)	2,306,419	2,881,283	0	(6,147,500)	(16,661,925)

The Homeswest segment deficit reflects a considerable investment in the New Living program, which has led to substantial capital gains. Gains in New Living areas are significantly above the average metropolitan property price increases and have substantially improved the organisation's equity position.

Consolidated Statement of Financial Position
Estimates for 2002/03

	<i>Consolidated</i>	<i>SHC</i>
CURRENT ASSETS		
Cash Resources	46,062,963	36,062,963
Restricted Cash Resources	6,046,000	6,046,000
Accounts Receivable	17,062,000	11,062,000
Inventories	41,286,172	41,286,172
TOTAL CURRENT ASSETS	112,457,135	94,457,135
NON CURRENT ASSETS		
Investments and Loans	2,562,709,724	1,033,918,724
Rental Properties	3,230,201,838	3,230,201,838
Community Housing	127,394,516	127,394,516
Shared Equity Properties	105,560,723	105,560,723
Other Properties	23,086,105	23,086,105
Plant and Equipment	11,570,586	11,544,586
Work in Progress	76,996,154	76,996,154
Land Freehold and Joint Venture	267,536,009	267,536,009
Deferred Assets	81,584,664	78,764,664
TOTAL NON CURRENT ASSETS	6,486,640,319	4,955,003,319
TOTAL ASSETS	6,599,097,453	5,049,460,453
CURRENT LIABILITIES		
Creditors	35,862,000	25,175,000
Other Current Liabilities	5,978,000	5,978,000
Provisions	4,623,000	4,623,000
TOTAL CURRENT LIABILITIES	46,463,000	35,776,000
NON CURRENT LIABILITIES		
Borrowings	3,230,660,014	1,810,660,014
Provisions	17,777,063	17,777,063
TOTAL NON CURRENT LIABILITIES	3,248,437,077	1,828,437,077
TOTAL LIABILITIES	3,294,900,077	1,864,213,077
NET ASSETS	3,304,197,377	3,185,247,377
EQUITY		
Asset Revaluation Reserve	2,028,888,968	2,028,888,968
Retained Earnings	1,239,628,409	1,120,678,409
Contributions By Owners	35,680,000	35,680,000
TOTAL EQUITY	3,304,197,377	3,185,247,377

STATISTICAL SUMMARY

RENTAL WAITING LIST BY CUSTOMER TYPE	2001/02	2000/01	1999/00	1998/99	1997/98
Family	7800	8667	7263	8255	7091
Senior Single	1762	1707	1547	1518	1466
Senior Couple	297	314	350	500	630
1 Bedroom Applicants	4335	4768	3719	4053	3438
TOTAL	14194	15456	12879	14326	12625

RENTAL WAITING LIST BY BEDROOM NUMBER	2001/02	2000/01	1999/00	1998/99	1997/98
1 Bedroom family	0	0	0	0	22
2 Bedroom family	4389	4774	3806	4156	3514
3 Bedroom family	2768	3231	2897	3372	2963
4 Bedroom family	559	602	511	581	535
5+ Bedroom family	84	60	43	63	57
Senior Single (bsr & 1br)	1762	1707	1547	1518	1466
Senior Couple (1br & 2br)	297	314	350	500	630
1 Bedroom Applicants (bsr & 1br)	4335	4768	3719	4053	3438
Other	0	0	6	83	0
TOTAL	14194	15456	12879	14326	12625

NEW TENANCIES BY CUSTOMER TYPE	2001/02	2000/01	1999/00	1998/99	1997/98
Family	3059	3001	2499	3247	3344
Senior Single	711	665	684	583	673
Senior Couple	164	285	201	200	274
1 Bedroom Tenant	1273	1225	1088	989	1328
TOTAL	5207	5176	4472	5019	5619

RENTS	2001/02	2000/01	1999/00	1998/99	1997/98
Rebated	27835	27687	27752	28048	29384
Full Rent	5414	5539	5141	5185	4388
TOTAL	33249	33226	32893	33233	33772

TENANT INCOME SOURCES	2001/02	2000/01	1999/00	1998/99	1997/98
Age Pension	22.1%	23.1%	25.5%	26.05%	24.87%
Disability Support Pension	19.2%	18.3%	17.5%	16.64%	16.10%
Parenting Payment Single	17.8%	17.7%	16.8%	17.78%	19.84%
Newstart Allowance	7.7%	7.5%	8.2%	9.42%	11.62%
Veteran Services	2.3%	2.3%	2.7%	3.06%	3.35%
Low Wage Income	6.3%	6.2%	5.7%	7.12%	6.06%
Other	8.3%	8.2%	8.0%	4.33%	5.17%
Full Rent	16.3%	16.7%	15.6%	15.60%	12.99%

RENTAL ARREARS	2001/02	2000/01	1999/00	1998/99	1997/98
Average Arrears per Account	\$14.16	\$13.44	\$16.29	\$21.17	\$17.81
%age Accounts in Arrears	9.8%	10.47%	11.32%	14.80%	11.11%
Target	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00

RENTAL STOCK BY BEDROOM NUMBER	2001/02	2000/01	1999/00	1998/99	1997/98
Bedsitter	420	486	551	639	815
1 Bedroom	7431	7163	6974	6861	6668
2 Bedroom	9677	9635	9533	9546	9691
3 Bedroom	14675	15018	15416	15839	16254
4 Bedroom	2493	2459	2387	2266	2198
5+ Bedroom	372	350	326	306	268
TOTAL	35068	35111	35187	35457	35894

RENTAL STOCK BY BY DWELLING TYPE	2001/02	2000/01	1999/00	1998/99	1997/98
House	13083	13447	13828	14137	14477
Duplex	4676	4612	4552	4549	4522
Medium-High Density (2)	16905	16593	16345	16353	16432
Other (3)	404	459	462	418	463
TOTAL	35068	35111	35187	35457	35894

BUILDING COMMENCEMENTS (4) BY CUSTOMER TYPE	2001/02	2000/01	1999/00	1998/99	1997/98
Family	479	491	772	639	555
1 – 2 Bedroom	188	170	132	104	556
Seniors	264	309	391	447	148
TOTAL	931	970	1295	1190	1259

LAND PRODUCTION	2001/02	2000/01	1999/00	1998/99	1997/98
Lots Produced (5)	1705	1350	1483	1337	994

NOTES

(1) Percentages are rounded

(2) Medium-High Density: Townhouses, Flats and Apartments

(3) Other: Cluster House and Non Standard

(4) Commencements: Letter of Acceptance, Excludes Purchase Housing (homes built for sale). Includes Spot Purchase (acquisitions) and Joint Ventures

(5) Lots produced include land development and redevelopment, estates improvement and joint ventures.