



Department of Housing and Works
Government of Western Australia



GOVERNMENT PROJECTS

CENTENARY OF FEDERATION

COMMERCIAL PROPERTY

2001/02
ANNUAL REPORT

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Hon Tom Stephens MLC

Minister for Housing and Works;

Local Government and Regional Development;

The Kimberley, Pilbara and Gascoyne

I am pleased to submit for your information and presentation to Parliament, the annual report of the Department of Housing and Works for the financial year ending 30 June 2002.

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

Greg Joyce

Director General

Department of Housing and Works

THE DIRECTOR GENERAL'S OVERVIEW

The year was transitional for the new Department of Housing and Works and comprised of the following Government operations:

- (i) Commercial Property Branch from the Department of Treasury and Finance responsible for Government office accommodation;
- (ii) Government Projects which consist of projects such as the Maritime Museum at Fremantle and the Perth Convention and Exhibition Centre; and
- (iii) Centenary of Federation events.

The Department of Housing and Works will ultimately be the overarching vehicle for the State Housing Commission, the Rural Housing Authority, the Government Employees' Housing Authority, Keystart and the Western Australia Building Management Authority. Legislative changes are necessary to affect this reform.

There were significant achievements in the department this year. The Fremantle Maritime Museum was completed and the Perth Convention and Exhibition Centre commenced. Both will be landmarks for Western Australia in the years to come.

The highlight of the Centenary of Federation celebrations was the interstate train journey and this proved to be a great success.

Good progress was made on other major property adaptive projects such as the Old Treasury Building and the Heathcote site. The challenge is to resolve the future use of these controversial sites through a consultative process.

I acknowledge the hard work and dedication of departmental staff and the Minister for Housing and Works, Hon Tom Stephens, who is challenging and inspiring the department to take responsibility for the built environment.

MISSION

The mission statement for 2001/02 was:

To manage the planning and development of significant capital works projects on behalf of the Government and provide development advice to the Government and departments.

The Department of Housing and Works has since adopted the new mission statement that appears in the 2002/03 budget papers:

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

LEGISLATION IMPACTING ON THE DEPARTMENT'S ACTIVITIES

In the performance of its functions, the Department complies with the following relevant written laws:

- Financial Administration and Audit Act 1985
- Public Sector Management Act 1994
- Salaries and Allowances Act 1975
- Equal Opportunity Act 1984
- Occupational Safety and Health Act 1984
- Workplace Agreement Act 1993
- Minimum Conditions of Employment Act 1993
- Industrial Relations Act 1979
- Library Board of Western Australia Act 1951
- Disability Services Act 1993; and
- Public Works Act 1902

GOVERNMENT PROJECTS

OUTCOME

Government plans and development objectives achieved.

OUTPUT

Advice, planning and development of significant capital projects.

The provision of advice, planning and development of significant capital projects to achieve improved use of government land and facilities.

OUTPUT MEASURES

Output measures that apply to advice provided by Government Projects.

Measure	Target for 2001/2002	Actual for 2001/2002
Units of advice provided	6	10
Client satisfaction with advice provided	70%	70%
Client satisfaction with timeliness of advice provided	70%	80%
Average cost per unit of advice	\$3,000	\$3,108

A unit of advice is defined as recorded policy advice to a minister, or to Cabinet, or a Cabinet committee (for example, Cabinet comments, submissions and ministerial correspondence). The advice will have a significant impact on the public sector, taxpayers or the community as a whole.

Output measures that apply to the management of projects by Government Projects.

Measure	Target for 2001/2002	Actual for 2001/2002
Projects managed	8	11
Client satisfaction with projects managed	70%	56%
Client satisfaction with timeliness of projects managed	70%	44%
Average cost per project	\$574,875	\$327,418

The number of projects managed for 2001/02 exceeded the forecast by about 35% and together with a reduction of the capital user charge has resulted in the average cost per project decreasing to 57% of the target.

The survey group for the client satisfaction measure was very small (n=9). Only one survey response expressed a level of dissatisfaction with the management and timeliness of projects, and one-third of the respondent group gave a neutral response.

LEGISLATION IMPACTING ON GOVERNMENT PROJECTS

The procurement of capital works in Western Australia may be subject to a number of different areas of legislation, depending on the project. These may include:

- Aboriginal Heritage Act 1972;
- Architects Act 1921;
- Builder Registration Act 1939;
- Building and Construction Industry Training Fund and Levy Collection Act 1990;
- Disability Services Act 1993;
- Dividing Fences Act;
- Environmental Protection Act 1986;
- Environmental Protection (Landfill) Levy Act 1998;
- Explosives and Dangerous Goods Act 1961;
- Health Act 1911;
- Heritage of Western Australia Act 1990;
- Industrial Relations Act 1979;
- Land Administration Act 1997;
- Local Government Act 1995;
- Metropolitan Town Planning Scheme Act 1959;
- Occupational Health and Safety Act 1984
- Property Law Act 1969;
- Town Planning and Development Act 1928;
- Water Supply Sewerage & Drainage Act 1912

The major State Regulations that may be applicable to capital works include:

- Builders Registration Regulations 1940;
- Building Regulations 1989;
- Dividing Fences Regulations 1971;
- Environmental Protection Regulations 1987;
- Environmental Protection (Noise) Regulations 1997;
- Health (Construction Work) Regulations 1973;
- Heritage of Western Australia Regulations 1991;
- Industrial Relations Regulations (numerous);
- Land Administration Regulations 1998;
- Occupational Safety and Health Regulations 1996.

These Acts and Regulations are to be considered in the context of each works project to determine those that are applicable. There are also a number of codes applicable to the procurement of capital works. These include:

- Building Code of Australia;
- WA Code of Practice for the Building and Construction Industry;
- AS4120-1994 Code of Tendering; and
- AS2124-1992 General Conditions of Contract.

REPORT ON OPERATIONS

Resolution of matters of public interest requires good management of the preparatory process in order to realise Government objectives. Government Projects manages, on behalf of the Government, the planning and development of significant capital works projects that can be controversial when planning issues related to State-owned property and the public interest are involved.

PROJECTS

- Perth Convention and Exhibition Centre
- Maud's Landing
- Maritime Museum, Fremantle
- Heathcote Development
- Sunset Hospital Site
- Old Treasury Building
- Pyrton
- Swanbourne Hospital
- Former Works Depot Welshpool
- Rockingham City Centre
- Rockingham Waterfront Village

CENTENARY OF FEDERATION CELEBRATIONS WESTERN AUSTRALIA

OUTCOME

A supportive and involved Western Australian community in Centenary of Federation celebrations.

OUTPUT

Management and coordination of a range of State events for the celebration of the Centenary of Federation and Western Australia's participation in relevant National events.

OUTPUT MEASURES

Output measures that apply to the management of grants.

Measure	Target for 2001/2002	Actual for 2001/2002
Grants managed	201	201
Grants managed within committee guidelines	100%	100%
Grants delivered and acquitted within agreed timeframes	100%	100%
Average cost per grant managed	\$554	\$665

Output measures that apply to the promotional program/ major events.

Measure	Target for 2001/2002	Actual for 2001/2002
Promotional programs and major events managed	6	6
Promotional programs and major events completed to stakeholders' satisfaction	75%	100%
Promotional programs and major events delivered within agreed timeframes	100%	100%
Average cost per promotional program/major event	\$94,910	\$41,380

REPORT ON OPERATIONS

The Department of Housing and Works undertook responsibility for the delivery of the celebratory program of the Centenary of Federation within Western Australia in 2001. The state representative community committee for the program was provided with executive and management support to administer the State Government grants.

The strategy included an exciting \$3.5 million grants program called the 'WA 2001 Community Centenary Project' and two National Centenary of Federation 'Centrepiece' events. The 'WA 2001 Community Centenary Project' provided supportive funding to Western Australian community groups and local government authorities for the development of projects of lasting benefit to the wider community.

Launched in July 1998, the funding program covered five funding rounds - the last closed in June 2000. Two hundred and one community projects were realised, presenting thousands of Western Australians with the opportunity of direct involvement in the celebrations for the Centenary of Federation.

NATIONAL CENTREPIECE EVENTS

The two national centrepiece events were:

- 1) The Centenary of Federation National Conference of Young People and Youth Festivals.
 - Held between Friday September 21 - Sunday 23 September 2001.
 - The aim was to provide an opportunity for young people to actively engage both their local and broader communities to explore the challenges facing Australia and to describe what kind of nation we should create to best respond to them.
- 2) 'Tracks to Federation' – The East West Rail Journey.
 - On 22nd October 2001, exactly 85 years to the day since the first train left Adelaide to cross the Nullarbor for Western Australia, the 'Tracks to Federation', train departed from Keswick station Adelaide for Perth.
 - The journey was to commemorate the building of the railway and the important roles that both WA and SA regional communities played in the development of the line and the nation.

COMMERCIAL PROPERTY BRANCH

OUTCOME

Cost effective, whole-of-government coordination in procuring the State's office accommodation requirements, as well as the ongoing management of the office accommodation portfolio.

OUTPUT

Procurement and management of office accommodation

OUTPUT MEASURES

In the 2001/02 Budget process, the Commercial Property Branch came under the Department of Treasury and Finance and contributed towards the Financial Management and Advisory Services output. The relevant output measure was Hours of coordination and consultation.

Following the transfer of the Commercial Property Branch to the Department of Housing and Works, it was determined that the previous output measure was no longer appropriate and the following measures were developed as part of the 2002/03 Budget process:

Output measures that apply to the administration of leases.

Measure	Target for 2001/2002	Actual for 2001/2002
Number of commercial leases administered on behalf of Departments	N/A	434
Client satisfaction with the administration of leases on their behalf	N/A	78%
Client satisfaction with the timeliness of delivery of new office leases	N/A	79%
Cost per lease administered	N/A	\$4,251

Output measures that apply to the management of office buildings.

Measure	Target for 2001/2002	Actual for 2001/2002
Number of office buildings managed	N/A	23
Client satisfaction with the management of the office building they occupy	N/A	71%
Client satisfaction with the timeliness in responding to building management issues	N/A	67%
Cost per building managed	N/A	\$531,841

REPORT ON OPERATIONS

The Commercial Property Branch is responsible for coordinating the effective delivery and ongoing management of the State Government's office accommodation portfolio.

The Commercial Property Branch was transferred from the Department of Treasury and Finance on 1 February 2002 as part of the Machinery of Government review.

To ensure that a whole of government perspective was maintained in coordinating and managing the office accommodation portfolio, the Premier established the Government Accommodation Committee.

- The Committee comprises senior representatives from the Departments of Treasury and Finance, Premier and Cabinet and Housing and Works and is supported administratively by the Commercial Property Branch.

HIGHLIGHTS

During the year the Commercial Property Branch coordinated the following co-location of departments in accordance with the Machinery of Government recommendations:

- The co-location of the Department of Housing and Works in East Perth with the leasing of three floors at 169 Hay Street which adjoins the former Homeswest building;
- The co-location of the Department of Industry and Technology in Dumas House which resulted in the termination of leases in the SGIO Atrium building in St George's Terrace, generating annual rental savings in excess of \$2 million;
- The co-location of the Department of Local Government and Regional Development also into Dumas House (the move of the former Department of Local Government from the May Holman Centre is scheduled to occur in November 2002); and
- The consolidation of the Department of Consumer and Employment Protection into 3 sites in Perth and West Perth (Consumer Protection in the Forrest Centre, Labour Relations in Dumas House and Worksafe in the Westcentre).

The Commercial Property Branch also developed a comprehensive Building Information System to assist with management of the multi-tenanted office building portfolio. The system will become an invaluable tool in managing the portfolio in the future and has added to the value of the buildings in the meantime.

RESPONSIBILITIES

The responsibilities of the Commercial Property Branch are divided into three main functional areas as outlined below.

1. Policy, Planning and Procurement

Policy development within the Commercial Property Branch focuses on the establishment of appropriate benchmarks, standards and guidelines.

The planning function is undertaken at both operational and strategic levels. Operational planning covers the management of vacant space within the Government's office accommodation portfolio and the preliminary assessment of expiring leases to see if they still comply with current standards and benchmarks.

Strategic planning is aimed at the effective management of the government's entire office accommodation portfolio and produces high level planning strategies for the Perth CBD (including East Perth and West Perth) and for each of the regions throughout Western Australia.

The procurement function involves managing the various aspects of the office accommodation procurement process. Under this process departments are required to obtain approval from the Commercial Property Branch before they can procure any new office space.

2. Lease administration

The Government's office accommodation portfolio totals 560,000m² and is about 50% owned and 50% leased.

The Commercial Property Branch administers about 90% of the 285,200m² that is leased from the private sector i.e., about 260,235m² with an annual gross rental in excess of \$70 million.

3. Portfolio management

While the incumbent departments manage single-tenanted government-owned buildings, the Commercial Property Branch undertakes ownership responsibilities for the multi-tenanted buildings.

This comprises about 20% of the government's owned portfolio in terms of area or about 57,300m². The market value of these buildings is about \$105 million. The management of the portfolio was outsourced to Jones Lang LaSalle (JLL) in January 1998.

The portfolio management function is responsible for managing the multi-tenanted owned office buildings that are located within the Perth metropolitan area and in most of the strategic regional centres around the State.

STATEMENTS OF COMPLIANCE

HUMAN RESOURCES

Staffing

The number of employees for Housing and Works as at 30 June 2002 was 15. The table below provides a breakdown by employment type as at 30 June 2002.

Employment Type	Total	Women	Men
Permanent Full-time	13	0	13
Permanent Part-time	1	1	0
Fixed Term Full-time	1	0	0
Total	15	1	14

FTE as at 30 June 2002.

16

Average Staffing Level for the year

14.38

EQUAL EMPLOYMENT OPPORTUNITY

Housing and Works adopted the Department of Housing and Works Equal Opportunity Management Plan endorsed by senior management. This plan is now being reviewed to ensure it is relevant to the needs of the new entity.

EMPLOYEE RELATIONS

Workers' Compensation Statistics

Number of lost time injuries Nil.

CUSTOMER OUTCOMES

Housing and Works has adopted the following State Housing Commission plans and procedures that address customer and community requirements:

- Disability Service Plan
- Cultural Diversity and language services.
- Youth outcomes
- Waste Paper Recycling

Plans and procedures are currently being reviewed as a consequence of the merger.

CODE OF CONDUCT

The Code of Conduct is currently being reviewed as a consequence of the merger.

**COMPLIANCE WITH PUBLIC SECTOR MANAGEMENT ACT SECTION 31(1)
FOR THE YEAR ENDED 30 JUNE 2002**

1. In the administration of the Department of Housing and Works, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1 is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:	nil
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Number of breaches found, including details of multiple breaches per application:	nil
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Number still under review:	nil
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Greg Joyce

Director General
Department of Housing and Works
August 2002



AUDITOR GENERAL

To the Parliament of Western Australia

**DEPARTMENT OF HOUSING AND WORKS
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002**

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit opinion relates to the financial statements of the Department of Housing and Works for the year ended June 30, 2002 included on the Department of Housing and Works' web site. The Director General is responsible for the integrity of the Department of Housing and Works' web site. I have not been engaged to report on the integrity of the Department of Housing and Works' web site. The audit opinion refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

I have audited the accounts and financial statements of the Department of Housing and Works for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Director General 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 Director General.

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 Department 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 Department's financial position, its financial performance and its cash flows.

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

Department of Housing and Works
Financial statements for the year ended June 30, 2002

Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Housing and Works provide reasonable assurance that the receipt and expenditure of moneys 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, Statement of Cash Flows, Output Schedule of Expenses and Revenues and Summary of Consolidated Fund Appropriations and Revenue Estimates 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 Department at June 30, 2002 and its financial performance and its cash flows for the year then ended.



D D R PEARSON
AUDITOR GENERAL
October 15, 2002

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2002**

The accompanying financial statements of the Department of Housing and Works have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2002 and the financial position as at 30 June 2002.

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



R C GRANTHAM
PRINCIPAL ACCOUNTING OFFICER
Date: 15/8/2002



GREG JOYCE
ACCOUNTABLE OFFICER
Date: 15/8/2002

FINANCIAL SUMMARY

Department of Housing and Works Statement of Financial Performance *for the year ended 30 June 2002*

	Note	2001/02 (\$'000)
COST OF SERVICES		
Expenses from ordinary activities		
Employee expenses	4	1,003
Supplies and services	5	5,227
Depreciation/ Amortisation	6	985
Administration expenses	8	96
Accommodation expenses	9	58
Grants and subsidies	10	431
Capital user charge	11	5,474
Other	7	343
Total cost of services		13,617
Revenues from ordinary activities		
User charges and fees	12	412
Other	13	12
Total revenues from ordinary activities		424
NET COST OF SERVICES		13,193
REVENUES FROM GOVERNMENT	14	
Output appropriations		8,566
Liabilities assumed by the Treasurer		2
Resources received free of charge		254
Total revenues from Government		8,822
Change in net assets before restructuring		(4,371)
Net revenue from restructuring	15	132,488
Change in net assets after restructuring		128,117
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS		128,117

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

Department of Housing and Works

Statement of Financial Position

for the year ended 30 June 2002

	Note	2000/01 (\$'000)	2001/02 (\$'000)
<u>CURRENT ASSETS</u>			
Cash assets	16		2,998
Total Current Assets			2,998
<u>NON-CURRENT ASSETS</u>			
Restricted cash assets	17		19
Amounts receivable for outputs	18		1,685
Property, plant, and equipment	20		137,017
Total Non Current Assets			138,721
TOTAL ASSETS			141,719
<u>CURRENT LIABILITIES</u>			
Payables	21		214
Other liabilities	22		457
Provisions	23		137
Interest Bearing Liabilities	24		3,020
Total Current Liabilities			3,828
<u>NON-CURRENT LIABILITIES</u>			
Provisions	23		83
Interest Bearing Liabilities	24		7,669
TOTAL LIABILITIES			7,752
<u>EQUITY</u>			
Contributed equity	25		2,022
Accumulated surplus	26		128,117
TOTAL EQUITY			130,139
<u>TOTAL LIABILITIES AND EQUITY</u>			141,719

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

Department of Housing and Works**Statement of Cash Flows***for the year ended 30 June 2002*

	Note	2001/02 (\$'000) Inflows/(Outflows)
CASH FLOWS FROM GOVERNMENT		
Output appropriations		8,546
Capital contributions		2,022
Net cash provided by Government		<u>10,568</u>
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee costs		(922)
Supplies and services		(4,678)
Lease Interest		(198)
Administration expenses		(96)
Accommodation expenses		(58)
Grants and subsidies		(431)
Capital user charge		(5,474)
GST payment on purchases		(4,503)
GST payments to taxation authority		(651)
Receipts		
User charges and fees		658
GST Receipts on sales		4,128
GST Receipts from taxation authority		1,503
Net cash (used in)/from operating activities	27	<u>(10,722)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	19	<u>(562)</u>
Net cash (used in)/from investing activities		<u>(562)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Finance Lease		<u>(1,589)</u>
Net cash (used in)/from financing activities		<u>(1,589)</u>
NET INCREASE/(DECREASE) IN CASH HELD		(2,305)
Cash at the beginning of the reporting period		0
Cash assets transferred from other sources		5,303
CASH AT THE END OF THE REPORTING PERIOD		<u>2,998</u>

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

Department of Housing and Works

Output Schedule of Expenses and Revenues

for the year ended 30 June 2002

	Advice, planning and development of significant capital projects 2001/02 (\$'000)	Centenary of Federation celebrations 2001/02 (\$'000)	Procurement and management of office accommodation 2001/02 (\$'000)	TOTAL 2001/02 (\$'000)
COST OF SERVICES				
Expenses from ordinary activities				
Employee expenses	468	343	192	1,003
Supplies and services	1,850	477	2,900	5,227
Depreciation/ Amortisation	11		974	985
Administration expenses	66	29	1	96
Accommodation expenses	43	10	5	58
Grants and Subsidies		431		431
Capital user charge	1,171		4,303	5,474
Other	33		310	343
Total cost of services	3,642	1,290	8,685	13,617
Revenues from ordinary activities				
User charges and fees	103	309		412
Other	12			12
Total revenues from ordinary activities	115	309		424
NET COST OF SERVICES	3,527	981	8,685	13,193
Revenues from Government				
Output appropriations	1,755	318	6,493	8,566
Liabilities assumed by the Treasurer	2			2
Resources received free of charge	7		247	254
Total revenues from Government	1,764	318	6,740	8,822
Change in net assets before restructuring	(1763)	(663)	(1,945)	(4,371)
Net revenue from restructuring	4,204	663	127,621	132,488
CHANGE IN NET ASSETS AFTER RESTRUCTURING	2,441	0	125,676	128,117

The Output Schedule of Expenses and Revenues should be read in conjunction with the accompanying notes

Department of Housing and Works

Summary of Consolidated Fund Appropriations and Revenue Estimates

for the year ended 30 June 2002

	Estimate \$'000	Actual \$'000	Variation \$'000
PURCHASE OF OUTPUTS			
Item 44 Net amount appropriated to purchase outputs	3,838	1,949	(1,889)
Section 25 Transfer of output appropriation for the Commercial Property Branch	6,377	6,493	116
Amount authorised by other statutes			
- Salaries and Allowances Act 1975	124	124	-
Total appropriations provided to purchase outputs	10,339	8,566	(1,773)
Details of Expenditure by Outputs			
Advice, planning and development of significant capital projects	4,617	3,642	(975)
Centenary of Federation celebrations	681	1,290	609
Procurement and management of office accommodation	6,377	8,685	2,308
Total Cost of Outputs	11,675	13,617	1,942
Less retained revenue	(533)	(424)	109
Net Cost of Outputs	11,142	13,193	2,051
Adjustment for movement in cash balances and other accrual items	(803)	(4,627)	(3,824)
Total appropriations provided to purchase outputs	10,339	8,566	(1,773)
CAPITAL			
Item 138 Capital Contribution	2,715	2,715	-
Section 25 Transfer of capital contribution for the Commercial Property Branch	1,399	1,399	-
	4,114	4,114	-
Capital Expenditure			
Capital appropriations	4,114	4,114	-
Adjustment for movement in cash balances and other accrual items	15,027	13,347	(1,680)
Total Capital Expenditure	19,141	17,461	(1,680)
ADMINISTERED			
Item 45 Administered grants and transfer payments	6,849	1,154	(5,695)
Total administered appropriations	6,849	1,154	(5,695)
GRAND TOTAL OF APPROPRIATIONS	21,302	13,834	(7,468)
DETAILS OF REVENUE ESTIMATES			
Revenues disclosed as Administered Revenue	-	39,753	39,753

The Summary of Consolidated Fund Appropriations, Variances to actual and budget should be read in conjunction with accompanying notes.

The estimate contains an adjustment for a Section 25 transfer of Output appropriation for the Commercial Property Branch

This Summary provides the basis for the Explanatory Statement information requirements of TI 945.

1. Departmental mission and funding

The Department's mission is to manage the planning and development of significant capital works projects on behalf of the Government and provide development advice to the Government and departments.

The Department is predominantly funded by parliamentary appropriation. Revenues controlled by the Department are net appropriated under the Financial Administration and Audit (Net Appropriations) Determination 2001/2002, which causes all revenue controlled by the Department to be subject to net appropriation in the 2002 financial year. The financial statements encompass all funds through which the Department controls resources to carry out its functions.

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

2. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements.

General statement

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

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

Basis of accounting

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

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

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

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

(a) Output appropriations

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

(b) Contributed Equity

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

(c) Net appropriation determination

Pursuant to section 23A of the Financial Administration and Audit Act, the Treasurer may make a determination providing for prescribed revenue to be retained by a department. Receipts in respect of all revenues recognised in the Statement of Financial Performance are the subject of a net appropriation determination by the Treasurer.

(d) Grants and Other Contributions Revenue

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

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

(e) Revenue recognition

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

(f) Acquisitions of assets

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

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

(g) Depreciation of non-current assets

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

Department of Housing and Works
Notes to the Financial Statements

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

Buildings	40 years
Computer hardware and software	3 – 5 years
Air Conditioning	10 years
Furniture	10 years
Office equipment	5 years

(h) Revaluation of Land, Buildings and Infrastructure

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

(i) Leases

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

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

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

(j) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets other than restricted cash assets.

(k) Accrued salaries

The accrued salaries suspense account (refer to note 17) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer to note 22) represents the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year-end. The Department considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(l) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectability of receivables is reviewed on frequent basis and it is anticipated that the total outstanding will be collected.

(m) Payables

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

(n) Amounts Due to the Treasurer

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

(o) Employee entitlements

Annual leave

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

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 employees' departures and period of services. 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".

Superannuation

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

The superannuation expense is comprised of the following elements;

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

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

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

From 1 July 2001 the Department was funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund. Prior to 1 July 2001, an amount equivalent to the employer contributions which would have been paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme if the Department had made concurrent employer contributions to these Schemes, was included in superannuation expense. The amount was also included in the revenue item "Liabilities assumed by the Treasurer".

(p) Resources received free of charge or for nominal value

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

(q) Administered Assets constructed by the Department

The cost of non current assets constructed by the Department includes the cost of all materials and direct labour. The proportion of other incidental costs directly attributable to construction are also capitalised. These non current assets and associated revenues from government are disclosed as administered assets and revenues as the Department obtains no future economic benefits from completed assets.

(r) Comparative Figures

The Department of Housing and Works ("Department") was formed on the 1st July 2001 as a result of the recommendations of the "Machinery of Government" task force, to take on activities formerly performed by various other Government departments. The prior year comparative values are, therefore, not available.

(s) Project Development costs

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

3. Outputs of the Department

Information about the Department's outputs and, the expenses and revenues which are reliably attributable to those outputs is set out in the Output Schedule. Information about administered transactions of the Department is available at note 36 & 37.

The three key outputs of the Department:

Output 1: Advice, planning and development of significant capital projects

This output comprises the provision of advice, planning and development of significant capital projects to achieve improved use of government land and facilities.

Output 2: Centenary of Federation celebrations

This output is to manage and coordinate a range of State events for the celebration of the Centenary of Federation and Western Australia's participation in relevant National events.

Output 3: Procurement and management of Government office accommodation

This output is to provide management services for the leasing and coordination of Government's office accommodation portfolio.

Department of Housing and Works
Notes to the Financial Statements

	2001/02 (\$'000)
4. Employee expenses	
Salaries	809
Superannuation	74
Other Personnel costs	120
	<u>1,003</u>
These employee expenses include superannuation and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee entitlement provision at Note 23.	
5. Supplies and services	
Services and contracts	2,295
Repairs and maintenance	2,932
	<u>5,227</u>
6. Depreciation/ Amortisation	
Buildings	969
Computer equipment	11
Furniture and equipment	5
	<u>985</u>
7 Other	
Interest expense	310
Provision for doubtful debts	33
	<u>343</u>
8. Administration expenses	
Communication	16
Motor vehicles	46
Other costs	34
	<u>96</u>
9. Accommodation expenses	
Lease rentals	<u>58</u>
10. Grants and subsidies	
Friends of Kings Park	390
Kalgoorlie- Boulder Tourist Centre	25
Town of Northam	15
Other	1
	<u>431</u>
11. Capital user charge	
Capital user charge	<u>5,474</u>

A capital user charge rate of 8% has been set by the Government for 2001-02 and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.

	2001/02 (\$'000)
12 User charges and fees	
Receipts for Centenary of Federation events	309
Project recovery costs	103
	<u>412</u>
13 Other	
Other Income Earned	<u>12</u>
14. Revenues from Government	
Output Appropriation (I)	8,566
	<u>8,566</u>
The following liabilities have been assumed by the Treasurer during the financial year:	
- Superannuation (II)	<u>2</u>
	<u>2</u>
Resources received free of charge (III) have been determined on the basis of the following estimates provided by agencies:	
Office of the Auditor General	
- audit services	10
Crown Solicitor's Office	
- legal advice	4
Department of Land Administration	
- Valuation and consultancy services	240
	<u>254</u>
	<u>8,822</u>

(I) Output appropriations are accrual amounts as from 1 July 2001, reflecting the full price paid for outputs purchased by the Government. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(II) Where a liability has been assumed by the Treasurer or other entity, the department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability.

(III) Where assets or services have been received free of charge or for nominal consideration, the department recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

2001/02
(\$'000)

15. Net revenue from restructuring

The Department of Housing and Works was formed on the 1st July 2001 as a result of the recommendations of the "Machinery of Government" task force, to take on activities formerly performed by various other Government departments. The activities taken up on the 1st July 2001 were from the Government Projects Office, Department of Tourism, and Department of Contract and Management Services. The activities for the Commercial Property Branch from Treasury were taken up as at 1st February 2002.

Assets transferred to the Department

* Cash	5,303
Restricted cash	16
Receivables	532
Land and buildings	137,129
Furniture and equipment	305
Amounts receivable for outputs	1,665

Liabilities assumed by the Department

Liabilities	(12,308)
Provisions	(154)
	<u>132,488</u>
* The cash includes an amount taken up of \$663,000 for Centenary of Federation activities from the former Department of Contract and Management Services. No formal agreement has been reached.	

16. Cash Assets

Departmental operating account	<u>2,998</u>
--------------------------------	--------------

17. Restricted Cash Assets

Non-current	
Amount held in suspense account is only to be used for the purpose of meeting the twenty seventh pay in a financial year that occurs every eleven year	<u>19</u>

18. Amounts Receivable for Outputs

Non current	<u>1,685</u>
This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.	

19. Purchase of Non-current Assets

Installation of plant and purchase of office equipment	(562)
--	-------

	2001/02 (\$'000)
20. Property, plant and equipment	
Furniture and fittings	
At cost	1
Accumulated depreciation	0
	<u>1</u>
Office machines and equipment	
At Cost	50
Accumulated depreciation	(20)
	<u>30</u>
Air conditioning	
At Cost	818
Accumulated depreciation	0
	<u>818</u>
Computer hardware and software	
At cost	69
Accumulated depreciation	(61)
	<u>8</u>
Land	
At fair value (i)	44,070
	<u>44,070</u>
Buildings	
At fair value (i)	65,659
Accumulated depreciation	(684)
	<u>64,975</u>
Buildings - Leased	
At fair value	27,400
Accumulated amortisation	(285)
	<u>27,115</u>
	<u>137,017</u>

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

Department of Housing and Works
Notes to the Financial Statements

Reconciliation of the carrying amounts of each class of property, plant and equipment at the start and the end of the current year are set out below

	Land \$000	Buildings \$000	Furniture And Fittings \$000	Office Machines And Equip. \$000	Air Conditioning \$000	Computer Hardware & Software \$000	Total \$000
Carrying amount at start of year							
Additions	44,070	93,059	1	35	818	19	138,002
Disposals							
Depreciation		(684)		(5)		(11)	(700)
Amortisation		(285)					(285)
Carrying amount at end of year	44,070	92,090	1	30	818	8	137,017

The additions for the year contain the non-current assets taken up as part of the "Machinery of Government" initiative, as well as subsequent additions.

	2001/02 (\$'000)
21. Payables	
GST Liability	214
22. Other Liabilities	
Accrued salaries	24
Accrued expenses	433
	457
23. Provisions	
Current	
Annual leave	42
Long service leave	95
	137
Non-current	
Long service leave	83
	220
24. Interest Bearing Liability	
A government property at 151 Royal Street is being purchased by way of a finance lease arrangement from the Government Employees Superannuation Board with a final payment due in June 2005.	
Total value of the lease liability at present value	10,689
Current	
Present value of lease payable within 1 year	3,020
Non-current	
Present value of lease payable to June 2005	7,669
The lease commitment is as follows:	
Payable within 1 year	3,575
Payable >1 year and less than 5 years	10,128
Total Lease Commitment	13,703

Equity

Equity represents the residual interest in the net assets of the Department of Housing and Works. The Government holds the equity interest in the Department on behalf of the community.

25. Contributed equity

Capital contributions	2,022
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26. Accumulated surplus

Opening Balance at the beginning of the year	0
Change in net assets after restructuring	128,117
Closing Balance	128,117

27. Notes to the Statement of Cash Flows

Reconciliation of cash flows used in operating activities to net cost of services

Net cash (used in)/from operating activities	(10,722)
Non-cash items:	
Depreciation	(985)
Resources received free of charge	(254)
Liabilities assumed by the Treasurer	(2)
Provision for doubtful debts	(33)
Increase/(decrease) in assets:	
Current receivables	(499)
Non current assets	3
(Increase)/decrease in liabilities	
Current payables	(189)
Current provisions	(28)
Other current liabilities	(446)
Non current provisions	(38)
Net cost of services (operating statement)	(13,193)

28. Financing Facilities

The Department of Housing and Works has an overdraft facility in the form of a Treasurer's Advance that is shown as an administered liability (see note 37)

Treasurer's Advance Account	
Total line of credit available	11,000
Drawdown as at 30 June	(7,000)
Amount of credit unused	4,000

2001/02
(\$'000)

29. Leases

During the financial year the Department leased motor vehicles from the State Supply Commission under operating leases. These leases are non-cancellable operating leases in terms of Australian Accounting Standard AAS17 "Accounting for Leases". The total of rental expense included in the net cost of services for the year is:

36

Lease commitments for the next two years are:

Payable no later than one year

21

Payable later than one, not later than five years

7

During the financial year, as part of salary sacrifice facilities for staff, the Department entered into a number of novated leases. Under the terms of these leases no residual liability rests with the Department and the Department's only obligation is to make the stated payments whilst the staff members are currently employed at the Department.

30. Remuneration and Retirement Benefits of Senior Officers

The remuneration for the Director General has been disclosed within The State Housing Commission annual report.

Remuneration

The number of Senior Officers whose total of fees, salaries, superannuation and other benefits received, or due and receivable, for the financial year, who fall within the following bands is:

\$	2001/02
160,001 - 170,000	1

Total Remuneration of Senior Officers

No senior officers are members of the pension scheme

31. Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments are all on an accrual basis.

The following explanations are provided in accordance Treasurer's instruction 945. Significant variations are considered to be those greater than 10% or \$5,000,000.

(i) Significant variances between estimate and actual – Total appropriation to purchase outputs

	2001/02		
	Estimate	Actual	Variance
	\$'000	\$'000	\$'000
Net amount appropriated to purchase outputs for the year	3,838	1,949	(1,889)
The variance is due to reduced funding provided for the payment of capital user charges			
Retained revenue	533	424	109
The variance is due to lower than expected user charges and fees			
Output Expenditure			
<u>Advice, planning and development of significant capital projects</u>	4,617	3,642	(975)
The variance is a result of lower than expected payment of capital user charges			
<u>Centenary of Federation celebrations</u>	681	1,290	609
The variance is due to increased expenditure attributed to carryover of unspent but committed funding from the previous financial year			
<u>Procurement and management of Government office accommodation</u>	6,377	8,685	2,308
The variance is due to a higher than expected demand for building maintenance and fitout work			
(ii) Significant variances between actual and prior year actual and actual – Total appropriation to purchase outputs			
The Department of Housing and Works was formed on the 1 st July 2001 as a result of the recommendations of the “Machinery of Government” task force, to take on activities formerly performed by various other Government departments. The prior year comparative values are, therefore, not available.			
(iii) Significant variances between actual and prior years actual – Capital Contribution: See note 30 (ii)			
(iv) Significant variances between estimate and actual, and actual and prior year actual – Total administered appropriations			
The appropriation for the City of Melville – Land Sales was not fully utilised this financial year	6,849	1,154	(5,695)
(v) Significant variances between estimate and actual, and actual and prior year actual – Administered revenues			
The variance is due to rent received on government accommodation for the Commercial Properties activities taken over at February 1 st 2002. No estimate was made in the Department of Housing and Works for the administered rentals.		39,753	39,753

32. Additional Financial Instruments Disclosures

Interest rate risk exposure

The Department's exposure to interest rate risk is nil as the relevant financial instruments, consisting of cash, receivables, payables, other liabilities, and provisions are all non-interest bearing.

Credit risk exposure

Receivables are the only financial instrument in which there is credit risk exposure. The credit risk is represented by the carrying amount.

Net Fair Value

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

**2001/02
(\$'000)**

33. Remuneration of auditors

External audit

Office of the Auditor General notional fee	10
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34. Capital Commitments

Commitments for capital expenditure	-
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35. Supplementary Information

Losses of public moneys and/or other property through theft or default	-
--	---

Public and other property, revenue and debts due to the State written off in accordance with section 45 of the Financial Administration and Audit Act by:	-
---	---

- | | |
|---------------------------|---|
| – the Accountable Officer | - |
| – the Minister | - |
| – Executive Council | - |

Analysis of Amounts Written Off:	-
– Irrecoverable amount	-
– Assets written off	-

Gifts of Public Property	-
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	2001/02 (\$'000)
36. Administered Expenses and Revenues	
Expenses	
Grants, subsidies and transfer payments	1,199
Depreciation	262
Accommodation - Lease rents	34,009
Payments to government	5,057
Total administered expenses	<u>40,527</u>
Revenues	
Rent	39,736
Other	17
Total administered revenues	<u>39,753</u>
Revenues from Government	
Appropriations	1,154
Total revenues from Government	<u>1,154</u>
37. Administered Assets and Liabilities	
Current assets	
Cash assets	6,032
Receivables	4,716
Other assets	644
Total Administered Current Assets	<u>11,392</u>
Non - Current Assets	
Land and buildings – Valuation by Valuer General's Office as at July 2001	15,267
Work in progress	29,603
Total Administered Non - Current Assets	<u>44,870</u>
Total Administered Assets	<u>56,262</u>
Current Liabilities	
Payables	205
Treasurers advance	7,000
Other liabilities	641
Total Administered Current Liabilities	<u>7,846</u>
Total Net Assets	<u>48,416</u>
Administered Net Assets transferred to the Department (see note 15)	
Current Assets	29,723
Non-Current Assets	29,246
Current Liabilities	(13,439)
	<u>45,530</u>

38. Contingent Liabilities

The State has an obligation of approximately \$6m to a local government authority in relation to costs associated with a completed project, the payment of which is dependent upon further conditions being met.

39. Events occurring after reporting date

On 1 July 2002 the operational activities of the Western Australian Building Management Authority will be brought to account in the books of the Department of Housing and Works.

All assets and liabilities currently reported in the Western Australian Building Management Authority, except for the loan portfolio, will be transferred into the Department of Housing and Works.

The financial effect has not been recognised in these statements.

The Department has taken on the management of the Perth Convention and Exhibition Centre Agreement, including the State's payments. The first payment of \$47,550 was made on the 1st July 2002.



AUDITOR GENERAL

To the Parliament of Western Australia

DEPARTMENT OF HOUSING AND WORKS PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002

Matters Relating to the Electronic Presentation of the Audited Performance Indicators

This audit opinion relates to the performance indicators of the Department of Housing and Works for the year ended June 30, 2002 included on the Department of Housing and Works' web site. The Director General is responsible for the integrity of the Department of Housing and Works' web site. I have not been engaged to report on the integrity of the Department of Housing and Works' web site. The audit opinion refers only to the performance indicators named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these performance indicators. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance indicators to confirm the information included in the audited performance indicators presented on this web site.

Scope

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

The Director General 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 Department'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 Department of Housing and Works are relevant and appropriate for assisting users to assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2002.

D D R PEARSON
AUDITOR GENERAL
October 15, 2002

**CERTIFICATION OF PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2002**

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Housing and Work's performance, and fairly represent the performance of the Department for the financial year ended 30 June 2002.



GREG JOYCE

ACCOUNTABLE OFFICER

15 August 2002

PERFORMANCE INDICATORS – DEPARTMENT OF HOUSING AND WORKS 2001/02

Mission

The Department's mission is to manage the planning and development of significant capital works projects on behalf of the Government and provide development advice to the Government and departments.

New Department

The Department of Housing and Works was formed on the 1st July 2001 through the amalgamation of various other Government departments. The activities taken up on the 1st July 2001 were from the Government Projects Office, Department of Tourism, and Department of Contract and Management Services. The activities for the Commercial Property Branch from Treasury were taken up as at 1st February 2002. The Performance Indicators for Centenary of Federation, Government Projects, and the Commercial Property are reported here under the Department of Housing and Works.

Determination of customer satisfaction

Satisfaction ratings for the effectiveness measures were obtained from a client survey and based on the use of a 7 point Likert-type scale. Customers were asked to provide a rating of DHW's services in the range "Very satisfied", "Satisfied", "Slightly satisfied", "Neither satisfied nor dissatisfied", "Slightly dissatisfied", "Dissatisfied", or "Very dissatisfied".

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

Outcomes of the Department

The three outcomes that the Department seeks to achieve are:

Outcome 1: *Government plans and development objectives achieved.*

The Government Projects team aims to achieve this outcome through the provision of advice, planning and development of significant capital projects to achieve improved use of government land and facilities.

Effectiveness: Minister's and agency satisfaction with achievement of planning and development objectives.

Target 2001/02	Actual 2001/02
70%	70%

This indicator was determined by survey of the Minister and corporate clients.

<i>Survey Statistics:</i>	Population – 12
	Number of valid responses – 10
	Responses as % of population – 83%
	Census of all possible respondents

Output 1: Advice, planning and development of significant capital projects.

<i>Efficiency Measure 1</i>	Average cost per unit of advice
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Target 2001/02	Actual 2001/02
\$3,000	\$3,108

This measure is calculated as the total cost allocated to this service, including overheads, divided by the number of units of advice provided.

A unit of advice is defined as recorded policy advice to a minister, or to Cabinet, or a Cabinet committee (e.g. Cabinet comments, submissions and ministerial correspondence). The advice will have a significant impact on the public sector, taxpayers or the community as a whole.

<i>Efficiency Measure 2</i>	Average cost per project managed
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Target 2001/02	Actual 2001/02
\$574,875	\$327,418

This measure is calculated as the total cost allocated to this service, including overheads, divided by the number of projects managed.

DHW provided project management for 11 significant new or improved future use projects.

Outcome 2: *A supportive and involved Western Australian community in Centenary of Federation celebrations*

Effectiveness: Representative community committee satisfaction with executive support provided for Centenary of Federation objectives.

Target 2001/02	Actual 2001/02
75%	100%

This indicator was determined by formal resolution of the committee (8 members) at its final meeting in February 2002.

The "WA 2001 Community Centenary Project" provided supportive funding to Western Australian community groups and local government authorities for community projects, and for major promotional programs and events, providing thousands of Western Australians with the opportunity to have direct involvement in the Centenary of Federation celebrations. This is a key indicator of performance as it measures directly the representative community committee's satisfaction with the executive and management support services provided for the provision of the community projects, and for the programs and major events managed.

Output 2: *Centenary of Federation Celebrations*

Efficiency Measure 1 Average cost per grant managed.

Target 2001/02	Actual 2001/02
\$554	\$665

This indicator is calculated as the total cost allocated to this service, including overheads, divided by the number of grants managed.

DHW managed the allocation of 201 grants to community groups and local authorities. This is a key indicator in assessing the input necessary to provide this service.

Efficiency Measure 2 Average cost per promotional program/major event.

Target 2001/02	Actual 2001/02
\$94,910	\$41,380

This indicator is calculated as the total cost allocated to this service, including overheads, divided by the number programs and major events managed.

DHW provided management and co-ordination support for 6 major promotional programs and events. This is a key indicator in assessing the input necessary to provide this service.

Outcome 3: *Cost effective, whole of Government coordination in procuring the State's office accommodation requirements as well as the ongoing management of the office accommodation portfolio.*

Effectiveness: The whole of government co-ordination for the procurement of the State's office accommodation requirements is achieved through the Office Accommodation Procurement Process.

Measures of effectiveness for this process include:

Effectiveness Measure 1 Occupational density for the city and metropolitan region

Lettable Area	Employee numbers	Area per employee 2001/02	Target 2001/02
272,362 sq m	12,583 (estimated FTEs)	21.6	17.0

Occupational density is the average net lettable area per employee in leased and owned government office accommodation as at 30 June.

The design benchmark of 17 sq m per employee for new office fitouts was contained in the Office Accommodation manual published by Treasury in February 1999. Although occupation density is reviewed regularly with departments, at this stage there is no legislation to direct them to comply with this benchmark. An exercise is currently in progress to develop a more appropriate benchmark for 2002/03.

Effectiveness Measure 2 Vacancy rate for the city and metropolitan region

Lettable Area	Vacant Area	Vacancy Rate 2001/02
272,362 sq m	679 sq m	0.25%

Vacancy rate is the percentage of total marketable office accommodation by area that is vacant in leased and owned government office accommodation as at the 30 June.

Effectiveness Measure 3 Client satisfaction with the services provided in relation to the lease administration and property management functions.

Actual 2001/02
78%

This indicator was determined by corporate client survey.

Survey Statistics: Population – 62
Number of valid responses – 56
Responses as % of population – 90%
Census of all possible respondents

The ongoing management of the State’s office accommodation portfolio involves the administration of leases on behalf of Government departments and the management of multi-tenanted office buildings that are owned by the Department of Housing and Works. The effectiveness measure is client satisfaction with the services provided in relation to the lease administration and property management functions.

Output 3: Procurement and Management of Office Accommodation

Efficiency Measure 1 Cost per lease administered

Actual 2001/02
\$4,251

This indicator is calculated as the total cost allocated to this service including overheads, divided by the number of leases administered.
DHW provided this service since February 2002, and administered 434 leases at 30 June 2002.

Efficiency Measure 2 Cost per building managed

Actual 2001/02
\$531,841

This indicator is calculated as the total cost allocated to this service, including overheads, divided by the number of buildings managed.
DHW provided this service since February 2002, and managed 23 office buildings at 30 June 2002.
