



State Housing Commission
annual report
2002-03

annual
report

Statement of Compliance

STATE HOUSING COMMISSION

Hon Nick Griffiths LLB MLC


**MINISTER FOR HOUSING AND WORKS; RACING AND GAMING; GOVERNMENT
ENTERPRISES; LAND INFORMATION**

In accordance with Section 66 of the Financial Administration and Audit Act 1985, we hereby submit for your information and presentation for Parliament the annual report of the State Housing Commission for the year ending 30 June 2003.

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.



D. COATES
DEPUTY CHAIRMAN



G. JOYCE
DIRECTOR GENERAL

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About the State Housing Commission

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

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

- the housing services formerly provided under *Housing Act 1980*, the *Government Employees Housing Act 1964* and the *Country Housing Act 1998*; with
- the state capital works and maintenance services provided under the *Public Works Act 1902*.

The State Housing Commission’s functions include:

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

Key Statistics 2002-03

The Commission has a total of 39,062 housing properties encompassing:

- 35,025 rental properties;
- 1,708 units in joint venture projects with supporting organisations;
- 1,115 properties built in remote areas for Aboriginal people;
- 789 properties for other community housing groups; and
- 425 properties for crisis accommodation.

In addition, there are a further 119 resident-funded joint venture properties, which appear on the State Housing Commission’s asset register, effectively resulting in 39,181 properties.

The Commission assists low to moderate income Western Australians to purchase their own homes through a home loan portfolio of 21,115 loans, which includes shared-equity in 2,792 properties. There are a further 19,281 customers currently paying off bond loans, which have enabled them to enter the private rental market.

Our Mission

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

Our Vision

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

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

for the benefit of all Western Australians.

Our Role

To provide 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.

Board of Commissioners

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

Composition of the Board

Lloyd Guthrey FCPA, FAICD, FAIBF **Chairman**

Lloyd Guthrey has been a banker for 44 years. He 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 Co-operative Bulk Handling Ltd, the Grain Pool of WA and the South-West Irrigation Cooperatives. His other directorships include the Winston Churchill Memorial Trust and the Corps of Commissionaires (WA). Mr Guthrey is also 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 and was a Commissioner until February 2003 and has wide experience of the housing industry, particularly Aboriginal housing issues.

Peter Yu **Commissioner**

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

Dr Ann Zubrick **Commissioner**

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

Mike Bonney
Commissioner

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

John Gherardi BSc, BEcons, DipTheol
Commissioner

John Gherardi has had a long-standing involvement in social housing policy and has been associated with the Commission through various consultative bodies and

program committees. He has been involved in the provision of community housing for many years, and is Director of City Housing. Mr Gherardi is Chief Executive of Ruah Community Services and a Director of the WA Council of Social Services.

Greg Joyce BA, LLB, Bjuris
Director General (General Manager
State Housing Commission)

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



Affordable housing made possible through Landstart and the New Living Program.

The Executive

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 became Director General of the Department of Housing and Works in July 2001. He maintains his position of General Manager, State Housing Commission under the *Housing Act 1980*.

BOB THOMAS Dip Pub Admin
General Manager Housing and
Facilities Management

Bob Thomas joined the 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 1999.

KERRY FIJAC BCom CPA
Executive Director Regional Services

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

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 Redevelopment 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 Ms Arnold appointed as Executive Director until her resignation in March 2003.

PETER GOW BE BA Grad Dip Bus MIE
(Aust)

Acting Executive Director Office of
Policy and Planning

Peter Gow joined the Department of Housing and Works in July 2001, as a result of the Government's Machinery of Government changes. He has occupied senior positions in Government agencies, including the Building Management Authority and the Department of Contract and Management Services. The departure of Anne Arnold in March 2003 led to his appointment as Acting Executive Director of the Office of Policy and Planning.

DANNY FORD Dip Teach BSW
Executive Director Aboriginal Housing
and Infrastructure Unit

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

IAN JOHNSTON BEc Dip Teach
Executive Director Commercial Operations

Ian Johnston joined the Department of Housing and Works in July 2001, 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 the Treasury Department. His role in Commercial Operations includes the direction and management of the Department's entire land function, and controlling housing and works procurement. Ian Johnston is a member of the Landstart Board and a director of various joint venture companies.

BEVAN BEAVER Dip Pub Admin
Executive Director Business Strategies

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

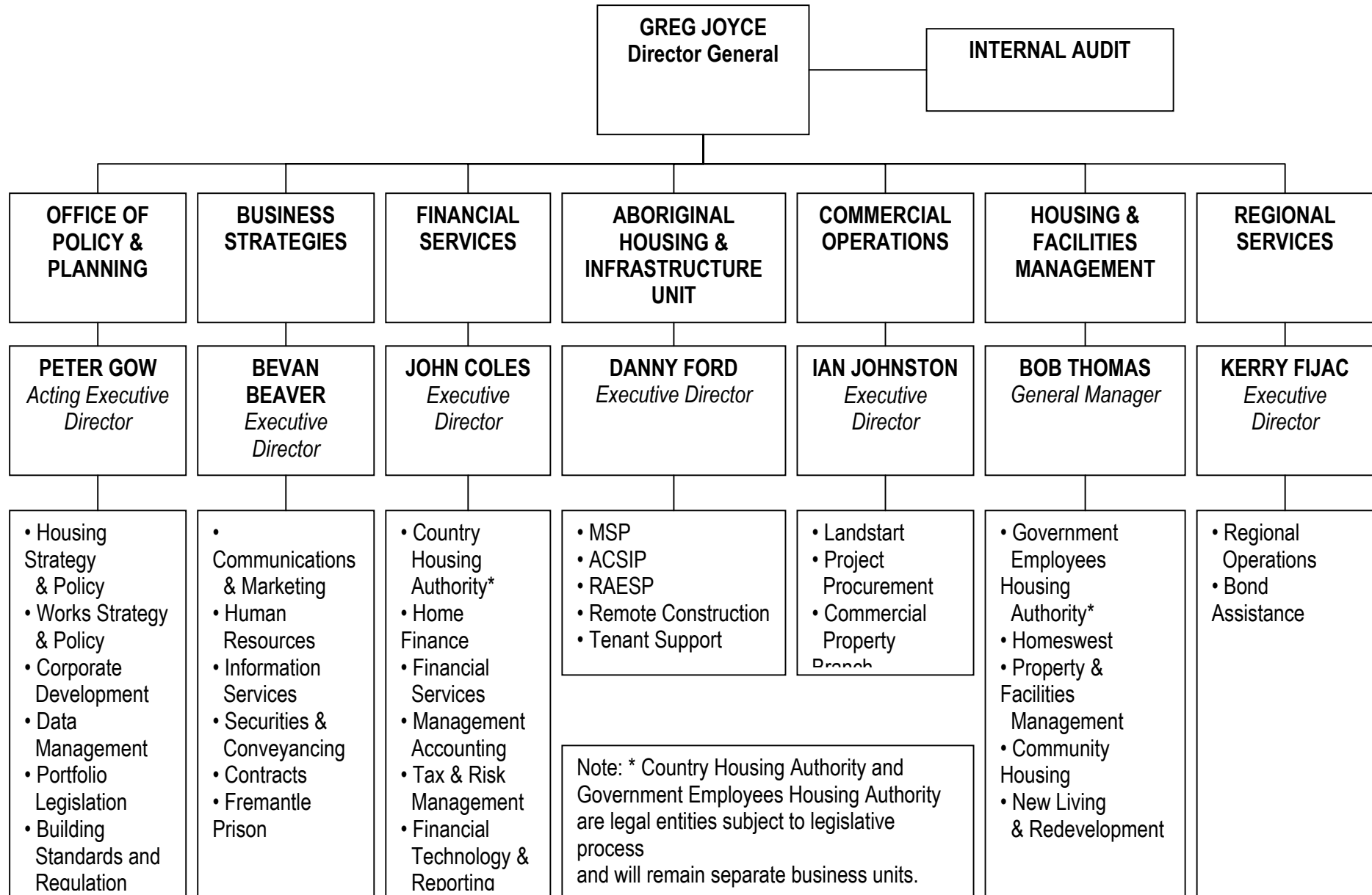
JOHN COLES MBA (Fin) Grad Dip Bus
Executive Director Financial Services

John Coles has been with the 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.



Joint Venture project commenced at Ellenbrook

Organisational Structure



Director General's Foreword

The 2002-03 financial year has been a challenging period for the State Housing Commission and the coming year should be no less challenging.

The Commission devoted a great deal of energy to the negotiation of a new Commonwealth-State Housing Agreement. The Commonwealth's agreement – which came into effect on 1 July 2003 – is a five-year agreement with indexation from the second year. However, with the continued application of a one per cent efficiency dividend and no further compensation for the adverse impact of the goods and services tax on public housing, the Commission will need to maintain astute financial management and sound resource allocation in order to deliver effectively on our Mission: “responding to the hopes of all Western Australians for their housing and construction needs”.

A key word in this Mission is “all”. Looking back at the year, I believe the Commission has achieved excellence in its outcomes in identifying and meeting the needs of a diverse customer base. There are many examples, and each is a source of pride to the Commission and a credit to the vision and effort of its staff.

From accommodation found for over 1,000 homeless families or individuals to robust housing programs for Aboriginal communities and people with disabilities;

and an outstanding result through the Keystart program which helped over 2,600 families purchase their first homes: people from all walks of life, with different needs and aspirations, throughout the State have benefited from a range of Commission programs.

I am also proud to report that the Eastern Horizons project, under our New Living Program, won the Western Australia Planning Institute of Australia award for “Excellence in Community-Based Planning” and was also awarded the National Planning Institute award for community-based planning at their national conference in Adelaide.

I must acknowledge the considerable contribution and support given to the Commission by our Minister for the greater part of the year, the Hon Tom Stephens MLC and the retiring Chairman, Mr Lloyd Guthrey. Their commitment to our work and inspiration for our future has been outstanding.

With our new Minister, the Hon Nick Griffiths MLC and new Chairman, the Hon Ian Taylor, I have every confidence that the State Housing Commission will have another distinguished year in 2003-04.

Finally, I must thank all members of the Commission staff for their hard work, dedication and commitment in achieving the outstanding results for 2002-03

The Year in Review

- The Keystart Home Loan Scheme approved 3,424 loans amounting to \$372.5 million.
- A network of 700 mortgage brokers was introduced to the Keystart program, providing homebuyers with wider access and information about the loan products available.
- The Commission spent a total of \$58.6 million on maintenance and improvements to rental properties during the year.
- The Homeless Helpline received 1,533 contacts and assisted 1,109 families into housing.
- The Supported Housing Assistance Program received a major funding boost in 2002-03 with an additional \$0.5 million allocated to the program. The increased funding allowed the program to expand to seven additional country towns and supported up to 56 new customers.
- The Bond Assistance Scheme provided 15,539 bond loans amounting to \$6.1 million.
- The new Aboriginal Housing and Infrastructure Council was established and Aboriginal Housing Forums were held at Katanning, Narrogin, Mirrabooka, Collie, Broome, Derby, Port Hedland and Karratha.
- Land sales took place in a number of locations including the metropolitan area, Broome and Geraldton. This resulted in revenue of \$35.8 million.
- 1,541 lots were sold under the Joint Ventures Program, yielding \$51.4 million in revenue.
- As at the end of 2002-03 there were seven separate New Living projects underway in metropolitan Perth and a further eight in country areas.
- Under the New Living Program, 171 vacant lots of land were sold throughout the State, earning \$9.5 million in income.
- During the year, some 459 of the Commission's residential dwellings were refurbished at a cost of \$21.4 million and sold, providing income of \$46.2 million.
- 290 properties were refurbished at a total expenditure of \$9.7 million. The Commission will retain the properties for rental purposes.
- 93 rental properties worth nearly \$10.7 million were sold to tenants under the Rental Sales Scheme.
- 1,848 units were commenced, 1,678 were completed at a total expenditure of \$152.9 million.

Summary of Output Performance

Output 1 Home Loans	Output 2 Rental Housing	Output3 Land
Assisting Western Australians to realise their dream of home ownership.	Rental accommodation, subsidies and other programs for low to moderate-income earners.	Acquisition, development and sale of land.
Highlights <ul style="list-style-type: none"> • Mortgage broker component introduced in Keystart program. • More than 3,400 Keystart loans approved. • Home ownership made possible for 51 customers. • Homes provided for 30 people with disabilities. • Home ownership made possible for 38 Aboriginal families. • Restart Scheme counselled 132 families. 	Highlights <ul style="list-style-type: none"> • State Housing Appeals Mechanism reviewed. • Rental and Maintenance Policy reviewed. • Aboriginal Housing and Infrastructure Council established. • Amendments made to Debt Discount Scheme, providing greater access. • More than 15,000 Bond Assistance Loans approved. • Community Housing Strategic Plan developed. • New five-year Indigenous Housing Agreement signed. 	Highlights <ul style="list-style-type: none"> • Rental Sales Scheme exceeded revenue expectations from property sales. • Improved methodologies developed for Joint Venture projects. • Metropolitan properties sold for Redevelopment Program. • Infrastructure improved as part of New Living program. • New Living programs continued across the State/metropolitan area.
Outlook for 2003-04 <ul style="list-style-type: none"> • Introduce changes to eligibility criteria for Keystart loans. • Market use of mortgage originators to home buyers. 	Outlook for 2003-04 <ul style="list-style-type: none"> • Brownlie Towers in Bentley to be refurbished. • New Living Programs to be expanded to Queens Park and Southwell. • Development of Joint Venture programs around the State to continue. • Policy initiatives to be implemented to provide employment and training opportunities in Aboriginal communities. 	Outlook for 2003-04 <ul style="list-style-type: none"> • Wellard project to commence. • Joint Venture development to commence for Banksia Grove.

Output 1 Home Loans

The State Housing Commission, through Keystart, assists Western Australians to realise their dream of home ownership through low-deposit, low-cost, affordable home ownership schemes.

Highlights 2002-03

Keystart Home Loan Scheme

- The Scheme approved 3,424 loans amounting to \$372.5 million.
- \$276.4 million was approved for the purchase of 2,758 established homes during the year.
- \$96.1 million was approved for new construction represented by 666 new building starts, thus providing more jobs for Western Australians.
- 2,656 loans were provided for first homeowners.

Other Loan Schemes

- The GoodStart Scheme assisted 51 of the State Housing Commission's rental tenants and applicants for rental tenancy into home ownership.
- The Access Loan Scheme for people with disabilities assisted 30 families. Since inception in 1995, the scheme has assisted 463 families.
- The Aboriginal Home Ownership Scheme assisted 38 families in making the transition to home ownership.
- The Restart Scheme provided home loan counselling to approximately 132 families who had difficulties with their privately financed home loans.

Overview

A significant development was the introduction of a mortgage broker component to the Keystart program. Western Australians seeking a Keystart loan can now obtain a loan directly through the Keystart office or one of over 700 accredited brokers throughout the State. The use of the broker network provides families with greater awareness and access to the Keystart products.

Keystart policy was extended to allow families to obtain a loan for the purchase of land up to a limit of \$100,000, providing that they had the intention to commence building within 12 months. Previously Keystart would provide loans for existing properties or house and land packages only. In addition, in keeping with the increase in property values, Keystart lifted its maximum property limit to \$250,000, the loan limit to \$225,000 and maximum income to \$85,000 per annum for each applicant.

The Keystart Safety Net mechanism continues to be well received by families experiencing short-term financial difficulties, with 163 families assisted during the year.

Keystart continued to provide funds for neighbourhood improvement programs such as parks and playgrounds. During the year \$116,000 was spent for this purpose.

Outlook 2003-04

Several factors point to a positive outlook for Keystart in 2003-04. These are:

- continued growth of the property market;
- a low interest rate environment;
- the use of mortgage originators by Keystart; and
- some changes to Keystart eligibility criteria in 2002-03

The State Housing Commission is expected to increase its home finance lending to \$546.6 million.

Home Ownership Outputs for 2003-04

During 2003-04 the State Housing Commission is expected to assist 5,162 families across its schemes, with Keystart being the largest at 5,000 loans amounting to \$533.5 million.

The GoodStart Scheme is expected to assist a further 60 families with \$6.8 million, the Access Scheme 54 families with \$4.0 million and the Aboriginal Scheme 48 families with \$5.0 million.

The Restart Scheme will also be available to assist families who have private sector home finance and are experiencing difficulties with their loans.



The 300th purchaser in the Aboriginal Home Ownership Scheme.

Outcome: Housing eligible Western Australians

HOME LOANS OUTPUTS 2002-03

Quantity & Cost

	Actual 2002-03	Target 2002-03	Explanation for variance		
Keystart - Number of loans approved - Value of loans approved (Includes 51 Goodstart loans at a value of \$3.8M)	3,424 \$372.5M	5,000 \$518.9M	The demand for Keystart loans was less than expected due to private sector lenders being able to assist borrowers particularly where they qualified for the First Home Owners Grant.		
GoodStart - Number of equity purchases - Value of equity purchases (Loan component included in Keystart numbers)	51 \$1.4M	65 \$2.2M	The decrease is due to increased property prices impacting on affordability for potential low-income homebuyers.		
Aboriginal Home Ownership Scheme - Number of loans approved - Value of loans approved	38 \$4.0M	50 \$5.0M	Demand and approvals affected by increase in property prices and over commitment by borrowers with other debts.		
Access Home Loan Scheme - Number of loans approved - Value of loans approved	30 \$2.0M	70 \$4.5M	A number of applicants were declined because they were over committed with other debts, thus resulting in less approvals.		
	1998-99	1999-00	2000-01	2001-02	2002-03
Operating Costs per Current Loan Account - Nominal	\$4,292	\$5,054	\$5,580	\$4,392	\$4,859
Operating Costs per Current Loan Account - Real	\$4,292	\$4,938	\$5,171	\$3,963	\$4,266
For further information refer to Efficiency Performance Indicator 2.					

Timeliness

There is no waiting list for home loans.

Output 2 Rental Housing

The State Housing Commission, through Homeswest, provides rental accommodation, rental subsidies and various structured programs for thousands of families on low to moderate incomes. Rental Housing manages 35,025 properties, of the 39,181 properties in the total housing portfolio, throughout the state. An extensive regional network including three metropolitan and six country regional offices and 16 branch offices support the day-to-day management of these tenancies.

RENTAL HOUSING

Highlights 2002-03

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 \$58.6 million was spent on maintenance and improvements to rental properties during the year. This included:

- \$18.6 million on day-to-day maintenance;
- \$8.8 million on maintenance of vacated properties;
- \$9.2 million on refurbishments and improvements such as heating, ceiling fans, smoke alarms, disability fittings and fencing;
- \$4.3 million on planned maintenance including internal and external painting;
- \$3.5 million on maintaining the grounds and gardens at housing complexes; and
- \$9.7 million on refurbishing properties for retention under the New Living Program.

In addition, Homeswest spent \$4.5 million to renew or replace damaged items through insurance funding, compared to \$3.3 million in 2001-02. Much of this cost was associated with damage from severe storm activity, vandalism and theft.

A number of property conversions from septic tanks to sewerage were undertaken during the year in the following areas:

- 67 properties in Mirrabooka with a total expenditure of \$150,340;
- 40 properties in Fremantle with a total expenditure of \$80,114; and
- 32 properties in Cannington with a total expenditure of \$81,311.

The refurbishment of rental properties continued with 189 commencements and does not include refurbishments undertaken as part of the New Living Program.

I. Mainstream Rental

Highlights 2002-03

1. Rental Policy

An extensive review of the Homeswest Rental and Maintenance Policy was conducted in 2002-03 in conjunction with the Rental Sector Standing Committee, a sub-committee of the Housing Advisory Committee. The changes included:

- the Debt Discount Scheme was amended to allow a 50 per cent discount on customer debts, increased from 33.3 per cent under the former scheme. The changes allow greater access to the Debt Discount Scheme;
- the Debt Recovery Policy was comprehensively reviewed,

leading to substantial clarification and some significant changes;

- the Commission, in consultation with various other Government and non-Government stakeholders, reviewed its Domestic Violence Policy during 2002-03; and
- changes were made to the Maintenance Policy. The majority of these changes relate to Tenant Liability. The changes, although generally minor in nature, provide greater focus for officers assessing charges.

2. Strategic Initiatives

- The Supported Housing Assistance Program received a major funding boost in 2002-03 with an additional \$0.5 million allocated to the program. The increased funding allowed the program to expand to seven additional country towns and support up to 56 new customers.
- Protocols between the Commission and the Department for Community Development for the administration of the Supported Assistance Accommodation Program were revised during the year in consultation with the program providers. The protocols prescribe the collaborative approach to the administration of the program in policy and service-delivery terms.
- A newly devised metropolitan-based head lease program was implemented, involving Centrecare and Anglicare. Under the new model, the Commission provides the housing and the agencies jointly support the tenant. The new program has assisted 21 families during 2002-03.
- During the year, \$9.7 million was spent refurbishing 290 dwellings for retention as part of the rental housing program.
- The Karawara New Living Program was completed in 2002-03 and achieved the aims of the program, improving the overall amenity of the suburb.
- The Regional Refurbishment Program saw 183 completions at a cost of \$3.5 million. The program aims to refurbish and improve the amenity of older properties not located in New Living areas.
- With the amalgamation of the Department of Contract and Management Services and the Ministry of Housing to form the Department of Housing and Works, rationalisation of office accommodation was necessary. The collocation of office accommodation was achieved in Bunbury, Broome, Carnarvon, Merredin, Narrogin and Northam.
- An informal review of the Homeswest Appeals Mechanism was undertaken in 2002-03. The review resulted in a number of administrative and procedural changes aimed to enhance confidence in the independence of the Appeals Mechanism and allow appellants more time to prepare their appeal.
- In partnership with Centrelink, the Commission implemented the Income Confirmation Scheme. The Scheme provides for the electronic transfer of tenant income details from Centrelink to the Commission, thereby removing the onus on the tenant to obtain verification of this information from Centrelink. Tenant participation in the scheme is voluntary.
- The Commission completed a review of physical security at its regional offices, resulting in the upgrade of office reception areas and access.
- The Commission continued to make a positive contribution to inter-agency initiatives through senior officer representation on: the Gordon Enquiry Implementation

Taskforce; the Homelessness Implementation Taskforce; the Early Years Taskforce; the Stronger Families Reference Group; the Family and Domestic Violence Co-ordinating Committee; and the WA Drug and Alcohol Strategy Senior Officers Group.

- The Homeless Helpline received 1,533 contacts and assisted 1,109 families into housing.
- The Bond Assistance Scheme provided 15,539 bond loans amounting to \$6.1 million.

Outlook 2003-04

The Commission will undertake the refurbishment of the Brownlie Towers complex in Bentley. Originally constructed in 1969, the flats are the Commission's largest high-rise development, providing homes for 300 tenants. Refurbishment of the complex will be undertaken in close consultation with the community.

\$1.5 million has been budgeted for the upgrade of the Harler Place complex in Mosman Park. This 69-unit complex was constructed in 1969 and comprises 12 one-bedroom, 41 two-bedroom and 16 three-bedroom apartments.

The Commission will amalgamate its remaining single-purpose regional offices in Karratha, Kalgoorlie and Esperance throughout 2003-04.

The Supported Housing Assistance Program will receive a further \$0.5 million boost to its base funding in 2003-2004.

The New Living Programs will continue in existing estate suburbs and new metropolitan programs will commence in Southwell and Queens Park. Existing Programs in Geraldton and Carnarvon are also set to expand to other suburbs in those towns.

A budget of \$2.9 million has been allocated under the Refurbishments Program for the refurbishment of 120 properties across the State.

II. Bond Assistance

The Commission's Bond Assistance scheme was established in 1985 to help people on low incomes gain access to the private rental market. The scheme provides interest-free loans to eligible applicants for the security deposit required by real estate agents and private landlords.

The bond loan cannot be used for other expenses such as advance rent or letting fees. The rent should not exceed 60 per cent of the applicant's gross disposable income. The bond loan will not be approved where a bond payment has been made.

The bond loan is an interest-free loan and repayments are made through regular payment of \$15 per fortnight. Arrangement can be made to have payments deducted directly from Centrelink payments.

Applicants may visit any Department of Housing and Work's office to apply for a bond loan. Approval is usually granted immediately and no appointment is necessary. However, to qualify for a bond loan, applicants must meet public housing income and asset limits and must be over 16 years of age. Bond applicants in remote and north-west areas receive a 40 per cent higher level of Bond Assistance to cater for the higher cost of private rental housing.

Highlights 2002-03

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

- A total of 15,539 loans valued at \$6.1 million were approved.
- Customers made loan repayments in excess of \$5.5 million.
- 66.5 per cent of loan repayments (\$3.7 million) were made through direct deduction from the Centrelink payments of loan customers.

- As at 30 June 2003 there were 19,281 bond applicants paying off bond loans valued at \$4.4 million.

Ingoing fees (Rent in Advance and Letting Fee)

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

As at 30 June 2003, 103 customers had been assisted with a total of \$73,819 comprising:

- bond assistance loans to the value of \$45,585;
- rent in advance to the value of \$22,981; and

- letting fees to the value of \$5,253.

Ingoing fees are added to the Bond Loan obtained by the customer.

III. Appeals

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

Highlights 2002-03

During the year there was a significant increase in the total number of appeals lodged with the Regional Appeals Committee. A total of 2,114 appeals were lodged which represented an increase of 24 per cent over the total of 1,705 lodged in 2001-02.

The Regional Appeals Committee determined 1,575 appeals of which:

Decision	2002-03		2001-02
	Appeals (no.)	%	%
In favour of appellant	551	35.0	33.6
Dismissed	721	45.8	52.5
Partially upheld	219	13.9	13.9

Note: Of the 1,575 appeals, 84 or 5.3 per cent were adjourned.

The Public Housing Review Panel determined 289 appeals of which:

- 75 or 26.0 per cent were upheld;
- 194 or 67.1 per cent were dismissed;
- 2 or 0.7 per cent were partially upheld; and

- 7 or 2.4 per cent were resolved prior to the hearing.

Eleven appeal matters, or 3.8 per cent, were ineligible for consideration by the Panel. During the year, appeals to the Public Housing review Panel increased by 26.2 per cent from 229 to 289.

COMMUNITY HOUSING

Community Housing encompasses 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, members of the public 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 State Housing Commission manages four distinct community housing programs:

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

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

Highlights 2002-03

1. General

The Community Housing Strategic Plan for 2003 – 2008 is in the final stages of development.

A total of 3,811 units of accommodation have been provided across Western Australia

under the community housing programs, including:

- 1,708 under the Joint Venture Housing Program;
- 861 under the Community Disability Housing Program;
- 789 under the Community Housing Program; and
- 425 under the Crisis Accommodation Program.

In addition, a further 28 Crisis Accommodation Program properties are currently used for mainstream rental as part of the property rollover strategy.

2. Joint Venture Housing Program

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

- eleven units for seniors in Kenwick with South City Housing;
- nine units for seniors in Exmouth, completing a five-stage development consisting of 35 joint venture units in total with the Shire of Exmouth;
- a large six-bedroom family home, complete with school-room, constructed for the Shire of Murchison;
- stage II of the Lionsville Denmark complex with an additional 12 units for seniors to complement the existing 10 units;
- Mayflower Homes, a 23-bed lodging house in Subiaco, was acquired; and
- an eight-unit development in Gosnells, combining low-income family and seniors accommodation, was constructed.

3. Community Housing Program

- A joint venture between the Royal Perth Hospital, the Broome Regional Aboriginal Medical Service, the Kimberley Aboriginal Medical Services Council and the Broome Health Service was initiated to establish a satellite renal unit in Broome. The success of this project depends upon patients of this facility being able to find suitable accommodation whilst receiving treatment. The State Housing Commission has purchased "Broometime Lodge", a 26-bedroom property in Broome to accommodate the renal dialysis patients.
- A six-bedroom hostel for Youth was constructed in Wilson.
- Two-bedroom family units were constructed in Balcatta (nine) and Innaloo (four).

4. Crisis Accommodation Program

- A 22-bedroom Hostel for homeless men in East Perth was redeveloped as part of an 80-bed complex.
- A five-bedroom, wheelchair accessible refuge was constructed in Newman. The provision of this new facility is consistent with the Government's commitment to address the needs of victims of domestic violence in Newman and surrounding areas.
- The Carnarvon Family Safe House was constructed. This Safe House consists of a five-bedroom refuge and two, two-bedroom transitional units on the same site.
- The old Hedland Women's Refuge was demolished and a new five-bedroom women's refuge constructed.
- The Derby Family Healing Centre was completed. This is a new concept which aims to combine culturally-based counselling,

healing services and crisis accommodation for victims of family violence in the main refuge. In addition, there is separate accommodation for the male partners on the same site, in order to keep Indigenous families together.

Outlook 2003-04

- Stage II of a complex for people with disabilities in Shenton Park, in joint venture with Westcare will be completed.
- Six units for the Milligan Foundation in Mandurah – four under the Community Housing Program and two under the Community Disability Housing Program – will commence construction.
- Nine Community Housing Program units are under construction in Albany for the Great Southern Housing Association.
- A joint venture project with the Burnna Yurrul Aboriginal Corporation consisting of six units for Indigenous families will be constructed in Laverton.
- The Shire of Yalgoo will obtain two family units via the Joint Venture Housing Program.

In total, the projected commencements for 2003-04 are:

- Community Housing Program – 39 units;
- Crisis Accommodation Program – 37 units;
- Joint Venture Housing Program – 60 units; and
- Community Disability Housing Program – 125 units.

DISABILITY SERVICES COORDINATOR

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

Highlights 2002-03

- Buckland House, a purpose-built home was completed in Mt Helena to accommodate four adults who have intellectual disabilities and high support needs. This facility enables the male residents to participate in shopping, recreation and other community activities within their own community.
- A half-day home open was held in Karratha to exhibit the features of a purpose-built mobility home. The mobility home is designed to meet individual disability needs. The home open provided the opportunity for the public and local service providers, such as the Disability Services Commission and the local council, to view the standard of housing the Commission provides for people with special housing needs.
- The Commission won an award in the category of "Best Special Needs Kitchen Project" and was a finalist in the "Best Special Needs Kitchen" Project of the Year at the Housing Industry Association Awards' 2003 Kitchen and Bathroom Awards.
- "Action on Access Awards": the Commission was again the recipient of a commendation for Improvements in Access for people with disabilities. The Commission was recognised for the construction of a triplex development in Bunbury.
- A Memorandum of Understanding was signed between the Commission

(Cannington Region) and Bentley Health Service. Its aim is to foster a closer working relationship and define each agency's respective obligations and commitments in the delivery of services for people with disabilities.

Achievements

During the financial year \$15.5 million was spent on accommodation for people with disabilities, providing 698 homes, including rental allocations, through:

- the Access Home Loan Scheme;
- community housing programs; and
- public rental housing.

This included funding for the construction of 37 purpose built mobility homes and the purchase of 48 houses from the private market.

Through the Access Home Loan Scheme, 30 loans were provided to individuals and families to enable them to build or purchase homes and equated to a commitment by the Commission of \$2 million. Eligible home loan customers were able to access a free architectural design service to assist in developing plans to modify or purpose-build a home to meet their disability needs.

Partnerships

The Commission participates in overseeing policy development and the implementation of housing strategies to support positive outcomes for people with disabilities. It undertakes this work through a number of committees, including:

- Community Options 100 Project Reference Group.

The Commission is represented on this steering committee, established to explore various models of services and community-based accommodation options for people with mental illness.

- Joint meetings and partnership with the Office of Mental Health and the Department of Health.
These meetings are held to progress policy and operational issues concerning accommodation and support for people with mental illness.
- Joint meetings with the Disability Services Commission.
These meetings are held to address the interests and housing needs of people with physical and intellectual disabilities.
- Pathways to Resilience steering committee.
This is a collaborative inter-agency project that aims to improve the health and wellbeing of children with a parent with a mental illness.
- ACROD's Acquired Brain Injured Interest Group.

Modifications

Modifications to existing housing stock are undertaken wherever possible to meet the housing needs of people with disabilities. In 2002-03, \$471,000 was spent on such works.

Outlook 2003-04

A review of the strategic policies on housing for people with disabilities will be undertaken and a new Disability Services Plan will be developed.

A review will be undertaken of the first year of the Memorandum of Understanding between the Commission (Fremantle Regional Office), the Fremantle Hospital and the Health Service Directorate of Mental Health Services.

ABORIGINAL HOUSING AND INFRASTRUCTURE

The Aboriginal Housing and Infrastructure Directorate's policies and programs are guided by:

- the *Agreement for the Provision of Housing and Infrastructure for Aboriginal and Torres Strait Islander People in Western Australia July 2002 – June 2007* (Indigenous Housing Agreement).

The Indigenous Housing Agreement was formed between the Commonwealth, the State and the Aboriginal and Torres Strait Islander Commission (ATSIC), to co-ordinate delivery of housing and infrastructure to Indigenous people.

The Directorate's activities are underpinned by the *Building a Better Future: Indigenous Housing to 2010* statement, which was adopted at the Commonwealth-State Housing Ministers' Conference in May 2001. The 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 a range of services, including:

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

Highlights 2002-03

1. Overview

- The new Aboriginal Housing and Infrastructure Council was established as the principal source of advice on policies and strategies to improve housing outcomes for Aboriginal people in Western Australia.
- Aboriginal Housing Forums were held at Katanning, Narrogin,

Mirrabooka, Collie, Broome, Derby, Port Hedland and Karratha.

- 45 units in urban and rural areas were procured at a cost of \$4.3 million under the Fund 6 program. Minor works and improvements were made to Aboriginal housing properties with a total expenditure of \$1.3 million.
- The Town Reserves Regularisation Program was implemented in 21 communities with upgrades to essential and municipal services.
- The Commission contributed \$180,000 towards the purchase of a nine-bedroom establishment in Kununurra, which will be used to accommodate Indigenous trainees.

2. New State/Commonwealth Indigenous Housing Agreement

The new five-year Indigenous Housing Agreement was signed by the State and ATSIC in July 2002, with the Commonwealth signing shortly afterwards. As part of the Agreement, the Directorate will program-manage Aboriginal housing and infrastructure in Western Australia, under the guidance of the Aboriginal Housing and Infrastructure Council.

Fund pooling was introduced in 2002-03 as existing contractual obligations for a number of programs were nearing their expiration date. Full pooling of funds will occur in 2004-05.

ATSIC Regional Councils are responsible for providing a Regional Housing and Infrastructure Plan based on documented need in their region. The Plan identifies housing and infrastructure projects to be undertaken in each region on a priority basis.

3. Standing Committee on Indigenous Housing and National Indigenous Housing Information Implementation Committee

Commonwealth, State and Territory Housing Ministers established the Standing Committee on Indigenous Housing in May 2001. The Committee's role is to manage the implementation of recommendations contained in the *Building a Better Future: Indigenous Housing to 2010* statement.

Through the Standing Committee on Indigenous Housing and National Indigenous Housing Information Implementation Committee, Western Australia has actively participated in the following working groups:

- Indigenous Homelessness Working Group with a forum held in March 2003.
- Multi-measure Needs-Based Funding Formula, developed to inform on Indigenous housing needs and appropriate resource allocation.
- National Skills Development Strategy to ensure that progress is made in employing skilled workers in the housing sector.

4. Sustainable Indigenous Communities

The Sustainable Indigenous Communities Conference held in February 2003, dealt primarily with the new Indigenous Housing Agreement, and the resulting changes to housing and infrastructure delivery to Indigenous people across the state. A range of speakers and workshops addressed significant issues including:

- sustainable housing solutions and community housing;
- environmental health;
- community governance and management, and housing management tools;

- effective asset management; and
- training and development.

5. Community Construction Program

In September 2002, the Community Construction Program commenced management of the ATSIC Community Housing and Infrastructure Program in a number of regions in addition to the existing Directorate's program.

Bunuba Aboriginal Corporation commenced the construction of Stage I, three new houses as part of a 15-house construction program at Junjuwa. This will provide Bunuba with significant training, employment and economic development opportunities for Aboriginal people.

Construction commenced on a total of 73 ATSIC and Commission-funded properties, including one administration building. Sixty-three Commission-funded houses and three ATSIC funded properties were completed.

6. Aboriginal Community Strategic Investment Program

The Environmental Health Package aims to alleviate health programs in remote Aboriginal Communities and provides recreational facilities including swimming pools and basketball courts, to combat boredom, despair and substance abuse among Aboriginal youth.

Significant achievements for the Aboriginal Communities Strategic Investment Program included:

- the construction of a swimming pool at Karalundi community;
- the upgrade and sealing of internal roads at Mugarinya;
- the improvement of community management, structures and systems at Burringurrah, Kalumburu and Bidyadanga;

- the construction of new administration offices at Burringurrah and Mugarinya; and
- funding for the appointment of a senior officer within the Department of Local Government and Regional Development to improve access for Aboriginal communities to local Government programs and services.

7. Management Support Program

The Management Support Program created 30 employment opportunities for qualified builders and carpenters and 123 traineeship and worker opportunities for Aboriginal people in 30 Aboriginal communities.

A total of 105 community dwellings were upgraded with a total expenditure of \$6.4 million.

8. Management Incentive Program

The Management Incentive Program created opportunities for housing officer positions in 12 Aboriginal communities. The program provided a total of \$208,800 to Aboriginal communities for the year.

9. Aboriginal Tenant Support Service

The service provides culturally appropriate support and information to current and prospective Aboriginal tenants in regional areas of Western Australia, and ensures:

- tenants understand their rights and responsibilities;
- obtain housing; and
- maintain their tenancies.

This service has been established in Port Hedland, Wyndham, Kalgoorlie, Bunbury, Albany, Narrogin and Carnarvon.

10. Clean and Healthy Communities Awards

The awards were established in 1999 to promote healthy living environments in Aboriginal communities, to encourage community participation to achieve this goal and included:

- Dust control;
- Waste removal and litter control;
- Water Management; and
- Overall tenancy appearance.

The Department of Housing and Works, the Aboriginal and Torres Strait Islander Commission, the Department of Indigenous Affairs and the Western Australian Department of Health sponsored the awards in 2001-02. Due to mitigating circumstances, the Awards were not presented to the winners until 2002-03.

The total prize pool for the 2001-02 awards was \$33,000, which were distributed as:

- Kunawarritji Community - \$10,000 (population > 100); and
- Youngaleena Aboriginal Community - \$7,000 (population < 100).

Outlook 2003-04

1. General

- The Indigenous Housing Agreement enters its second year, during which the Aboriginal Housing and Infrastructure Directorate will deliver programs based on the Regional Housing and Infrastructure Plans developed by each of the nine ATSIC Regional Councils in Western Australia.
- Work is continuing on the Memorandum of Understanding between the Commission and ATSIC, with a final version expected early in the financial year.
- The Council will continue to work on strategic policy issues, including the need to consolidate Commonwealth and State policy

positions on community housing and infrastructure provision, sustainability and viability issues.

- The Council and the Directorate, in accordance with the new Indigenous Housing Agreement, will develop a new four-year strategic plan.
- Goals and strategies for Aboriginal housing will be further entrenched in State Government policy via the Housing Strategy Western Australia.
- The Indigenous Housing Management System, specifically designed for use by Aboriginal communities throughout Western Australia, will be implemented. It is anticipated that the system will be available to all communities by early 2004.

2. Urban Construction

The proposed urban building program of 34 units is estimated to cost approximately \$5.3 million.

3. Community Construction Program

A further 78 houses will be constructed in remote Aboriginal communities across the State. The Directorate will continue to implement policy initiatives to encourage community employment and training opportunities within construction projects, and will foster the employment of Aboriginal apprentices where possible.

4. Remote Areas Essential Services Program

The Program will continue to provide an essential repair and maintenance service for power, water and wastewater infrastructure to remote Aboriginal communities in Western Australia.

A housing maintenance service for plumbing and electrical repairs will be piloted in a number of communities currently serviced through the program.

Program Review

The Commission will appoint a consultant to review the structure, functions and delivery of the Program and prepare recommendations on:

- the performance of the current Contracted State Program Manager;
- opportunities to improve the efficiency of the current program management model; and
- alternative program management and delivery models.

It is anticipated that the recommendations will be submitted by December 2003.

5. Aboriginal Community Strategic Investment Program

New programs designed to continue the improvement of management and governance as well as improving infrastructure at remote Aboriginal communities will replace the Aboriginal Communities Strategic Investment Program.

6. Management Support Program

The Capital Works, Essential Services & Maintenance Program will replace the Management Support Program and provide housing upgrades and employment opportunities for Aboriginal communities.

7. Management Incentive Program

Housing management assistance will continue under the new Sustainability and Development Program with a focus on training and skills development for Indigenous housing officers and organisations.

Relationships with the Western Australian Department of Education and Training, the Community Housing Coalition of Western Australia and industry training authority bodies will be strengthened to ensure Indigenous

housing management is a Government training priority.

8. Town Reserve Regularisation Program

The Program intends to achieve the following objectives:

- establish easements over essential services and gazettal of roads as required at six town reserve communities in the East Kimberley;
- assess water, wastewater and power reticulation to eleven town reserve communities in the East and West Kimberley and commence upgrades as required;
- complete community layout plans for six town reserve communities in the West Kimberley;
- commence community layout plans for seven town reserve communities in the Pilbara;
- commence road upgrades at two East Kimberley town reserves; and
- undertake emergency repairs to town reserve essential service infrastructure to 45 town reserves on a needs basis.



Enhancing quality of life through the Aboriginal Community Strategic Investment Program.

HOUSING PROCUREMENT

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

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

- 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;
- to prepare for future needs in areas of high demand, by the acquisition of properties with eventual redevelopment potential; and
- to meet immediate housing need for people in crisis.

The Stock Replacement Program replaces aging stock in small country towns, to the benefit of the Commission's residents and the local community. 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.

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.

The Resident-Funded Joint Venture Program provides an alternative home ownership opportunity, enabling seniors to move to more appropriate housing, while at the same time providing them with more disposable income for day-to-day living

expenses. Many seniors own and live in family accommodation, and while the asset is valuable, it no longer meets the needs of the resident, and is costly to maintain. Seniors are therefore more likely to be on a low income and can be described as "asset-rich and income-poor".

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

Highlights 2002-03

The Commission, as part of its combined Homeswest general rental, Aboriginal Housing and Community Housing programs, procured new properties through construction and spot purchase and undertook refurbishment and bedsitter conversions on existing properties with a total of 1,848 units being commenced and 1,678 units completed at a total expenditure of \$152.9 million.

New properties procured through construction and spot purchase:

A total of 1,146 units were commenced and 1,101 units completed at a total expenditure of \$132.1 million.

Refurbishment of existing properties:

A total of 677 units were commenced and 552 units completed at a total expenditure of \$19.1 million.

Bedsitter conversions and minor works on existing properties:

A total of 25 units were commenced and 25 units completed at a total expenditure, including minor works, of \$1.7 million.

Homeswest general rental program:

952 new dwellings were commenced and 876 were completed. Of the 952 units commenced:

- 200 units or 21 per cent were for seniors;
- 494 or 52 per cent were for family accommodation; and

- 258 or 27 per cent 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 smaller families, seniors and single person households.

Some of the notable projects, which commenced construction during the year included:

- Deloraine Way, Henley Brook – 14 family & single persons units
- Gidgi Way, Wanneroo – 25 family & seniors units
- Stirling Highway, Cottesloe – 12 seniors units
- Kookaburra Drive, Greenfields – 25 seniors units
- Angove Road, Albany – 12 seniors units
- Lockyer Street, Karratha – 12 family & single persons units

Aboriginal Housing programs:

118 new dwellings were commenced and 103 were completed in the metropolitan area, country towns and remote communities. In addition, refurbishment of 105 units commenced and 79 units completed.

Community Housing programs:

76 new dwellings were commenced and 122 were completed including the purchase of a 26 bedroom-lodging house in Broome to provide accommodation for people with disabilities. In addition, refurbishment of nine units commenced and five units completed.

Spot Purchase:

A total of 234 dwellings were spot purchased for the Commission's combined Homeswest general rental (182), Aboriginal Housing (11) and Community Housing (41) programs across the state at a total cost of \$25.6 million, of which \$22.4 million was funded through the Homeswest general rental program. Forty-eight of the 182 properties in the Homeswest general rental program were

spot purchased for customers accessing the Community Disability Housing Program.

Stock Replacement Program:

17 dwellings were commenced in the towns of Gnowangerup, Katanning, Mount Barker, Narrogin, Tambellup, Wagin, Collie and Kununurra.

Mobility units:

A total of 76 purpose-built mobility units commenced construction and a further 37 were completed for tenants with disabilities in the Homeswest general rental and Aboriginal housing programs.

Community Disability Housing Program:

In the Community Disability Housing Program, which is part of the Homeswest general rental program, 71 dwellings were commenced and 56 were completed through new construction and spot purchase.

Joint Venture Housing Program:

As part of the Joint Venture Housing Program, which falls under the Homeswest general rental program, 86 dwellings were commenced and 94 were completed. Notable Joint Venture projects commenced included 10 units in Shenton Park with Westcare, six units in Karratha with the Shire of Roebourne and the spot purchase of a 23-unit complex in Subiaco with City Housing.

Resident-Funded Joint Venture Program:

In the Resident Funded Joint Venture programme, which is part of the Homeswest general rental program, six dwellings were commenced in Innaloo with Retirees WA and four were completed in Gosnells with Amaroo.

Country Housing Authority - Housing Development Incentive Program:

In addition to its own building programme, the Commission provided a grant of \$350,000 to the Country Housing Authority to assist Shires with the construction of dwellings for service providers or business

employees through the Housing Development Incentive Program.

Minor works:

The Commission performed minor works upgrades of selected rental properties for a total of \$1 million (excluding Aboriginal Housing upgrades). During the year 16 bedsitter units were converted into nine one-bedroom units. Projects were undertaken in Inglewood, North Beach and Albany.

Roebourne Enhancement Program:

The Commission began the Roebourne Enhancement Program, which will continue into the next financial year, to remove asbestos and refurbish houses in the town. During the year, eight units were commenced and one unit was completed.

Industry consultation:

To achieve its objective of providing low-cost, high-quality rental accommodation, the Commission enters into regular consultation with housing industry groups such as the Housing Industry Association and the Master Builders' Association, and professional associations such as the Royal Australian Institute of Architects. Project management of housing procurement relies on the private sector providing efficient, high quality services. The Commission continually seeks to improve its housing designs and housing amenity by asking for customer feedback on completed projects.

Safety Audits:

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

Outlook 2003-04

The Commission plans to construct, purchase or refurbish 1,709 housing units including:

- 630 general rental units, which includes 45 units for Stock Replacement;

- 70 units for the Community Disability Housing Program;
- 60 joint venture units with charitable and church groups;
- 112 Aboriginal Housing units, which includes 22 units for Stock Replacement;
- 76 units for the Community Housing and Crisis Accommodation Programs;
- 746 refurbishments of existing dwellings; and
- 15 bed-sitter conversions.

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

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 \$133.2 million to commence 948 units and complete 1,107 units of new accommodation.

In the minor works program, \$3.4 million has been allocated for upgrade works as well as conversion of bed-sitter accommodation to create 15 one-bedroom units at such locations as Bassendean, Busselton and Carnarvon.

Through the General and New Living refurbishment programs, 603 units will commence and 617 will be completed as well as the completion of 4 one-bedroom units from bedsitter conversions at a cost of \$18 million. In addition, refurbishment will commence on 140 units and 157 units will be completed through the Aboriginal Housing program and the Roebourne Enhancement program.

As part of the Community Housing and Crisis Accommodation Programs, the refurbishment of three units will be commenced and it is anticipated that nine units will be completed.

Housing Awards:

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

Master Builders' Association Awards

1. Goldfields-Esperance Region

Category 10: Housing Alterations and Additions Over \$75,000

Finalists:

- Clarks Building Contractors, 9B Balfour St, Kalgoorlie
- Clarks Building Contractors, 2 Cavalier Cr, Boulder

2. Great Southern Region

Group Dwellings Under \$500,000

Winner:

- Jaxon Construction, 46 Buckley St, Denmark

Finalists:

- Trevor Parson, 7 Doney St, Narrogin

Group Dwellings Over \$500,000

Winner:

- Meuzelaar Enterprises, Lot 510 (27) South Coast Hwy, Albany

Finalists:

- Rommstead Homes, Lot 1077 Zimmerman St, Denmark

3. Metropolitan Region – Housing Excellence Awards

Contract Homes Under \$100,000

Winner:

- BGC Construction, Lot 320 (387) Lord St, Highgate

Finalists:

- Perum Building & Construction, Lot 501 (2-8) Almond Pl, Shoalwater

4. Kimberley Region – Housing Excellence Awards

Category 20: Multi-residential Housing Developments over \$1 million

Winner:

- Jaxon Construction, Lot 60 Taiji Dr, Broome

Housing Industry Association Awards

1. Great Southern Region

Category: Specialised Accommodation Project of the Year

Winner:

- BGC Construction, Lot 6 (27) Mokare Rd, Albany

Category: Great Southern Home of the Year

Finalist:

- BGC Construction, Lot 6 (27) Mokare Rd, Albany

Category: Custom Built Homes \$125,001 - \$150,000

Finalist:

- BGC Construction, Lot 93 (24) Burville St, Albany

2. Mid West Region

Category: Medium Density

Winner:

- PS Chester & Sons, Lot 1319 (31) Stroud St, Beachlands (Geraldton)

Finalist:

- PS Chester & Sons, Lot 235 Carter St, Three Springs
- Mid West Training Group, Lot 23 (86) Fitzgerald St, Geraldton

Kitchens and Bathrooms Awards

Category: Best Special Needs Kitchen of the Year

Winner:

- BGC Construction, Lot 139 (18) Anderson St (Cnr Jugan St), Glendalough

GreenSmart Awards

Category: HIA GreenSmart Partnership Award

This award was presented to the Department of Housing and Works whose efforts best typifies the collaborative partnership approach of GreenSmart.

2002-03 CONSTRUCTION, SPOT PURCHASE, REFURBISHMENT AND BEDSITTER CONVERSION PROGRAMS

Program	Commencements	Completions	Expenditure (\$M)	Carryover Completions	Carryover Expenditure (\$M)
CONSTRUCTION AND SPOT PURCHASE PROGRAMS					
State Housing Rental Program					
Constructed (Rental)	703	621			
Purchased (Rental)	157	157			
Constructed (Joint Venture)	61	69			
Purchased (Joint Venture)	25	25			
Constructed (Resident-Funded Joint Venture)	6	4			
Program Total	952	876	102.286	888	64.390
Aboriginal Housing Urban Program					
Constructed (Rental)	34	26			
Purchased (Rental)	11	11			
Program Total	45	37	4.350	26	3.533
Aboriginal Housing Communities Program					
Constructed (Commission)	43	63	8.932	26	3.318
Constructed (ATSIC)	30	3	6.424	27	2.807
Program Total	73	66	15.356	53	6.125
Community Housing Programs					
Community Housing Program	57	63	5.277	24	1.830
Crisis Accommodation Program	19	59	4.793	7	0.854
Program Total	76	122	10.070	31	2.864
Subtotal	1,146	1,101	132.062	998	76.732

Program	Commencements	Completions	Expenditure (\$M)	Carryover Completions	Carryover Expenditure (\$M)
REFURBISHMENT AND BEDSITTER CONVERSION PROGRAMS					
State Housing Rental Program					
Refurbishments	189	183	3.549	27	0.304
Bedsitter Conversions	9	19	0.951	0	0.980
Program Total	198	202	4.500	27	1.284
New Living Program (Retained Properties)					
Refurbishments	366	284	8.962	136	3.774
Bedsitter Conversions	16	6	0.740	10	0.130
Program Total	382	290	9.702	146	3.904
Aboriginal Housing Communities Program					
Management Support Refurbishments	105	79	6.392	26	0.000
Program Total	105	79	6.392	26	0.000
Roeburne Enhancement Program					
Refurbishments	8	1	0.040	7	0.347
Program Total	8	1	0.040	7	0.347
Community Housing Programs					
Community Housing Program	2	1	0.132	1	0.026
Crisis Accommodation Program	7	4	0.070	3	0.107
Program Total	9	5	0.202	4	0.133
Subtotal	702	577	20.836	210	5.668
Total	1,848	1,678	152.898	1,208	82.400

Outcome: Housing eligible Western Australians

RENTAL HOUSING OUTPUTS 2002-03

Quantity & Cost

	Actual 2002-03	Target 2002-03	Explanation for variance
Homeswest Rental Program			
Commencements	952	1,125	The decrease in commencements was due to several factors including the deferment of two large projects in East Perth totalling 100 units ("Nevada Shirts" and "Norwood Park" sites), the transfer of funds to the Community Housing Program to purchase "Broometime Lodge" and the over heating of the building industry that led to high tender prices on some projects which then needed to be re-tendered.
Completions	876	933	The decrease in completions was a result of the trade shortages within the construction industry.
Expenditure	\$102.286M	\$105.551M	Expenditure variance is not significant.
Homeswest Refurbishment			
Commencements			
- General	189	120	In the General program, the commencements and completions exceeded the target as works with a lower average cost per unit than budget were targeted in the metro area.
- New Living	366	337	
Completions			
- General	183	100	
- New Living	284	337	

	Actual 2002-03	Target 2002-03	Explanation for variance
<p>Expenditure</p> <ul style="list-style-type: none"> - General - New Living 	<p>\$3.549M</p> <p>\$8.962M</p>	<p>\$2.920M</p> <p>\$10.131M</p>	<p>In the New Living program, commencements exceeded the target as more properties became available in Kwinana than originally expected. However, completions decreased due to tenant relocation delays for some complexes in Coolbellup and Armadale.</p> <p>The General program budget was increased by \$0.5M during the year.</p> <p>Expenditure for the New Living program was under budget due to tenant relocation delays in Coolbellup and Armadale.</p>
<p>Homeswest Bedsitter Conversions (<i>General units yielded from the Minor Works program</i>)</p> <p>Commencements</p> <ul style="list-style-type: none"> - General - New Living <p>Completions</p> <ul style="list-style-type: none"> - General - New Living <p>Expenditure (Total Minor Works quoted for General)</p> <ul style="list-style-type: none"> - General - New Living 	<p>9</p> <p>16</p> <p>19</p> <p>6</p> <p>\$0.951M</p> <p>\$0.740M</p>	<p>27</p> <p>20</p> <p>25</p> <p>20</p> <p>\$1.119M</p> <p>\$0.950M</p>	<p>In the General program, the commencements and completions decreased due to the deferment of two projects in Kalamunda and Inglewood while the future of these complexes was reassessed.</p> <p>Completions in the New Living program decreased due to a delay in a project in the "New North" area, which will now complete early in 2003-04.</p> <p>The under spending in the General program is due to delays on a major project at Brownlie Towers in Bentley, where work did not commence as early as originally expected and the deferment of bedsitter conversion projects in Kalamunda and Inglewood.</p>

	Actual 2002-03	Target 2002-03	Explanation for variance
			Expenditure for the New Living program was under budget due to the delay on the "New North" project.
Aboriginal Housing Urban Program			
Commencements	45	42	The slight increase is attributed to the unplanned Joint Venture Spot Purchase of a lodging house in Kununurra, offset against 6 units that were deferred due to untimely supply of land.
Completions	37	27	The increase in completions is also due to the Joint Venture Spot Purchase in Kununurra.
Expenditure	\$4.350M	\$4.500M	Expenditure variance is not significant.
Aboriginal Housing Remote Communities Program			
Commencements	43 30*	54	The shortfall in commencements was due to several factors including the decision to split a major project at Parnpajinya into stages to allow evaluation of the innovative design, delays in resolving tender issues at Kalumburu and re-evaluation of community needs.
Completions	63 3*	68	The shortfall in completions was due to the delayed commencement of projects at Warburton & Jameson while tender issues were resolved.
Expenditure	\$8.932M \$6.424M*	\$10.600M	The variance was mainly due to civil works at Parnpajinya being extensively delayed while land tenure issues were resolved.

	Actual 2002-03	Target 2002-03	Explanation for variance
			* Denotes additional units funded by ATSIC and developed for Aboriginal communities.
Aboriginal Housing Remote Communities Refurbishment Program <i>(units yielded from the Management Support Program)</i>			
Commencements	105	80	The program progressed more rapidly than originally expected, allowing the commencement and completion of additional units.
Completions	79	60	
Expenditure (Total MSP quoted)	\$6.392M	\$6.879M	Expenditure variance is not significant.
Roebourne Enhancement Program			
Commencements	8	25	The shortfall in commencements and completions resulted from initial delays in determining how the program was to be delivered to ensure employment opportunities were provided for the local Aboriginal community, and the necessity for the contract to be re-tendered.
Completions	1	15	
Expenditure	\$0.040M	\$2.000M	Expenditure is indicative of these delays.
Community Housing Program (CHP & CAP)			
Commencements	76 9	38	The increase in commencements is due to the spot purchase of a large lodging house in Broome known as "Broometime Lodge" and the early commencement of a nine-unit development in Albany.
Completions	122 5	88	

	Actual 2002-03	Target 2002-03	Explanation for variance
Expenditure	\$ 10.272M	\$ 10.495M	During the year, the upgrade of eight units was commenced and five units completed. Expenditure variance is not significant.

	1998-99	1999-00	2000-01	2001-02	2002-03
Operating Costs per Rental Property - Nominal	\$5,484	\$6,199	\$6,392	\$6,581	\$6,699
Operating Costs per Rental Property - Real	\$5,484	\$6,058	\$5,923	\$5,938	\$5,881
<i>For further information refer to Efficiency Performance Indicator 1.</i>					

	1999-00	2000-01/	2001-02	2002-03
Rental Waiting Times*				
Average	57 weeks	62 weeks	63 weeks	62 weeks
Median	25 weeks	31 weeks	31 weeks	33 weeks
% Housed within 1 Year	64%	60%	60%	60%

*Includes Priority Waiting Times.

Quality

The surveys of overall customer satisfaction, which provide a national comparison across all States and Territories in relation to rental and community housing tenants, are undertaken biennially.

Output 3 Land

Landstart carries out the function of land acquisition; strategic planning for the future use of its land resources; management of land holdings; and the development and sale of residential land. Landstart's development and sale focus places emphasis on first homebuyer land. The sale of rental properties also provides access to housing for many first homebuyers.

LAND ACQUISITION AND STRATEGIC PLANNING

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

Highlights 2002-03

1. Broadhectare Planning

Broadhectare refers to the availability of potentially suitable land on the outskirts of the metropolitan area, which could be used for future residential development. In terms of land use planning, the principle longer-term projects, which have been the subject of structured planning over the past year, include Albion Town, Kiara and Forrestdale. The Forrestdale project has been the focus of a study aimed at devising a comprehensive approach to sustainable land development. A review of the drainage management strategy for the Albion project has resulted in a revised structure plan. At Kiara the Commission has engaged with the local community to devise planning options as the basis for rezoning the land.

2. Redevelopment Planning

In a redevelopment context the Commission has prepared a revised strategy for the revitalisation of the Maniana precinct in Queens Park and commenced work on a Master Plan to guide improvements to the Brownlie Towers precinct in Bentley. Assessment of the heritage values in Hilton has been undertaken as the basis for a redevelopment strategy and the Commission has contributed to the review of the Council's Municipal Heritage Inventory. The Commission has made progress toward the resolution of the future use and management of the Hillview site in East Victoria Park through the preparation of a business plan and cooperation with the Town of Victoria Park.

3. Government Initiatives

The Commission has participated in various State Government land use planning initiatives including negotiated planning solutions under the Bush Forever Strategy, the provision for affordable housing adjacent to railway stations under the Building Better Stations program and appropriate provisions for special purpose housing under the Residential Planning Codes Review. As a follow-up to the draft State Sustainability Strategy, the Commission has been involved in interagency discussions on a 'Sustainability Scorecard'. It has also

made submissions on numerous local authority town-planning schemes.

4. Acquisitions

The Commission acquires single residential, grouped housing lots and broadhectare land to meet immediate and longer-term housing needs. Over the past year discussions were initiated with various Government agencies in respect to the purchase of strategically located land which is surplus to the original purpose. Actual expenditure this year was \$17.7 million, which compared with the budget allocation of \$24.0 million. The Commission acquired a total of 35 group housing development sites, 19 in the Perth region and 16 in country regional centres. Approximately 127 single residential allotments were purchased, 79 in the Perth Region and 48 in country centres.

Outlook 2003-04

A budget of approximately \$30.7 million is planned to target specific sites in the metropolitan area and regional centres.

LAND SALES

The State Housing Commission sells land from the development of its broadhectare land holdings and from redevelopment and infill sources.

Highlights 2002-03

Land sales took place in a number of locations including the metropolitan area, Broome and Geraldton. This resulted in revenue of \$35.8 million. The Commission achieved significant returns at Broome (\$3.2 million), Dianella (\$9.2 million with one lot selling for \$329,000) and Quinns (\$4 million).

There were also sales to Government agencies in Alexander Heights (\$1.8 million), Kelmscott (\$1 million) and Beeliar/Kogolup (\$4.9 million).

Outlook 2003-04

Revenue of \$32.9 million is expected, with Dianella (\$14.4 million), Mirrabooka (\$3.2 million), Banksia Grove (\$3.5 million) and North Beach (\$4.8 million) anticipated to be the main revenue sources for the year.

LAND DEVELOPMENT

The State Housing Commission continued the in-house development of broadhectare holdings to assist in:

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

Highlights 2002-03

The Commission undertook residential development at Banksia Grove, Broome, Dianella, Mirrabooka, North Beach, Quinns and commenced a small project at Waikiki. A total of \$8.5 million was expended for a yield of 245 lots.

Outlook 2003-04

The 2003-04 program has a budget for development expenditure of \$7.4 million, with major activity at Dianella (\$3.0 million), Mirrabooka (\$1.2 million), Banksia Grove (\$2.3 million), for a total yield of 230 lots.

JOINT VENTURES

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

The benefits of joint ventures to the Commission have been:

- access to the innovative presentation and marketing strengths of the private sector;
- the creation of sustainable communities; and
- sharing the risk in major developments.

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

A wide range of products is made available to the consumer, particularly in the larger joint venture subdivisions. The Ellenbrook and Dalyellup projects produce cottage, traditional, dress circle and country style lots, including:

- cottage lots ranging in size from 300-450m², with a frontage of 10-12m², suitable for the first homebuyer and "empty nesters";
- traditional lots ranging in size from 650-750m², with a frontage of 15-20m², catering for young families;
- dress circle lots ranging in size from 750-850m², with a frontage of 20-25m², aimed at the 2nd and 3rd homebuyer market; and
- country style lots ranging in size from 1,000-3,000m², with a frontage of 20-30m² suitable for the general market.

Other developments, such as Brighton, also produce cottage and traditional lots, with Wandina commencing the construction of similar products. In addition, coastal precinct lots are being created in the Brighton Beachside estate.

Highlights 2002-03

In 2002-03, Joint Ventures sold a total of 1,541 lots yielding in revenue of \$51.4 million. A total of \$37.9 million was expended for a yield of 1,655 lots.

Brighton

Sales have been an outstanding success due to good presentation and marketing. In the financial year 607 lots were sold compared to a budgeted figure of 312 lots. In addition 40 State Housing rental sites were created. Potential future returns are high, as the northern section and the Jindalee beachside area will attract prices flowing on from Mindarie and Quinns beachfront land.

Beeliar

Each lot in Stage I and Stage II is elevated and offers impressive views. Given the success of sales activities to date, 58 lots in Stage II have been released. Construction of the Community Centre has commenced with completion scheduled for October 2003.

Clarkson

Development of 119 lots around the main park, to feature a central lake and a school, was completed. Construction of the Clarkson Transit Station has commenced and is on schedule for completion in September 2004.

Ellenbrook

Four successful villages have been developed and the project continues to mature. The fifth, Charlottes Vineyard, has been pre-sold, attracting considerable interest. Work on the town centre development is commencing. Lot sizes range from 348-3,000m², at prices of \$68,000-\$127,000. 18 per cent of purchasers in

Ellenbrook are existing residents who have experienced the benefits of living in a superior subdivision. These residents are selling their original homes and re-investing within the development to take advantage of increased property prices and to build a more substantial dwelling.

Quinns (Brighton Beachside Estate)

There is strong demand for lots in this estate. Since its first release in February 2003, 149 lots have been sold. Development works have been accelerated to take advantage of the buoyant market for lots in this area.

Forrestdale

In conjunction with the Water Corporation, a sustainable development is being planned. A steering committee is overseeing the work of a consultant group to produce a plan that will feature certain aspects of sustainable development. If successful, these will be applied to future mainstream projects.

Outlook 2003-04

Landstart's 320-hectare Wellard project will commence once approvals are in place. It is anticipated that 120 lots will be created in the first stage, with approximately 750 lots constructed by December 2006. 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 of the balance of Landstart holdings at Banksia Grove.

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

Landstart plans a development program of 1,995 lots at a cost of \$44 million and forecasts sales of 1,999 for \$83.1 million.

It is anticipated that 127 lots will be created and allocated to future State Housing Commission construction programmes.

REDEVELOPMENT PROGRAM

Landstart's Redevelopment Program involves ageing public housing stock that needs renewal and is located in areas where zoning allows subdivision and demand exists from private buyers.

These conditions create opportunities for existing tenants in the form of new construction and provide land on which private homebuyers can build. Established suburbs located close to existing services and infrastructure are an attractive option for both private and public housing.

The scope for redevelopment is considerable and is always changing as housing stock ages, demand in the housing market fluctuates and as development opportunities arise through zoning changes.

Subsequently, the Commission can construct new Homeswest accommodation on selected properties, whilst others can be sold to private buyers. Redevelopment enhances the amenity levels of housing and creates new and innovative solutions to streetscapes.

Highlights 2002-03

As part of the Redevelopment Program, 58 vacant lots were sold which provided revenue of \$8.8 million. Above-average sales prices were achieved in Como, Manning and Willagee where demand was strong.

A further 37 residential dwellings were also sold in "as is" condition in areas such as Doubleview and Innaloo. The sale of these sites, most of which had development potential, provided revenue of \$6.3 million.

To provide land for the Commission's rental construction program as well as for sale to private buyers, 48 lots were developed at a cost of over \$1 million. The lots provided the Commission with 91 potential residential dwellings.

Outlook 2003-04

Significant redevelopment activity will continue during 2003-04 under the Willagee, Hilton and Doubleview/Scarborough/Innaloo projects. It is expected that approximately 90 lots will be sold under the Redevelopment Program during the year. This should generate income of \$8.5 million with the focus of activities being the progression of Stages 6a and 7 in Willagee (57 lots).

It is expected that 15 new lots will also be created in Hilton for the Rental Construction Program. In addition, 40 properties worth an estimated \$7.5 million will be sold Doubleview, Innaloo and Rangeway (Geraldton).

RENTAL SALES

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

Highlights 2002-03

The Rental Sales Scheme achieved better than expected income from the sale of properties. During the year, 93 rental properties worth nearly \$10.7 million were sold to tenants under the Rental Sales Scheme. In addition, 22 vacant ex-rental properties that were considered surplus to requirements were sold for more than \$1.2 million.

Outlook 2003-04

It is envisaged that Rental Sales will sell 91 properties for \$10.9 million to tenants and 24 vacant properties to the public for \$1.3 million.

THE NEW LIVING PROGRAM

The New Living Program is the largest urban renewal initiative to take place in Western Australia. The program's purpose was to redevelop older public housing estates to create more attractive living environments and subsequently reduce the Commission's rental presence and encourage home ownership. "New Living" projects are of varying size and complexity, but generally involve:

- the refurbishment of the Commission's dwellings for both sale and retention;
- the beautification and enhancement of infrastructure in the area (streetscape improvements, upgrading of parks and provision of entry statements);
- community participation in developing the projects through input, participation and promotion; and
- in some instances, a land development component for the creation of new lots for sale to the public.

There are seven separate New Living projects underway in metropolitan Perth and a further eight in country areas. The seven metropolitan projects (covering 17 suburbs) include: Kwinana (Medina, Parmelia, Calista and Orelia); the "New

North" (Balga, Girrawheen, Koondoola, Westminster); Coolbellup; Karawara; Langford; Armadale/Kelmscott; and Eastern Horizons (Midland, Midvale, Swanview and Koongamia). The Lockridge project was formally completed in June 2000.

The eight country projects include Spencer Park / Mt Lockyer (Albany); Carey Park and Withers (Bunbury); Collie; Nulsen (Esperance); South Kalgoorlie ("Golden Grove"); Rangeway (Geraldton); South Carnarvon; and South Hedland.

Highlights 2002-03

- During the year, some 459 residential dwellings were refurbished at a cost of \$21.4 million and sold, providing income of \$46.2 million.
- Refurbishment of 290 properties incurred a total expenditure of \$9.7 million. The Commission will retain the properties for rental purposes.
- Under the New Living Program, 171 vacant lots of land were sold throughout the State, earning \$9.5 million in income.
- Some \$5.7 million was also spent during the year on land development and infrastructure enhancements including the upgrading of parks,

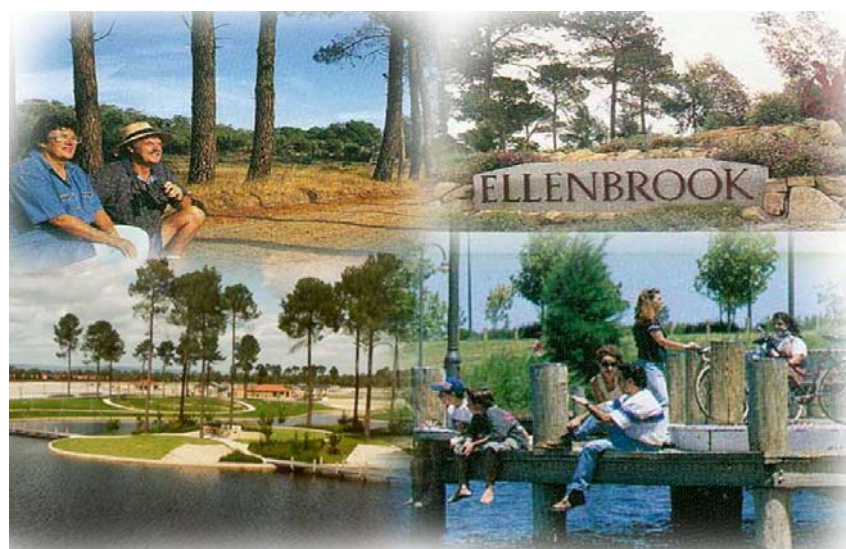
streetscapes and provision of entry statements.

- The Karawara New Living project was officially finalised by the Minister in January 2003. This brought the project to a close after almost five years of revitalisation activity that saw the transformation of the suburb.
- The Eastern Horizons project won the Western Australia Planning Institute of Australia award for "Excellence in Community Based Planning" and was also awarded the national Planning Institute award for community-based planning at their national conference in Adelaide.

Outlook 2003-04

During 2003-04 it is anticipated that new projects will commence in Bentley (Brownlie Towers precinct), Maniana (Queens Park) and Southwell (Hamilton Hill).

The program is also to be expanded in Geraldton to include the localities of Spalding, Utakarra and Waggrakine. Similarly, the project in Carnarvon is to be expanded to include the localities of Brockman and Morgan Town.



Joint Venture project in Ellenbrook.

Outcome: Housing eligible Western Australians

LAND OUTPUTS 2002-03

Quantity & Cost

	Actual 2002-03	Target 2002-03	Explanation for variance
<i>Land Development</i>			
Broadhectare			
- Lots developed	245	210	The variance in expenditure was due to the inclusion of several redevelopment projects in the program.
- Expenditure	\$8.518M	\$6.625M	
New Living (Estates Improvement)			
- Lots developed	141	190	The variance in development was a result of slow market conditions at Withers and Carey Park.
- Expenditure (incl infrastructure)	\$5.674M	\$8.065M	
Redevelopment			
- Dwelling Unit Equivalents developed	91	259	The variance in expenditure and yields was due to the transfer of several projects to the broadhectare land development program. In addition Hilton was delayed due to heritage issues and Willagee was delayed due to contractor insurance issues. There were also delays in the planning approval process, which adversely affected yields.
- Expenditure	\$1.098M	\$3.995M	
Joint Venture			
- Lots developed	1,655	1,435	The variance in expenditure was due to timing, where income from land sales that have not yet settled are recorded as a development expense until the Commission receives the proceeds.
- Expenditure	\$37.919M	\$27.790M	
<i>Land Sales</i>			
Broadhectare & Redevelopment			
- Lots sold	419	262	A buoyant market particularly at Dianella, Como, Banksia Grove, Quinns, Warnbro and Manning resulted in more sales and at higher than expected prices. Miscellaneous sales also increased income with sales being over budget mainly due to the sale of Bush Forever sites to the WA Planning Commission.
- Income (proceeds)	\$44.685M	\$30.260M	

	Actual 2002-03	Target 2002-03	Explanation for variance		
New Living (Estates Improvement) - Lots settled - Income (proceeds)	171 \$9.479M	238 \$11.483M	The variance was due to reduced income at Carey Park and Withers from slow local demand and delays in settlements at Langford. This was partly offset by greater sales at Kwinana, New North, Coolbellup, Karawara and Eastern Horizons.		
Joint Venture - Lots sold - Income (proceeds)	1,541 \$51.404M	1,479 \$48.402M	The variance in income was due to high demand for land at Butler, Quinns and Palm Beach which resulted in more sales and at higher than expected prices.		
Rental Property Sales					
New Living	459 \$46.225M	510 \$44.543M	The higher income was due to increased prices achieved as a result of the buoyant metropolitan market conditions. The lower property numbers sold generally reflect low demand in country areas.		
Rental Sales Scheme	93 \$10.687M	80 \$7.000M	The increased sales and income was due to buoyant market conditions.		
Vacant Property	22 \$1.180M	15 \$1.000M	The income variance was not significant.		
Redevelopment Properties	37 \$6.293M	26 \$4.925M	The increased sales and income reflect buoyant market conditions.		
Refurbishment	\$31.115M	\$32.368M	The expenditure variance was not significant.		
	1998-99	1999-00	2000-01	2001-02	2002-03
Operating Costs per Lot Developed					
- Nominal	\$15,487	\$13,999	\$13,941	\$10,595	\$8,772
- Real	\$15,487	\$13,680	\$12,920	\$9,560	\$7,701
For further information refer to Efficiency Performance Indicator 3.					

Timeliness

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

Support Operations

OFFICE OF POLICY AND PLANNING

Highlights 2002-03

1. State Housing Strategy

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 30 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.

In 2002-03, the initial release of 2001 Census data and contemporary research undertaken by the Australian Housing and Research Institute and others provided a rich source of data to prepare a series of trends and issues papers. A synthesis of the emerging trends has been undertaken and a number of draft responses developed. Many of the responses are beyond the scope of the Housing and Works portfolio and will be brokered with other Government agencies during the latter part of 2003 ahead of the release of a draft Strategy.

The forthcoming Year of the Built Environment in 2004 will also provide a significant opportunity to engage the community in its thinking about how we live and our future housing options.

As part of the Strategy development process, the Office of Policy and Planning conducted a housing affordability forum in September 2002 that was attended by 75 people from a broad cross section of the community

with interests in housing. Attendees from state and local government, the land development and building industry and various non-government organisations heard from a variety of speakers both local and from interstate. Topics covered included the state of play on housing affordability in WA, how affordable housing is being delivered privately in the City of Joondalup and by Government in Brisbane and also some thoughts of new financing options given the ongoing decline in Commonwealth-State Housing Agreement funds.

2. Commonwealth-State Housing Agreement

Since 1945, the Commonwealth-State Housing Agreement has provided Commonwealth funding for public housing to States. The current agreement finished on 30 June 2003 and the negotiation of a new agreement took up much of 2002-03.

The Commonwealth Government offered a new five-year agreement with indexation from the second year of the agreement but with continued application of a one per cent efficiency dividend and no further compensation for the adverse impact of the goods and services tax on public housing.

State Cabinet agreed in May 2003 to the Minister for Housing and Works signing a new housing agreement on behalf of Western Australia. A bilateral housing agreement to cover the housing outcomes to be achieved in Western Australia over the five years of the new agreement will be

developed and signed by the State and Commonwealth Ministers by 31 October 2003.

3. 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 third round of reporting in 2002-03. This comprised a main report in October 2002 that presented the outlook for 2002-03 and 2003-04. As part of the cyclical process, an interim report was released in April 2003 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. The work of the Group is gaining recognition because of its local industry intelligence as Western Australia's housing market has a number of defining features compared with the rest of the country.

The Group continues to grapple with the task of forecasting the short-term outlook in a volatile environment which is now being driven by an array of events both globally and nationally which are influencing consumer sentiment and the current preference for investment in bricks and mortar rather than stocks and shares.

4. Housing Advisory Committee

The Housing Advisory Committee provides advice to the Minister for Housing and Works on all housing matters. The Committee's membership is drawn from across the housing sector, including the non-Government sector, the residential construction industry and relevant Government

departments. The Office of Policy and Planning provides secretariat services to the Committee.

The structure of the Committee's standing committees was reviewed and changed during the year to reflect a change in strategic direction to focus on the supply of affordable and sustainable housing. The new standing committees are as follows:

- Access and Equity;
- Community Affordable and Sustainable Housing; and
- Homeswest Operational.

Shelter WA continues to provide secretariat services to the standing committees.

During 2002-03, the Committee has been chaired by the Minister for Housing and Works.

5. National Housing Research

The Commonwealth and States/Territories contribute around \$3 million per annum to the Australian Housing and Urban Research Institute (AHURI), which funds housing and housing-related research projects.

The Office of Policy and Planning has provided input to the formulation of the research priorities during the past year and is a member of several user groups for AHURI research projects being conducted by the Western Australian research centre.

The Executive Director of the Office of Policy and Planning is a member of the Board of Management of the Housing and Urban Research Institute of WA, which is responsible for overseeing the direction and development of the AHURI research centre in Western Australia.

Since 2000, a total of 98 research projects have commenced with AHURI funding and an increasing range of

reports is being published. The reports are available on the AHURI web site at www.ahuri.edu.au.

Sustainability

Sustainability is meeting the needs of current and future generations through integration of environmental protection, social advancement and economic prosperity.

The State Labor Government will release a State Sustainability Strategy later this year to guide the implementation of sustainability in Western Australia over the next five to 10 years and beyond. The State Housing Commission has been actively involved in the process of developing the Strategy through written submissions, participation in workshops and ongoing liaison at officer level.

The Commission is committed to sustainability and has implemented a number of initiatives in advance of the release of the Strategy:

- the establishment of an Executive Standing Committee to oversee the coordination and implementation of sustainability initiatives within the Commission;
- participation as an inaugural partner in the Housing Industry Association's 'GreenSmart' Program. The aim of the program is to promote environmental technologies, design principles and practices that can improve significantly the quality of Australia's built environment;
- the provision of solar water heating to all Homeswest and Aboriginal dwellings in the Murchison, Pilbara and Kimberley was introduced as a policy. This will achieve greenhouse gas emission savings, and achieve significant savings for residents;
- preparation of an overview document that will provide guidelines to the community, consultants, contractors and Commission staff on what the Commission expects in regard to sustainable building;
- the use of the First Rate rating tool to rate all new construction for energy efficiency. New public housing construction must meet a minimum energy rating of four stars;
- implementation of the Sustainable Design Competition. This competition was run nationally by the Commission to select a sustainable housing design for Broome. Based on the winning design, a display home will be built and the results monitored to inform future policy.
- commissioning of a study through Landstart, to investigate and report on innovative ideas and plans on sustainable land development. The Water Corporation, Department of Planning and Infrastructure, Department of Environment, Water and Catchment Protection, Sustainable Energy Development Office and the Sustainability Policy Unit of Department of Premier and Cabinet are associated with the study;
- publication of an in-house sustainability newsletter on a monthly basis for distribution to all staff. The newsletter's purpose is to keep all staff informed about sustainability issues, innovations and ideas, and upcoming events, seminars and workshops;
- implementation of a number of initiatives which benefit the sustainability of remote Aboriginal communities, including:
 - pilot program to replace diesel generators with solar and wind power
 - upgrading of airstrips to assist access to and from remote communities
 - groundwater mapping and monitoring to identify and determine quality of aquifers

- water audits to monitor usage and promote education and awareness in Aboriginal communities
- installation of heat pump systems in a number of houses in the Wanarn community, to be compared to other solar systems already installed. The

trial will run over 12 months to adequately monitor the efficiency of the two systems and calculate the amounts of electrical boosting required. The results of this trial will be used to inform future Commission policy.

Our People

Human Resources

The past year was one of ongoing consolidation of the Machinery of Government changes, introduced in 2002. Significant projects undertaken included merging the payroll systems for the State Housing Commission and the former Department of Contract and Management Services; the implementation of revised Directorate structures; the development and delivery of training programs appropriate to the business needs of the new entity; and the revision of human resource policies.

The Human Resources Branch is responsible for delivering human resource

management and support to 1,109 employees, including 923 staff for the State Housing Commission.

HR Planning

The branch continued to provide a quality human resource information reporting service, which enabled the effective management of the Commission's workforce.

The following table sets out staff numbers for the Commission, including staff provided for the Government Employees Housing Authority and the Country Housing Authority.

Employees	2002-03	2001-02
Permanent		
Full-time	743	731
Part-time	98	98
Contract		
Full-time	58	44
Part-time	8	15
Casual	0	0
Trainee	14	12
Other	2	0
Total Employees	923	900

Aboriginal Employment

The Department of Housing and Works currently employs 94 Aboriginal staff, representing 8.5 per cent of the overall workforce. This is more than four times the representation of Aboriginal employers in the total State public sector workforce.

The majority of Aboriginal staff commenced their employment careers through the organisation's traineeship program. There are 16 Aboriginal employees currently undertaking traineeships, while a further nine Aboriginal people have already completed

traineeships this year, with six continuing their employment with the agency.

Since 1997, a total of 113 Aboriginal people have joined the Agency under the traineeship program, with 55 still employed. The Department has also been the stepping-stone for many Aboriginal people to gain further employment with other Government agencies, including the Department of Health, the Department of Education and Training, the WA Police Service, the Department of Indigenous Affairs, the Department of Agriculture, the Department of Conservation and Land Management, and the Department for Community Development. The Aboriginal Employment Strategy has been expanded to include:

the School Based Traineeship. Currently six school-based trainees are progressing through Years 11 and 12 whilst working one or two days a week at the State Housing Commission; and the National Indigenous Cadetship Program, which enables the organisation to recruit talented Indigenous people and support them through full-time tertiary studies.

Career development has been an ongoing focus over the past year, with staff being encouraged to take on further studies. All entry-level trainees and staff are encouraged to undertake the TAFE Certificate II & III in Business with the option to focus on a specific career direction such as Certificate III in Business (Information Technology). Several Indigenous staff have enrolled in the Certificate IV in Frontline Management.

All Indigenous staff were encouraged to undertake staff development programs. These included training in Selection and Panel Member Skills to enhance their recruitment opportunities. Indigenous staff have also been involved in several areas of training including Mentoring, Communications Skills, Managing Challenging Behaviour, Letter and Report Writing, Orientation Program, and a variety of computer application training courses

including MS Word, MS Access and GroupWise.

The Indigenous mentoring program has entered its second year of providing support to Indigenous trainees during their first 12 months of employment. It is expected that this program will continue to help the trainees to understand the culture and practices of the agency and will increase their chances of successfully completing the traineeship.

Equal Opportunity

The following are some of the achievements accomplished during the year in relation to Equal Employment Opportunity and Diversity:

- The Contact Officer Network was modified to blend the roles of former Ministry of Housing Contact Officers and the former Department of Contract and Management Services Grievance Officers into one. Vacancies in several areas were identified and filled. EEO Contact Officer training was held for all ongoing and new Grievance Officers.
- In response to the Government's Equity and Diversity Plan, diversity targets were incorporated into the agency's planning and monitoring processes and continued to drive the development of specific strategies to increase the employment of each equity group.
- Policies and Guidelines relating to the Public Sector Standards in Human Resource Management were updated.
- The Code of Conduct policy was revised and made available to all staff.
- The Focus on Racism training program continued. Seven workshops were conducted at Metropolitan and Regional Branches throughout the year with 71 staff undergoing training; and
- EEO Incidents and grievances were reported in the Balanced

Scorecard, thus ensuring that areas requiring attention are identified and progressed.

Employee Relations

The enactment of the *Labour Relations Reform Act 2002* provided staff with the choice of withdrawing from their Workplace Agreement and moving to the Public Service General Agreement 2002 or moving to a Statutory Contract of Employment. All Departmental Workplace Agreements ceased in March 2003. As at 30 June 2003, 537 and 532 employees were employed pursuant to the Public Service General Agreement or Statutory Contract of Employment, respectively.

Customer Outcomes

The Commission has adopted the following plans and procedures that address customer and community requirements.

- **Cultural Diversity and Language Services**

The Commission aims to ensure language is not a barrier to service for people from non-English speaking backgrounds. Many of our customers are from culturally and linguistically diverse and indigenous backgrounds. The metropolitan regional offices have on-site interpreter services, which include a telephone interpreter service available on a needs basis. Telephone interpreter services are also available to country regions and customers with hearing impairments. The Commission provides staff with training on cultural awareness and has a Cultural Services Policy. All letterheads have information in 17 languages on the reverse, advising customers of the interpreter/translation service. In 2002-03, the total cost of providing this service exceeded \$40,000.

- **Youth Outcomes**

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

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

- **Waste Paper Recycling**

The Commission uses Paper Recycling Industries for waste paper removal. The current contract is due to expire on 1 May 2005. The contractor collects all grades of paper with the exception of cardboard. The collection and destruction of confidential material is not included in this contract.

Rehabilitation

Five existing rehabilitation cases were carried over into 2002-03 and one new case was established. During the year, two cases were resolved with full-time return to work.

The State Housing Commission's Rehabilitation Policy was updated and made available to all staff.

Freedom of Information

In accordance with Section 94 of the *Freedom of Information Act 1992* the State Housing Commission has an Information Statement that ensures information concerning its operations and the documents it holds are kept up-to-date and made available to the public. The

Information Statement provides members of the public with a list of the kinds of documents held by the agency and the means of accessing these documents both outside the FOI process and within, by providing the details of procedures to be followed for the lodging of a Freedom of Information access applications.

The Department of Housing and Works coordinates all Freedom of Information applications on behalf of the Commission which received and finalised 80 requests during the 2002/2003 financial year.

All enquiries should be made to the FOI Coordinator, Department of Housing and Works, 99 Plain Street, East Perth, WA 6004.

Occupational Health and Safety

The State Housing Commission's Safety Committee met four times during the year. The concern for the safety of staff from the risk of both verbal and physical violence remains constant, and a number of policies such as the Banking and Cash Handling Policy and the Bullying in the Workplace Policy have been implemented.

Upgrading the security of existing front counter and public areas of regional offices is being progressed and security standards are being incorporated into offices where collocation of staff is taking place.

To complement the Safety Representative training already in place, an accredited Frontline Management training course (Certificate to Diploma level), which includes an Occupational Safety and Health module, is being offered to all supervisory staff.

Information Services

This year has seen a continuation of the information systems merger work within the Department of Housing and Works. Ongoing work this year has included:

- The relocation and integration of the Works staff into the Department computer network. Co-location of

Bunbury, Broome, Narrogin, Northam, Merredin and Carnarvon Works & Housing have been completed.

- Migration of systems from the former DOIT network to the Department's network including corporate systems such as Records, Finance and Human Resources, plus core business systems for contract and works management has been completed. The Department is also now operating on a unified email environment.
- A replacement system for the services provided under the BIPAC agreement has been trialed with positive results. A new outsourcing agreement for server infrastructure provision has been established and should realise savings in the future.

The Head Office refurbishment involved considerable Information Services resources in removing, relocating and re-installing computer and telephone equipment to the refurbished areas.

Technical and Support Services

Achievements during the year include:

- staff visits to all regional branches. This program of visits will continue in 2003-04, providing regions with an opportunity to exchange information, highlight areas of concern, establishing a better working relationship between Information Services and the business;
- the conversion from Type 1 cabling and Token Ring technology to the industry standard Cat6 cabling and Ethernet technology for Head Office, Mirrabooka, Heritage Building and 169 Hay Street was completed during the year;
- trialling of a new SOE has continued. Once implemented this will provide improved security, systems access and a standard software platform for all staff in DHW across the State;
- tender, purchase, and installation of a new UPS (Un-interrupted Power Supply); and

- tender for a new PABX for Head Office.

Business Systems

Achievements include:

- completion of a first phase towards the redevelopment of an integrated Securities and Conveyancing system;
- a successful enterprise data warehouse has been extended to assist in better debt management decision-making;
- electronic exchange of data with Centrelink resulting in a substantial reduction of letters produced for subsidy reviews; and
- consolidation of contracts, incorporating conversion, hosting and support of a fully web enabled contract management system.

Communications and Marketing

The Communications and Marketing branch reports to the Executive Director Business Strategies and offers a range of services to all divisions. The branch 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 2002-03 the branch was involved in several major projects including:

- project management of all advertising including work on behalf of Landstart and Keystart;
- management of sponsorship for the Commission;
- ongoing management and expansion of the Commission's web site content;
- print management across the Commission;
- ongoing review and development of all publications; and
- ongoing community consultation of the Commission's major projects.

The branch also responded to media inquiries, produced press releases and speeches for the Commission, and the Minister, and managed events around the State



Commission staff member overseeing construction of new public housing units.

FOR 2002-03 ANNUAL REPORT:

Statement of Compliance with Public Sector Standards and Codes

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

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

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

- Number lodged..... 1
- Number of breaches found, including details of multiple breaches per application..... 1
- Number still under review..... 0



G L JOYCE
DIRECTOR GENERAL

Corporate Governance

State Housing Commission Board

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 \$48,150 plus vehicle and expenses, Deputy Chair \$26,400 and Members \$19,260. In addition, members are reimbursed for justifiable expenses incurred in carrying out their responsibilities. There are more details in the Financial Statements.

In 2002-03 there were 11 Board meetings. Attendance is shown below.

Board Member	Position	No. Meetings 2002-03	Max. Possible Attended
Lloyd Guthrey	Chairman	11	11
David Coates	Deputy Chairman	11	9
Jeanice Krakouer ¹	Commissioner	7	3
Peter Yu ²	Commissioner	4	4
Dr Ann Zubrick	Commissioner	11	8
Mike Bonney	Commissioner	11	11
John Gherardi	Commissioner	11	11
Greg Joyce	Director General	10	10
Bob Thomas	Acting Director General	1	1

Note: ¹ Jeanice Krakouer tendered her resignation to the Governor in February 2003.

² Peter Yu was appointed Commissioner in February 2003 and replaced Jeanice Krakouer.

Audit Committee

The Audit Committee met four times during the year.

Member	Position	No. of Meetings 2002-03	Max. Possible Attended
Lloyd Guthrey	SHC Chairman	4	4
David Coates	SHC Deputy Chairman	4	4
Greg Joyce	Director General	3	3
Bob Thomas	Acting Director General	1	1

Internal Audit Function

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

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

By direction of the Audit Committee, the function also provides assistance to the Board in implementing desired risk management strategies, and continues to significantly support the risk management framework.

Advisory Boards

Landstart

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

Member	Position	No. of Meetings 2002-03	Meetings Attended
Ian Taylor	Chairperson	8	8
Lloyd Guthrey	Member	8	8
William Griffith	Member	8	8
Greg Joyce	Member	8	5
Ian Johnston	Member	8	7

The Landstart Board meets to consider all aspects of Landstart's functions including acquisition, development and sale 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 acquisition 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 after consultation with the Minister. The Keystart Board met 11 times during the year.

Member	Position	No. of Meetings 2002-03	Meetings Attended
Lloyd Guthrey	Chairman	11	11
Greg Joyce	Director	11	9
Ian Taylor	Director	11	9
Mike Bonney	Director	11	11
David Butler	Director	11	11
Raymond Chadwick	Director	11	10
John Coles	Director	11	10

Aboriginal Housing and Infrastructure Council

An eight member Aboriginal Housing and Infrastructure Council, with equal State and Commonwealth (ATSIC)

representation, is charged with providing high-level strategic policy advice regarding Aboriginal housing and infrastructure.

The Aboriginal Housing and Infrastructure Council met three times during the year.

Member	Position	No. of Meetings 2002-03	Meetings Attended
Peter Yu	Chairperson	3	3
Barbara Henry	State Representative	3	2
Sue Wyatt	State Representative	3	3
Darren Farmer	ATSIC Representative	3	3
Barry Taylor	ATSIC Representative	3	3
Charlie Wright	ATSIC Representative	3	3
George Hayden	ATSIC Representative	3	2
Patrick Egan / Danny Ford	Executive Director AHID	3	3

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 Commission makes use of the Department of Housing and Works' Code of Conduct, which 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 and functions under the Act, to an officer of the State Housing Commission. Generally, these delegations are always subject to Board and Ministerial budget and program approval (and other requirements) on a tri-annual basis. An appropriate delegation regime framework was developed, and a comprehensive Register created to demonstrate those formal delegations. The original Register was developed in 1993 in consultation with the Crown Solicitors Office.

Performance Reporting

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

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

The four key results areas are:

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

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



Affordable housing for all Western Australians.

Compliance with Legislation

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

Commonwealth Legislation

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

State Legislation

- *Housing Act 1980*
- *State Supply Commission Act 1991*
- *Financial Administration and Audit Act 1985*
- *Residential Tenancies Act 1987*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *Equal Opportunity Act 1984*
- *Government Employees Superannuation Act 1987*
- *Occupational Health, Wealth and Safety Act 1987*
- *Workers' Compensation and Rehabilitation Act 1981*
- *Industrial Relations Act 1979*
- *Industrial Relations Amendment Act 1993*
- *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*
- *Public Works Act 1902*
- *Town Planning and Development Act 1928*
- *Metropolitan Region Scheme Act 1959*
- *Aboriginal Heritage Act 1972*
- *Native Title (State provisions) Act 1999*
- *Swan Valley Planning Act 1995*
- *State Title Planning Act 1995*
- *Heritage of Western Australia Act 1990*

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

Reporting Requirements

Advertising and Market Research Organisations

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

Advertising and Market Research	2002-03
Advertising Agencies	
Bowtell Clarke & Yole	\$131,952
MJB & B	\$94,301
Market Research Organisations	
Colmar Brunton Social Research	\$8,994
Polling Organisations	Nil
Direct Mail Organisations	Nil
Media Organisations	
Market Force	\$145,838
Media Decisions	\$225,893
Total	\$371,731
Total Advertising and Market Research	\$606,978

Energy Smart Government Policy

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

Energy Smart Government Policy	2002-03
Energy Consumption (MJ)	10,639,414
Energy Cost (\$)	\$431,989
Greenhouse Gas Emissions (tonnes of CO ₂)	2,659
Performance Indicators	
MJ / m ²	7,303
MJ / FTE	11,259

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 Australia Ltd, which provides insurance services to the Commission on a commercial basis.
- Commissioner John Gherardi is a member 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.
- Ex 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 Securities branch provides settlement and conveyancing services to the State Housing Commission, Keystart and customers who participate in purchase and home loan programs provided by the State Housing Commission.

The last year has seen an increase in conveyancing being undertaken by the branch with mortgage processing and discharge settlements for Keystart together with the majority of Landstart Joint Venture vacant land settlements now being effected by the Commission.

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 State Housing Commission property is allotted 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 concession. Tenants who receive a rental concession and were in occupation before 12 July 1997, pay 23 per cent of their assessable household income in rent, and those who moved in after that date pay 25 per cent.

Loan Interest Rates

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

The interest rate is determined by the Commission's cost of funds, the level of borrower concessions provided across the various home loan schemes and the effective home loan lending rate charged by the financial institutions once all added costs are taken into account.

The maximum home loan rate charged by the commission is currently 6.49 per cent per annum. The rate was published in the Government Gazette on 5 July 2002.

Disability Services Plan

The State Housing Commission is committed to providing access to 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 opportunities as others.

The State Housing Commission has engaged a consultant to review its strategic housing policies for people with disabilities and the development of a new Disability Services Plan, in order to reflect a coordinated approach within the amalgamated departments.

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

With its commitment to providing appropriate services for people with disabilities the State Housing Commission continues to monitor and deliver appropriate services and outcomes. The State Housing Commission continues to improve its housing design to make housing more accessible for people with disabilities which includes considerations such as wider doorways.

Modification works to its properties is another way the State Housing Commission supports people to remain in their home, including the installation of ramps to provide wheelchair access and bathroom improvements to accommodate the needs of those that have reduced or limited mobility.

The State Housing Commission also engages Occupational Therapist Services to ensure its customers' housing design needs are appropriately met.

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

This is an ongoing commitment and review process across all departmental offices. This year saw various improvements, such as, 108 Adelaide Terrace as part of the refurbishment program. The kitchen was modified to

improve wheelchair accessibility and individual staff needs. Future works include the installation of a ramp to provide improved mobility access.

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

The State Housing Commission provides information about its facilities and services through various mediums including written, electronic means and personal contact with staff. The State Housing Commission's website is updated regularly and available to all customers and the Disability Services Coordinator is a contact for customers, Government and non-Government agencies and service providers. The information folder "Housing Options for People with Disabilities" is presented in the above formats and information in other formats is available upon request.

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

The State Housing Commission provides opportunities for people with disabilities to be represented on various committees and convenes consultation opportunities for

stakeholders and consumers on specific policy and program initiatives. This includes opportunities for a consumer with a disability to be co-opted to the Steering Committee for the review of the State Housing Commission's strategic housing policy for people with disabilities and development of the new Disability Services Plan.

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

Disability Awareness education sessions were conducted, during the year, for staff in a number of regions, metropolitan as well as country. These sessions cover a range of disabilities, including physical and mental health.

Participants are provided with practical information and professional presenters work with State Housing Commission staff to ensure it enhances a working knowledge from a

personal and a customer service delivery focus.

The Occupational Therapist Services also provide a service to the State Housing Commission's customers in assessing housing design needs, modification works and guidance to staff.

Highlights 2002-03

- A five-bedroom home for people with physical disabilities was constructed in Kalamunda for the Nulsen Haven Association under the Joint Venture Housing Program.
- A duplex pair comprising seven bedrooms was constructed for people with intellectual disability for the ACTIV Foundation in Bunbury under the Community Disability Housing Program.
- Extensive upgrade of four units for homeless men in South Perth for St. Bartholomews under the Community Disability Housing Program was undertaken.



Purpose-built mobility home for people with disabilities.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

THE STATE HOUSING COMMISSION PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of The State Housing Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended June 30, 2003.

Scope

The Commission's Role

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

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

Summary of my Role

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


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

A handwritten signature in black ink, appearing to read 'K O O'NEIL'.


K O O'NEIL
ACTING AUDITOR GENERAL
August 29, 2003

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 2003.



D. COATES
DEPUTY CHAIRMAN



G.L. JOYCE
BOARD MEMBER
DIRECTOR GENERAL

25 AUGUST 2003

Performance Indicators 2002-03

Outcome: Housing eligible Western Australians

The State Housing Commission (the Commission) provides eligible Western Australians with a range of housing options. The three main forms of housing assistance are rental housing, home loans and land. Eligibility for rental housing and home loans is determined by assessable income limits. The opportunity to purchase Commission land, priced in the low to medium price bracket is available to all West Australians.

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

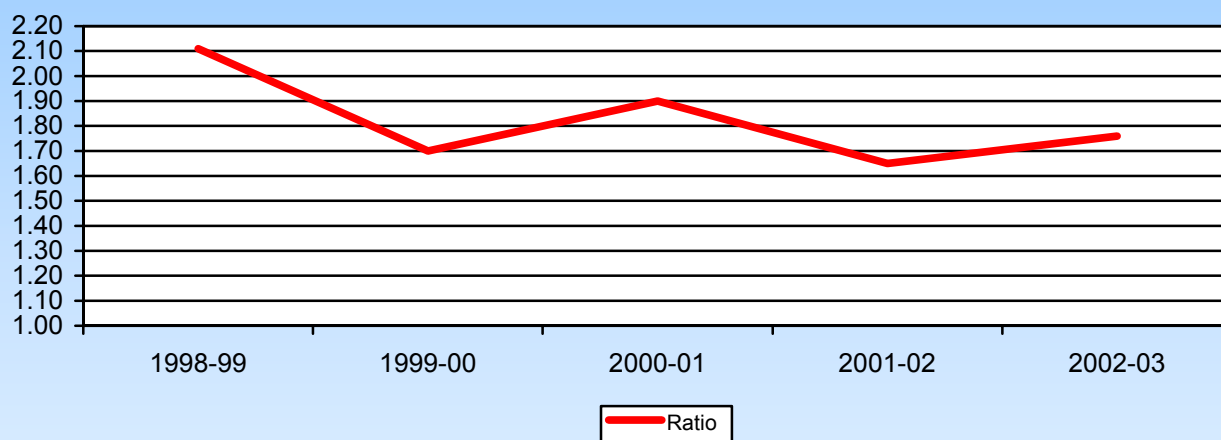
Effectiveness Indicator 1

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

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

The total number of housing assistances provided has decreased from the previous year. This is mainly attributable to a greater number of families being assisted with private sector loans due to low interest rates and the First Home Owners Grant. Land sales of blocks in the lower end of the market increased significantly in the last two years. With increasing market values for established residential properties, the cost of a new house and land package compares very favourably and hence there is a strong demand for affordable blocks of land. Bond assistance loan approvals were higher during the year due to an average 25 per cent increase in the maximum levels of assistance per loan from March 2002.

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



	1998-99	1999-00	2000-01	2001-02	2002-03
Total housing assistances *	26,671	24,308	24,531	25,456	25,046
Public rental waiting list @ June previous financial year	12,625	14,326	12,879	15,456	14,194
Ratio	2.11	1.70	1.90	1.65	1.76

* For 2002-03 total units of housing assistance comprised:

- Number of public rental occupations 5,159
- Number of bond assistance loans approved 15,359
- Number of home loans approved 3,492
- Number of land sales <\$75,000[#] (1998-99 – 2000-01= <\$59,999; 2001-02= <\$64,999) 1,036

[#] These figures represent lots priced at the lower end of the market. Land sales <\$75,000 is based upon the lower quartile benchmark of all land sales in Perth. Source: REIWA December Quarter, 2002 lower quartile \$76,000.

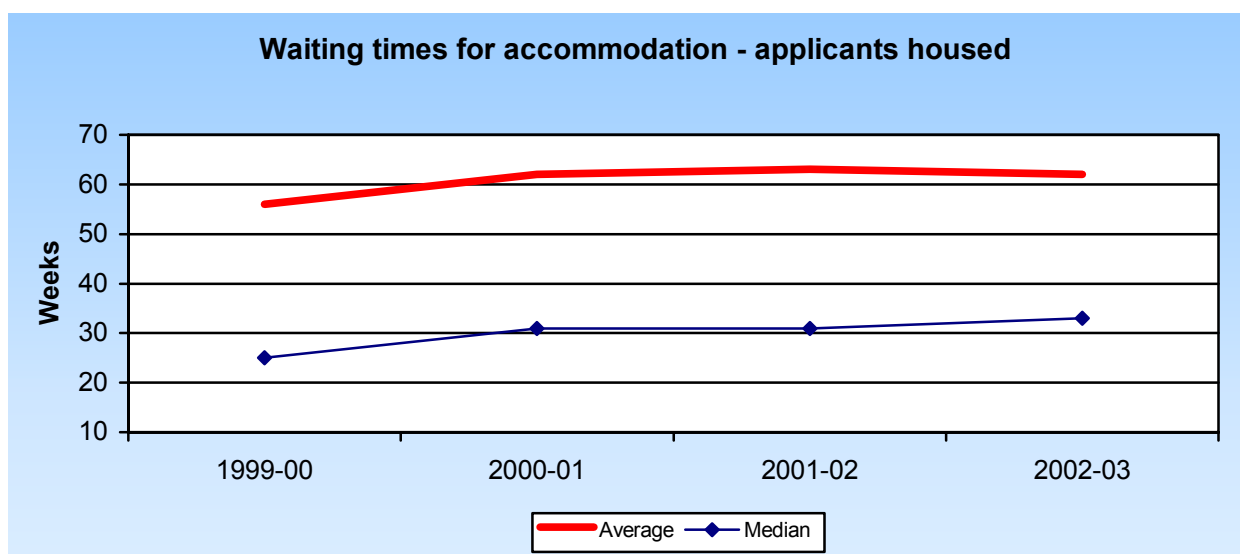
Effectiveness Indicator 2

Waiting times for accommodation – applicants housed

Waiting time for accommodation measures the extent to which public rental housing provision is responding to the needs of eligible rental applicants. Waiting time is defined as the difference between the time when the customer applied and when they were housed and the indicator is formed as an average of the waiting times of all applicants housed during the year.

It demonstrates the Commission's capacity to respond to demand on the waiting list. The shorter the waiting time the greater the capacity to meet demand.

The waiting times have not shown significant variation in the last three years. The average waiting time has decreased slightly to 62 weeks in 2002-03 from 63 weeks in 2001-02. Over half (60 per cent) of the people were housed within one year. The percentage housed after more than three years remains at 13 per cent continuing the targeting of long term applicants by the Commission. This is in line with the revised Government commitment in 1998, which sought to reduce the time an applicant waits for an offer of accommodation to less than three years.



	1999-00	2000-01	2001-02	2002-03
Average	57 weeks	62 weeks	63 weeks	62 weeks
Median	25 weeks	31 weeks	31 weeks	33 weeks
% housed within 1 month	28%	26%	25%	24%
% housed within 1 year	64%	60%	60%	60%
% housed after more than 3 years	11%	12%	13%	13%

Efficiency Indicators:

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

Output 1: Rental Housing

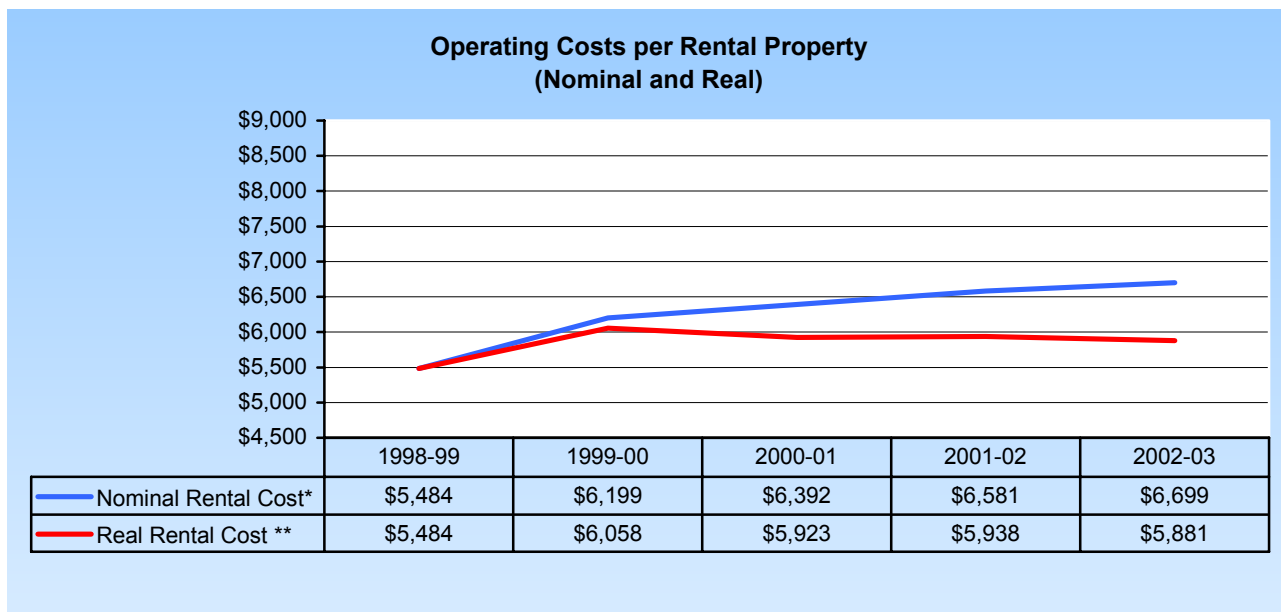
Rental housing is delivered in a cost efficient manner.

Efficiency Indicator 1

Operating Cost per Rental Property

It measures the cost efficiency of rental housing and is calculated by dividing total cost of output by the total number of rental properties.

The operating cost per rental property has increased over the 2002-03 financial year to \$6,699. This is due to higher insurance costs, resulting from storm and fire damage during the year. It is also attributable to the expenditure of funds from the new State/Commonwealth Indigenous Housing Agreement, which was approved during the year. This expenditure was offset by funds granted to the Commission from the Aboriginal Torres Strait Islander Commission to administer and deliver infrastructure projects and program for the benefit of Aboriginal Communities. There has however been a decrease in the real 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):
Cost per rental property has been adjusted to 1998-99 prices.

Output 2: Home Loans

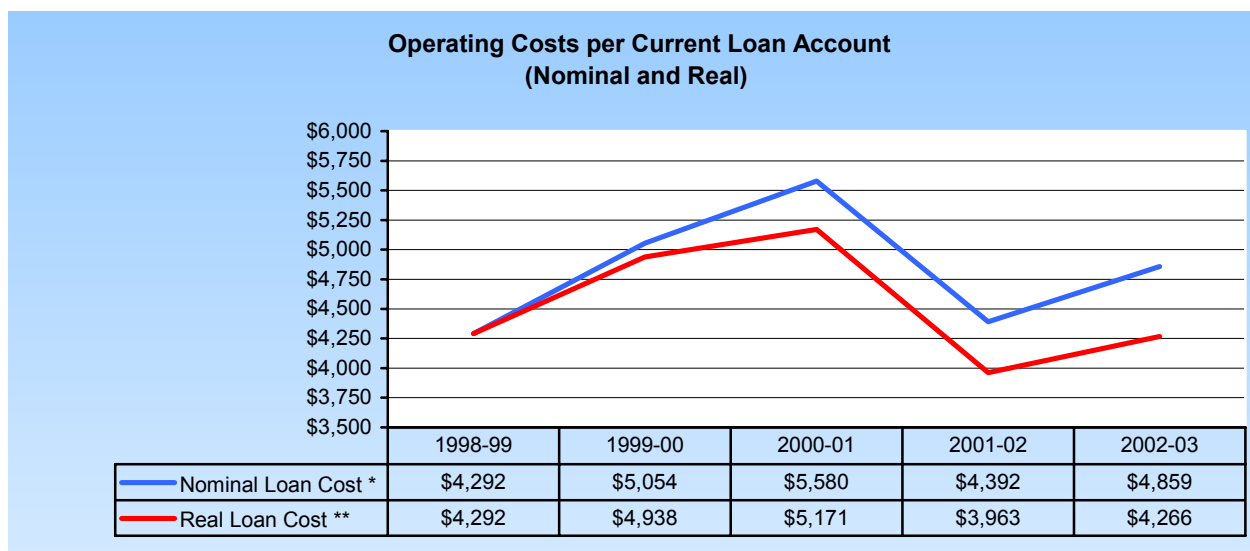
Home loans are delivered in a cost efficient manner

Efficiency Indicator 2

Operating Cost per Current Loan Account

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

The operating cost per current loan account has increased over the 2002-03 financial year to \$4,859. The increase in the cost per loan was mainly due to a restructure of Keystart and the appointment of brokers to provide greater customer access to loan products. The brokers receive a commission upfront however the benefits to Keystart are obtained over the life of the loan.



* Nominal refers to the face value of the money.

** Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth):
Cost per loan has been adjusted to 1998-99 prices.

Costs include interest on loan borrowings.

Output 3: Land

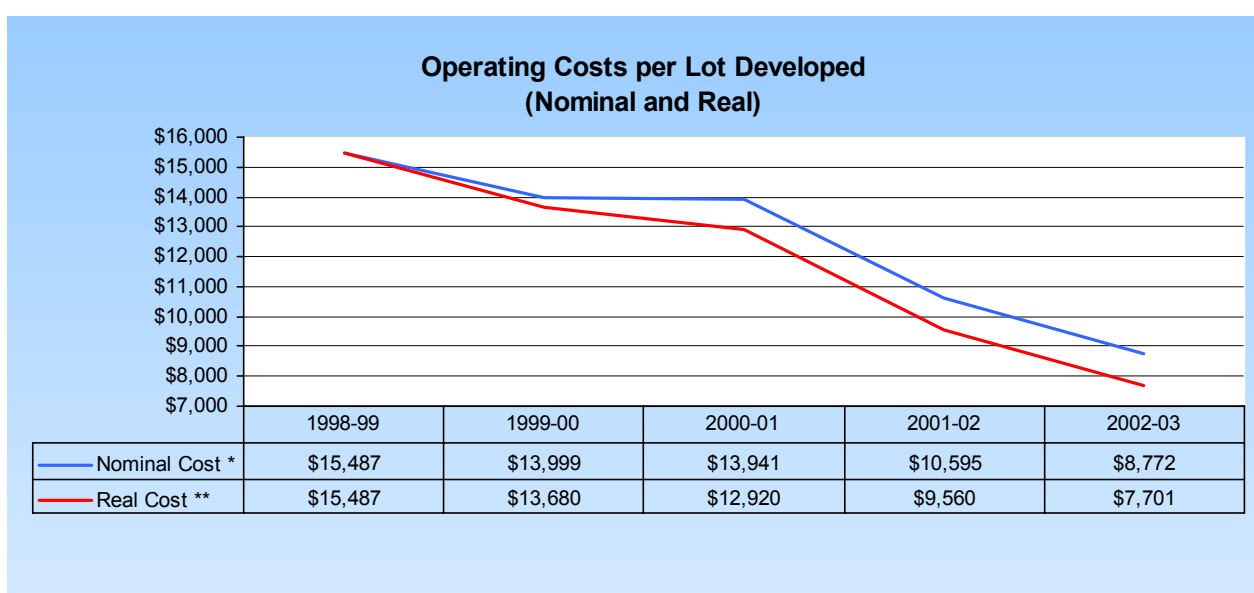
Housing lots are delivered in a cost efficient manner

Efficiency Indicator 3

Operating Cost per Lot Developed

This indicator measures the efficiency of the land output. It is calculated by dividing total cost of output by the number of lots developed for sale.

The operating cost per lot developed has decreased over the 2002-03 financial year to \$8,772. The per lot cost has been influenced by an increase in lots developed in response to the current very buoyant land market that exists across Australia.



* Nominal refers to the face value of the money.

** Real refers to the value of money adjusted for inflation (Consumer Price Index – All Groups Perth)
Cost per lot developed has been adjusted to 1998-99 prices.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

THE STATE HOUSING COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion,

- (i) the controls exercised by The State Housing Commission provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Commission and the consolidated entity at June 30, 2003 and their financial performance and cash flows for the year ended on that date.

Scope

The Commission's Role

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

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

Summary of my Role

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

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

K O O'NEIL
ACTING AUDITOR GENERAL
August 29, 2003

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of The State Housing Commission and the accompanying consolidated financial statements have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985, from proper accounts and records, to present fairly the financial transactions for the financial year ended 30 June, 2003 and the financial position as at 30 June, 2003.

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



D. COATES
DEPUTY CHAIRMAN



G. JOYCE
BOARD MEMBER
DIRECTOR GENERAL



J. MULLEN
PRINCIPAL ACCOUNTING OFFICER

AUGUST 25, 2003

**THE STATE HOUSING COMMISSION
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003**

		Consolidated		S.H.C	
	NOTE	June-2003 \$000	June-2002 \$000	June-2003 \$000	June-2002 \$000
REVENUE					
Revenues from ordinary activities					
Revenues from operating activities					
Rental revenue	3	123,730	120,017	123,730	120,017
Interest revenue	4	108,716	110,682	69,953	62,699
Commonwealth grants and contributions	6	120,786	107,523	120,786	107,523
Revenues from non-operating activities					
Developers contributions		1,657	779	1,657	779
Proceeds on disposal of non-current assets	5	186,541	185,750	186,541	185,750
Other revenues from ordinary activities	7	7,107	4,108	5,233	3,307
Total revenues from ordinary activities		548,537	528,859	507,900	480,075
EXPENSES					
Expenses from ordinary activities					
Community support expense	8	38,627	28,566	38,627	28,566
Depreciation & amortisation expense	9	46,216	43,976	44,169	41,935
Borrowing costs expense	10	107,691	112,503	97,435	91,848
Administration & employee expenses	11	54,297	56,459	50,535	55,355
Rental expenses	12	90,081	87,337	90,660	87,606
New Living expenses	12	34,442	33,650	34,442	33,650
Costs on disposal of non-current assets	5	146,412	162,126	146,412	162,123
Other expenses from ordinary activities	13	29,821	23,864	16,294	11,409
Total expenses from ordinary activities		547,587	548,481	518,574	512,492
Loss from ordinary activities before grants and subsidies from State Government		950	(19,622)	(10,674)	(32,417)
Grants and subsidies from State Government	6	19,669	23,410	19,669	23,410
NET PROFIT/(LOSS)	2(i)	20,619	3,788	8,995	(9,007)
Net increase in asset revaluation reserve	32	194,947	206,264	194,947	206,264
Total revenues, expenses and valuation adjustments recognised directly in equity		194,947	206,264	194,947	206,264
Total changes in equity other than those resulting from transactions with WA State Government as owners		215,566	210,052	203,942	197,257

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 2003**

	NOTE	Consolidated June-2003 \$000	June-2002 \$000	S.H.C June-2003 \$000	June-2002 \$000
Current Assets					
Cash assets	14	93,772	90,235	79,770	78,744
Restricted cash assets	15	10,707	8,447	10,707	8,447
Receivables	16	31,994	24,880	31,654	20,291
Inventories	17	24,733	36,930	24,733	36,930
Other financial assets	18	15,820	10,465	-	-
Other assets	19	2,430	6,144	10,042	9,266
Total Current Assets		179,456	177,101	156,906	153,678
Non-Current Assets					
Other financial assets	18	1,510,824	1,649,955	1,402,550	1,146,992
Rental properties	20	3,322,706	3,126,562	3,322,706	3,126,562
Community housing properties	21	208,537	183,327	208,537	183,327
Shared equity properties	22	102,822	107,375	102,822	107,375
Other properties	23	23,991	23,272	23,991	23,272
Plant & equipment	24	3,448	3,809	3,115	3,780
Buildings under construction		54,821	59,040	54,821	59,040
Freehold land		206,591	200,647	206,591	200,647
Joint venture land	26	90,171	79,756	90,171	79,756
Other assets	27	6,209	6,507	2,331	3,976
Total Non-Current Assets		5,530,120	5,440,250	5,417,635	4,934,727
Total Assets		5,709,576	5,617,351	5,574,541	5,088,405
Current Liabilities					
Interest-bearing liabilities	28	21,913	20,519	21,913	20,519
Payables	29	27,260	23,968	34,078	28,386
Other liabilities	30	23,965	25,786	21,153	18,720
Provisions	31	8,764	8,731	8,764	8,731
Total Current Liabilities		81,902	79,004	85,908	76,356
Non-Current Liabilities					
Interest-bearing liabilities	28	2,061,876	2,203,048	2,041,876	1,778,048
Payables	29	834	863	834	6,982
Provisions	31	43,218	43,736	43,218	43,736
Total Non-Current Liabilities		2,105,928	2,247,647	2,085,928	1,828,766
Total Liabilities		2,187,830	2,326,651	2,171,836	1,905,122
NET ASSETS	2(ii)	3,521,746	3,290,700	3,402,705	3,183,283
Equity					
Reserves	32	2,244,103	2,049,273	2,242,869	2,047,922
Contributed Equity	33	36,160	20,680	36,160	20,680
Retained profits	34	1,241,483	1,220,747	1,123,676	1,114,681
TOTAL EQUITY		3,521,746	3,290,700	3,402,705	3,183,283

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 2003**

	NOTE	Consolidated June-2003 \$000	June-2002 \$000	S.H.C June-2003 \$000	June-2002 \$000
CASHFLOWS FROM OPERATING ACTIVITIES					
Receipts					
Commonwealth grants and contributions		120,786	107,523	120,786	107,523
Rental receipts		124,502	120,716	124,502	120,716
Other receipts		5,251	2,589	8,582	2,802
GST receipts on sales		2,168	1,385	2,168	1,385
GST receipts from taxation authority		3,419	3,255	3,419	3,255
Developers contributions		1,657	779	1,657	779
Interest received		108,712	111,083	69,600	61,970
Payments					
Administration & employment costs		(68,369)	(65,175)	(52,845)	(51,630)
Interest paid to					
Commonwealth government		(25,732)	(26,191)	(25,732)	(26,191)
WA Treasury Corporation		(70,590)	(63,491)	(70,590)	(63,491)
Other interest & finance charges paid		(13,393)	(26,689)	(502)	(509)
GST payments on purchases		(6,147)	(5,147)	(6,147)	(5,147)
GST payments to taxation authority		(1,083)	-	(1,083)	-
Rental property payments		(93,631)	(90,077)	(94,111)	(90,346)
New Living payments		(34,442)	(33,650)	(34,442)	(33,650)
Other Payments		(52,430)	(29,958)	(55,630)	(30,108)
Net cash provided by/(used in) operating activities	35	678	6,952	(10,368)	(2,642)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from the sale of property, plant & equipment		167,045	166,485	167,045	166,482
Payments for purchase of property, plant & equipment	36	(199,079)	(187,263)	(196,344)	(186,876)
Home purchase receipts		519,535	445,346	36,252	37,377
Home purchase advances		(375,207)	(385,623)	(9,810)	(21,036)
Other investing receipts		140,068	10,068	140,068	10,068
Other investing payments		-	-	(2,880,000)	(1,695,000)
Net cash provided by/(used in) investing activities		252,362	49,013	(2,742,789)	(1,688,985)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings					
WA Treasury Corporation		285,000	106,649	2,880,000	1,711,649
Other non-government sources		965,000	1,535,000	-	-
Repayment of borrowings from					
WA Treasury Corporation		(148,400)	(17,698)	(148,400)	(17,698)
Commonwealth government		(11,378)	(10,928)	(11,378)	(10,928)
Other non-government sources		(1,368,331)	(1,681,517)	-	-
Net cash provided by/(used in) financing activities		(278,109)	(68,494)	2,720,222	1,683,023
CASH FLOWS FROM STATE GOVERNMENT					
Owners Contribution		15,000	20,680	15,000	20,680
Proceeds from grants		19,669	23,410	19,669	23,410
Net cash provided by State Government		34,669	44,090	34,669	44,090
Net increase/(decrease) in cash held		9,600	31,561	1,734	35,486
Cash assets at the beginning of the financial year		108,289	76,728	86,333	50,847
Cash assets at the end of the financial year	37	117,889	108,289	88,067	86,333

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by The State Housing Commission (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 previous year.

GENERAL STATEMENT

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AAS), Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements. If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

Basis of Accounting

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

(a) Principles of Consolidation

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

(b) Legal form of Controlled Entities

- (i) The Keystart Housing Scheme includes a trust and company structure set up to enable funds to be raised 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)

(b) Legal form of Controlled Entities (continued)

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

(c) Ownership Interest

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

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

Keystart Bonds Ltd : 100% of the total shareholding

Keystart Loans Ltd : 100% of the total shareholding

Keystart Support Pty Ltd : 100% of the total shareholding

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

The State Housing Commission is obligated to the Scheme in that it has given various representations and obligations to 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 2002/2003 financial year, as the Trust achieved an increase in retained earnings of \$ 11,624 M (refer to note 18 (b)).

(d) Revaluation of non - current assets

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

For properties that are shown at valuation, independent valuations are provided by the Valuer General, G. Fenner AAPI, B Bus (Val) on an annual basis. The valuations are as at 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.

(e) 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 measured at construction cost, which is considered to represent fair value, plus land at fair value.

(f) Community Housing

Community Housing Properties includes properties acquired under the Commonwealth programs of Crisis Accommodation and Community Housing, and 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 measured at construction cost, which is considered to represent fair value, plus land at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leases

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

(h) 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 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.

(i) 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.

(j) 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.

(k) 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 incorporated in the financial statements by including the Commission's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories. Details of the Commission's interests are set out in note 26.

(l) 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)

(m) 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.

(n) Depreciation and Amortisation

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

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

Depreciation for Keystart plant and equipment is calculated using the reducing balance method. The 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:	2003	2002
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%

(o) 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 and Development

Costs, associated with the acquisition and development of computer systems and software are amortised from the commencement of live production of the system. Development costs are deferred to future periods to the extent that future benefits are expected beyond any reasonable doubt to be equal 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.

(iii) 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)

(p) 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.

(q) 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.

(r) Insurance

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

A comprehensive review of the Commission's insurances was undertaken during 2002/2003. The insurance program continues to be a combination of insurance policies provided by commercial insurance providers and the Western Australian Government's RiskCover fund.

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

(s) Employee Benefits

(i) Annual Leave

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

(ii) Long Service Leave

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

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AASB 1028 "Employee Benefits".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee Entitlements (continued)

(iii) Superannuation

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

The pension scheme and the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date. Cash is set aside to fund the liability. The State Housing Commission's Superannuation liability was \$36.682M at reporting date, of which \$20.700M had been set aside in cash and \$15.982M 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 payment of employer contributions to the Government Employees Superannuation Board.

The note disclosure required by paragraph 6.10 of AASB1028 (being the employers share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Commission. Accordingly, deriving the information for the Commission is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(iv) Employee Benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. Notes 11 and 31.

(t) Accrued Salaries

Accrued salaries (refer note 30) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Commission considers the carrying amount approximates net fair value.

(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; 0.25% of home loan balance and 100% of general debtors over 12 months old. The calculation of the provision is based on the composition of the debtors accounts, the debt recovery performance of The State Housing Commission and the performance of the external mercantile agent.

Keystart: Keystart has adopted 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 44) 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 2002					CONSOLIDATED	June 2003				
RENTAL \$000	LOANS \$000	LAND \$000	ELIMINATION \$000	TOTAL \$000	REVENUE	RENTAL \$000	LOANS \$000	LAND \$000	ELIMINATION \$000	TOTAL \$000
119,541	2	474	-	120,017	Rental revenue	123,237	40	453	-	123,730
429	110,253	-	-	110,682	Interest revenue	618	108,044	54	-	108,716
70,847	10,943	103,960	-	185,750	Proceeds on the disposal of assets	63,991	15,379	107,171	-	186,541
2,156	-	45,642	(47,798)	-	- Intersegment sales	1,416	-	34,755	(36,171)	-
779	-	-	-	779	Developers contributions	1,657	-	-	-	1,657
98,459	9,064	-	-	107,523	Commonwealth grants and contributions	115,886	4,900	-	-	120,786
3,100	1,051	226	(269)	4,108	Other revenues from ordinary activities	945	4,891	1,850	(579)	7,107
295,311	131,313	150,302	(48,067)	528,859	Total revenues from ordinary activities	307,750	133,254	144,283	(36,750)	548,537
					EXPENSES					
28,419	147	-	-	28,566	Community support expense	38,598	29	-	-	38,627
40,078	3,727	171	-	43,976	Depreciation & amortisation expense	41,970	4,002	244	-	46,216
20,806	79,524	12,173	-	112,503	Borrowing costs expense	20,066	76,528	11,097	-	107,691
47,514	3,656	5,289	-	56,459	Administration & employee expenses	43,052	6,142	5,103	-	54,297
87,439	-	167	(269)	87,337	Rental expenses	90,434	2	224	(579)	90,081
33,650	-	-	-	33,650	New Living expenses	34,442	-	-	-	34,442
69,137	10,538	82,451	-	162,126	Costs on the disposal of assets	61,105	13,885	71,422	-	146,412
2,004	-	41,328	(43,332)	-	- Intersegment sales	1,413	-	32,080	(33,493)	-
9,164	14,435	265	-	23,864	Other expenses from ordinary activities	10,987	16,801	2,033	-	29,821
338,211	112,027	141,844	(43,601)	548,481	Total expenses from ordinary activities	342,067	117,389	122,203	(34,072)	547,587
(42,900)	19,286	8,458	(4,466)	(19,622)	Profit/(loss) from ordinary activities before grants and subsidies from government	(34,317)	15,865	22,080	(2,678)	950
23,410	-	-	-	23,410	Grants from government	19,669	-	-	-	19,669
(19,490)	19,286	8,458	(4,466)	3,788	Profit/(loss) from ordinary activities after grants and subsidies from government	(14,648)	15,865	22,080	(2,678)	20,619
9,666	-	(9,666)	-	-	- Intersegment transfers	2,535	-	(2,535)	-	-
(9,824)	19,286	(1,208)	(4,466)	3,788	NET PROFIT/(LOSS)	(12,113)	15,865	19,545	(2,678)	20,619
119,544	58,846	13,948	-	192,338	Non-Cash expenses other than Depreciation and amortisation	124,883	66,423	14,647	-	205,953
					THE STATE HOUSING COMMISSION					
					REVENUE					
119,541	2	474	-	120,017	Rental revenue	123,237	40	453	-	123,730
429	62,270	-	-	62,699	Interest revenue	618	69,281	54	-	69,953
70,847	10,943	103,960	-	185,750	Proceeds on the disposal of assets	63,991	15,379	107,171	-	186,541
2,156	-	45,642	(47,798)	-	- Intersegment sales	1,416	-	34,755	(36,171)	-
779	-	-	-	779	Developers contributions	1,657	-	-	-	1,657
98,459	9,064	-	-	107,523	Commonwealth grants and contributions	115,886	4,900	-	-	120,786
3,100	(19)	226	-	3,307	Other revenues from ordinary activities	945	2,438	1,850	-	5,233
295,311	82,260	150,302	(47,798)	480,075	Total revenues from ordinary activities	307,750	92,038	144,283	(36,171)	507,900
					EXPENSES					
28,419	147	-	-	28,566	Community support expense	38,598	29	-	-	38,627
40,078	1,686	171	-	41,935	Depreciation & amortisation expense	41,970	1,955	244	-	44,169
20,806	58,869	12,173	-	91,848	Borrowing costs expense	20,066	66,272	11,097	-	97,435
47,514	2,552	5,289	-	55,355	Administration & employee expenses	43,052	2,380	5,103	-	50,535
87,439	-	167	-	87,606	Rental expenses	90,434	2	224	-	90,660
33,650	-	-	-	33,650	New Living expenses	34,442	-	-	-	34,442
69,137	10,535	82,451	-	162,123	Costs on the disposal of assets	61,105	13,885	71,422	-	146,412
2,004	-	41,328	(43,332)	-	- Intersegment sales	1,413	-	32,080	(33,493)	-
9,164	1,980	265	-	11,409	Other expenses from ordinary activities	10,987	3,274	2,033	-	16,294
338,211	75,769	141,844	(43,332)	512,492	Total expenses from ordinary activities	342,067	87,797	122,203	(33,493)	518,574
(42,900)	6,491	8,458	(4,466)	(32,417)	Profit/(loss) from ordinary activities before grants and subsidies from government	(34,317)	4,241	22,080	(2,678)	(10,674)
23,410	-	-	-	23,410	Grants from government	19,669	-	-	-	19,669
(19,490)	6,491	8,458	(4,466)	(9,007)	Profit/(loss) from ordinary activities after grants and subsidies from government	(14,648)	4,241	22,080	(2,678)	8,995
9,666	-	(9,666)	-	-	- Intersegment transfers	2,535	-	(2,535)	-	-
(9,824)	6,491	(1,208)	(4,466)	(9,007)	NET PROFIT/(LOSS)	(12,113)	4,241	19,545	(2,678)	8,995
119,544	58,846	13,948	-	192,338	Non-Cash expenses other than Depreciation and amortisation	124,883	66,423	14,647	-	205,953

2 (ii). SEGMENTED NET ASSETS REPORT

June 2002				
Rental \$000	Loans \$000	Land \$000	Unallocated \$000	Total \$000
(41,523)	177,091	(68,089)	22,756	90,235
7,589	-	858	-	8,447
10,771	17,218	6,441	487	34,917
1,380	-	35,550	-	36,930
-	10,465	-	-	10,465
192	5,405	443	104	6,144
(21,591)	210,179	(24,797)	23,347	187,138
<hr/>				
-	1,669,237	-	718	1,669,955
3,126,562	-	-	-	3,126,562
183,327	-	-	-	183,327
-	107,375	-	-	107,375
1,458	-	447	21,367	23,272
63	29	14	3,703	3,809
58,750	290	-	-	59,040
1,488	-	199,159	-	200,647
-	-	79,756	-	79,756
-	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
<hr/>				
10,943	2,908	6,668	-	20,519
7,755	6,976	21,937	11,218	47,886
6,455	15,262	2,730	1,339	25,786
-	-	3,303	5,428	8,731
25,153	25,146	34,638	17,985	102,922
<hr/>				
404,915	1,647,895	150,238	-	2,203,048
6,119	-	863	-	6,982
-	-	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
<hr/>				
162,580	1,518	82,087	980	247,165
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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 2003					
NOTE	Rental \$000	Loans \$000	Land \$000	Unallocated \$000	Total \$000
14	(85,071)	222,578	(69,212)	25,477	93,772
15	8,297	-	2,410	-	10,707
16	9,300	8,970	20,014	528	38,812
17	1,381	-	23,352	-	24,733
18	-	15,820	-	-	15,820
19	460	1,401	523	46	2,430
	(65,633)	248,769	(22,913)	26,051	186,274
<hr/>					
18	-	1,530,175	-	649	1,530,824
20	3,322,706	-	-	-	3,322,706
21	208,537	-	-	-	208,537
22	-	102,822	-	-	102,822
23	1,672	-	927	21,392	23,991
24	16	333	18	3,081	3,448
	54,613	208	-	-	54,821
	2,127	-	204,464	-	206,591
26	-	-	90,171	-	90,171
27	-	3,878	-	2,331	6,209
	3,589,671	1,637,416	295,580	27,453	5,550,120
	3,524,038	1,886,185	272,667	53,504	5,736,394
<hr/>					
28	11,484	3,039	7,390	-	21,913
29	13,702	3	32,192	8,181	54,078
30	6,572	11,380	4,077	1,936	23,965
31	-	-	2,667	6,097	8,764
	31,758	14,422	46,326	16,214	108,720
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28	393,001	1,524,857	144,018	-	2,061,876
29	-	-	834	-	834
31	444	138	1,725	40,911	43,218
	393,445	1,524,995	146,577	40,911	2,105,928
	425,203	1,539,417	192,903	57,125	2,214,648
	3,098,835	346,768	79,764	(3,621)	3,521,746
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	159,343	4,413	96,672	1,944	262,372
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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 \$6.818 million debtor between the Rental and Loan segments. These transactions have been eliminated in the Statement of Financial Position.

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

June 2002				
Rental \$000	Loans \$000	Land \$000	Unallocated \$000	Total \$000
(41,523)	165,600	(68,089)	22,756	78,744
7,589	-	858	-	8,447
10,771	2,592	6,441	487	20,291
1,380	-	35,550	-	36,930
-	-	-	-	-
192	8,527	443	104	9,266
(21,591)	176,719	(24,797)	23,347	153,678
-	1,166,274	-	718	1,166,992
3,126,562	-	-	-	3,126,562
183,327	-	-	-	183,327
-	107,375	-	-	107,375
1,458	-	447	21,367	23,272
63	-	14	3,703	3,780
58,750	290	-	-	59,040
1,488	-	199,159	-	200,647
-	-	79,756	-	79,756
-	-	-	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
10,943	2,908	6,668	-	20,519
7,755	7,476	21,937	11,218	48,386
6,455	8,196	2,730	1,339	18,720
-	-	3,303	5,428	8,731
25,153	18,580	34,638	17,985	96,356
404,915	1,222,895	150,238	-	1,778,048
6,119	-	863	-	6,982
-	-	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

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**

NOTE	June 2003				
	Rental \$000	Loans \$000	Land \$000	Unallocated \$000	Total \$000
14	(85,071)	208,576	(69,212)	25,477	79,770
15	8,297	-	2,410	-	10,707
16	9,300	1,812	20,014	528	31,654
17	1,381	-	23,352	-	24,733
18	-	-	-	-	-
19	460	9,013	523	46	10,042
	(65,633)	219,401	(22,913)	26,051	156,906
18	-	1,421,901	-	649	1,422,550
20	3,322,706	-	-	-	3,322,706
21	208,537	-	-	-	208,537
22	-	102,822	-	-	102,822
23	1,672	-	927	21,392	23,991
24	16	-	18	3,081	3,115
	54,613	208	-	-	54,821
	2,127	-	204,464	-	206,591
26	-	-	90,171	-	90,171
27	-	-	-	2,331	2,331
	3,589,671	1,524,931	295,580	27,453	5,437,635
	3,524,038	1,744,332	272,667	53,504	5,594,541
28	11,484	3,039	7,390	-	21,913
29	13,702	3	32,192	8,181	54,078
30	6,572	8,568	4,077	1,936	21,153
31	-	-	2,667	6,097	8,764
	31,758	11,610	46,326	16,214	105,908
28	393,001	1,504,857	144,018	-	2,041,876
29	-	-	834	-	834
31	444	138	1,725	40,911	43,218
	393,445	1,504,995	146,577	40,911	2,085,928
	425,203	1,516,605	192,903	57,125	2,191,836
	3,098,835	227,727	79,764	(3,621)	3,402,705
	159,343	1,678	96,672	1,944	259,637

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-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
3. RENTAL REVENUE				
Rental Properties	228,387	220,220	228,387	220,220
Amenities Heating	1,808	1,833	1,808	1,833
Commercial Properties	1,910	1,919	1,910	1,919
	<u>232,105</u>	<u>223,972</u>	<u>232,105</u>	<u>223,972</u>
Less Vacancies & Concessions:				
Vacancies Rental Stock	8,259	7,820	8,259	7,820
Vacancies Amenities	60	61	60	61
Vacancies Commercial Properties	-	-	-	-
Concessions - Caretakers	54	54	54	54
Concessions - Community Playgrounds	839	577	839	577
Concessions - Other	4,534	4,441	4,534	4,441
Total Vacancies & Concessions	<u>13,746</u>	<u>12,953</u>	<u>13,746</u>	<u>12,953</u>
Rental Revenue	218,359	211,019	218,359	211,019
Less Rent Subsidised:				
Rental Subsidy	93,743	90,102	93,743	90,102
Amenities Subsidy	886	900	886	900
Total Rent Subsidised	<u>94,629</u>	<u>91,002</u>	<u>94,629</u>	<u>91,002</u>
Total Rental Revenue	<u>123,730</u>	<u>120,017</u>	<u>123,730</u>	<u>120,017</u>
4. INTEREST REVENUE				
LOAN INTEREST				
Keystart Secured Mortgage Advances	91,959	93,839	-	-
Loans to Terminating Building Societies	616	841	616	841
	<u>92,575</u>	<u>94,680</u>	<u>616</u>	<u>841</u>
The State Housing Commission Loan Schemes	9,590	11,215	9,590	11,215
Less Mortgage Subsidies	86	167	86	167
	<u>9,504</u>	<u>11,048</u>	<u>9,504</u>	<u>11,048</u>
Total Loan Interest	<u>102,079</u>	<u>105,728</u>	<u>10,120</u>	<u>11,889</u>
OTHER INTEREST				
Interest on Cash at Bank	4,871	3,971	4,871	3,971
Interest on Investments	1,114	926	54,310	46,782
Interest Other	652	57	652	57
Total Other Interest	<u>6,637</u>	<u>4,954</u>	<u>59,833</u>	<u>50,810</u>
Total Interest Revenue	<u>108,716</u>	<u>110,682</u>	<u>69,953</u>	<u>62,699</u>

5. NET PROFIT ON THE DISPOSAL OF ASSETS

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

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 2003				
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Gross Proceeds	Book Value	Selling Expenses	Concessions	Net Profit (Loss)
366	453	-	-	(87)
63,320	54,357	5,611	417	2,935
15,379	13,880	-	-	1,499
8	77	-	-	(69)
51,404	31,936	9,307	-	10,161
56,481	27,244	3,547	-	25,690
-	-	-	-	-
186,958	127,947	18,465	417	40,129

366	453	-	-	(87)
63,320	54,357	5,611	417	2,935
15,379	13,880	-	-	1,499
8	77	-	-	(69)
51,404	31,936	9,307	-	10,161
56,481	27,244	3,547	-	25,690
-	-	-	-	-
186,958	127,947	18,465	417	40,129

Proceeds on disposal of non-current assets consists of gross proceeds less concessions.

Costs on disposal of non-current assets consists of the book value and selling expenses.

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
6. COMMONWEALTH AND STATE GRANTS				
COMMONWEALTH GRANTS				
Aboriginal Housing	31,696	16,743	31,696	16,743
Commonwealth Rental Grants	78,944	80,263	78,944	80,263
Crisis Accommodation & Community Housing	10,146	10,203	10,146	10,203
Interest Subsidised	-	314	-	314
Total Commonwealth grants	120,786	107,523	120,786	107,523
STATE GRANTS				
Department of Treasury and Finance	17,531	15,845	17,531	15,845
Department of Indigenous Affairs	138	100	138	100
Department of Transport	-	365	-	365
Department of Consumer and Employment Protection	-	5,000	-	5,000
Department of Education	-	100	-	100
Main Roads Western Australia	2,000	2,000	2,000	2,000
Total State grants	19,669	23,410	19,669	23,410
7. OTHER REVENUES FROM ORDINARY ACTIVITIES				
Bad Debts Recovered	649	656	649	656
Conveyancing Fees	4,137	1,807	4,137	1,807
Revenue from Keystart	-	-	-	-
Assets Received Free of Charge	26	553	26	553
Other Revenue	2,295	1,092	421	291
Total other revenues from ordinary activities	7,107	4,108	5,233	3,307
8. COMMUNITY SUPPORT EXPENSE				
Aboriginal Housing	36,236	26,747	36,236	26,747
Community Housing	2,362	1,672	2,362	1,672
Mortgage and Rental assistance program - Cash assistance	29	147	29	147
Total community support programs	38,627	28,566	38,627	28,566
9. DEPRECIATION AND AMORTISATION EXPENSE				
Rental Properties & Other Assets				
- Depreciation	40,720	38,121	40,215	38,105
Other Assets				
- Amortisation	5,496	5,855	3,954	3,830
Total depreciation and amortisation	46,216	43,976	44,169	41,935
10. BORROWING COSTS EXPENSE				
Interest on Interest-bearing liabilities	97,435	91,848	97,435	91,848
Interest on Keystart Bonds Ltd. - Commercial Paper	10,256	20,655	-	-
Total borrowing costs expense	107,691	112,503	97,435	91,848

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

11. ADMINISTRATION AND EMPLOYEE EXPENSES	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
Board Expenses	183	224	183	224
Communication	2,327	2,235	2,248	2,191
Other Costs & Expenses	8,289	7,323	4,890	6,464
Office Rental & Accommodation	2,163	1,982	2,163	1,982
Other Personnel Costs	1,759	1,508	1,759	1,508
Salaries & Wages	37,551	35,329	37,528	35,257
Salaries & Wages on Costs	9,271	11,662	9,271	11,662
Stationery & Supplies	747	614	605	545
	<u>62,290</u>	<u>60,877</u>	<u>58,647</u>	<u>59,833</u>
Less Credits:				
Administration Capitalised	4,501	2,897	4,501	2,897
Recoups	5,082	3,325	5,201	3,385
Total Credits	<u>9,583</u>	<u>6,222</u>	<u>9,702</u>	<u>6,282</u>
	<u>52,707</u>	<u>54,655</u>	<u>48,945</u>	<u>53,551</u>
Lease Expenses				
Non Cancellable Operating Leases:				
- Office Properties	681	763	681	763
- Motor Vehicles	902	948	902	948
Cancellable Leases				
- Office Properties	7	93	7	93
	<u>1,590</u>	<u>1,804</u>	<u>1,590</u>	<u>1,804</u>
Total administration & employee expenses	<u>54,297</u>	<u>56,459</u>	<u>50,535</u>	<u>55,355</u>

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

	June-2003	June-2002
Long Service Leave	\$844,000	\$244,000
Annual Leave	\$337,000	\$322,000
Superannuation	(\$633,000)	\$2,858,000

Office Property Leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	618	648	596	633
Later than 1 year & not later than 5 years	1,075	1,067	1,053	1,028
	<u>1,693</u>	<u>1,715</u>	<u>1,649</u>	<u>1,661</u>

Motor Vehicle Leases:

Lease commitments on non cancellable operating leases are:

Within 1 year	731	636	731	636
Later than 1 year & not later than 5 years	285	265	285	265
	<u>1,016</u>	<u>901</u>	<u>1,016</u>	<u>901</u>

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
12. RENTAL EXPENSES				
Maintenance Expenses	33,213	31,205	33,213	31,205
Less Tenant Liability	4,152	3,880	4,152	3,880
	29,061	27,325	29,061	27,325
Debt Collection Expenses	1,335	1,310	1,335	1,310
Estate Management Expenses	3,511	3,383	3,511	3,383
General Expenses	4,036	4,025	4,615	4,294
Insurance Expenses	5,854	4,413	5,854	4,413
Rates Expenses	36,968	35,632	36,968	35,632
Renovations & Improvements	9,243	11,249	9,243	11,249
	90,008	87,337	90,587	87,606
Lease Expenses				
Operating Lease Costs Were:				
Rental Properties	73	-	73	-
	73	-	73	-
Total Rental Expenses	90,081	87,337	90,660	87,606
NEW LIVING EXPENSES				
Renovations & Improvements	31,114	30,013	31,114	30,013
Infrastructure expenses	3,254	3,215	3,254	3,215
Demolitions costs	74	422	74	422
Total New Living Expenses	34,442	33,650	34,442	33,650
13. OTHER EXPENSES FROM ORDINARY ACTIVITIES				
Doubtful Debts Expenses	4,291	4,566	2,526	2,737
Fees - Keystart	10,939	9,271	-	-
Grants & Subsidies	523	131	523	131
Land Expenses	460	16	460	16
Loan Scheme Expenses	2,386	1,900	2,386	1,900
Other Expenses	11,222	7,980	10,399	6,625
Total other expenses from ordinary activities	29,821	23,864	16,294	11,409

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

14. CASH ASSETS	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
Cash at Bank - Operational	73,072	69,535	59,070	58,044
Cash at Bank - Superannuation	20,700	20,700	20,700	20,700
Total cash assets	93,772	90,235	79,770	78,744

15. RESTRICTED CASH ASSETS

Rental Tenants Bonds	8,297	7,589	8,297	7,589
Joint Venture Cash	2,410	858	2,410	858
Total restricted cash assets	10,707	8,447	10,707	8,447

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	4,774	11,202	4,434	6,613
Joint Venture Receivables	12,014	3,744	12,014	3,744
Land Debtors	7,066	1,876	7,066	1,876
Other Rents	558	411	558	411
Rental Bonds Assistance	4,475	4,398	4,475	4,398
Rents from Tenants	8,557	8,035	8,557	8,035
	37,444	29,666	37,104	25,077
Less Provision For Doubtful Debts	5,450	4,786	5,450	4,786
Total Receivables (Current)	31,994	24,880	31,654	20,291

17. INVENTORIES

Land held for Sale (Note 1(m))				
Cost of Acquisition and Development	19,235	23,862	19,235	23,862
Capitalised rates, taxes, administration and interest.	1,734	1,879	1,734	1,879
	20,969	25,741	20,969	25,741
Joint Venture Land	2,455	9,880	2,455	9,880
House and Land Packages	1,309	1,309	1,309	1,309
Total inventories	24,733	36,930	24,733	36,930

18. OTHER FINANCIAL ASSETS

Current Investments				
Deposits at call				
National Australia Bank	10,000	-		
Westpac	5,820	10,465	-	-
Total current other financial assets	15,820	10,465	-	-
Non - Current Investments				
Ellenbrook Management Pty Ltd Shares (a)	24	24	24	24
Keystart Preferential Shares (d)	-	-	1,245,000	960,000
	24	24	1,245,024	960,024
Loans to Homebuyers	1,513,793	1,649,337	147,632	173,487
Less Provision for Doubtful Debts	13,637	14,337	750	1,450
	1,500,156	1,635,000	146,882	172,037
Loans to Housing Societies (c)	9,490	13,694	9,490	13,694
Loans Other				
Commercial Organisations	697	720	697	720
Local & Statutory Authorities	457	517	457	517
	1,510,800	1,649,931	157,526	186,968
Total Non - Current other financial assets	1,510,824	1,649,955	1,402,550	1,146,992

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

18. OTHER FINANCIAL ASSETS (Continued)	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$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-2003 %	June-2002 %	
Ellenbrook Management Pty Ltd	Real estate development	Ord. 47.14	47.14	Nil 24

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

Name	Percentage Owned	Contribution to Economic Entity result (\$000)	Investment Shares at cost (\$)
	June-03	June-02	June-03
Keystart Bonds Ltd	100	100	6
Keystart Loans Ltd	100	100	6
Keystart Support Pty Ltd	100	100	2
Keystart Support (Subsidiary) Pty Ltd	100	100	2
Keystart Housing Scheme Trust			
Profits		11,624	12,795
Transfer from Reserve		117	134
Keystart Support Trust		Nil	Nil
Homeswest Loan Scheme Trust		Nil	Nil

(c) Loans to Housing Societies

Loans made by The State Housing Commission to Housing Societies ("Approved Institutions" pursuant to the Housing Loan Guarantee Act 1957 - 1973) are made by The State Housing Commission pursuant to the Commonwealth State Housing Agreement Act and are in turn on lent to borrowers for the purpose of buying or building a home. Loans with a balance of \$9,490,485 at June 30, 2003 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 \$746,445 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, 2003 was \$328,528 (June 2002 \$457,745). The State Housing Commission is responsible for any shortfall realised for monies on lent by the societies subsequent to 1985/86. At June 30, 2003, the value of loans repayable in respect of monies on lent since 1985/86 amounted to \$8,744,040 (June 2002 \$12,539,029).

(d) Keystart Preferential Shares

The Western Australian Treasury Corporation has provided The State Housing Commission with a \$2,000 Million loan facility to fund Keystart Loans Ltd. The State Housing Commission has purchased redeemable preference shares in Keystart Loans Ltd. to the same value as the drawn down loan facility as security over the funds. The terms and conditions of the shares reflect the terms and conditions of the loan facility. Keystart Bonds Ltd. meets all principal, interest and other costs associated with the facility. To date \$1,245 Million of this facility has been drawn down.

19. OTHER ASSETS (Current Assets)

Accrued Revenue				
Keystart Hedging Instruments	899	3,440	-	-
Interest on Cash at Bank	494	409	494	409
Interest Keystart Shares	-	-	8,529	8,161
	1,393	3,849	9,023	8,570
Prepayments				
Insurance Premiums	496	236	496	236
Interest on Borrowings	18	1,599	-	-
Joint Venture	523	443	523	443
Other	-	17	-	17
	1,037	2,295	1,019	696
Total other assets	2,430	6,144	10,042	9,266

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
20. RENTAL PROPERTIES				
Rental Properties at fair value				
Improvements	1,770,646	1,676,238	1,770,646	1,676,238
Land	1,587,431	1,483,210	1,587,431	1,483,210
	3,358,077	3,159,448	3,358,077	3,159,448
Less Accumulated Depreciation	35,682	33,383	35,682	33,383
	3,322,395	3,126,065	3,322,395	3,126,065
Leasehold Improvements at cost	499	1,208	499	1,208
Less Accumulated Depreciation	188	711	188	711
	311	497	311	497
Total rental properties	3,322,706	3,126,562	3,322,706	3,126,562

21. COMMUNITY HOUSING PROPERTIES

Crisis Accommodation properties at fair value				
Improvements	32,120	25,603	32,120	25,603
Land	25,097	23,815	25,097	23,815
	57,217	49,418	57,217	49,418
Community Housing properties at fair value				
Improvements	49,939	44,181	49,939	44,181
Land	26,284	22,470	26,284	22,470
	76,223	66,651	76,223	66,651
Joint Charity Projects at cost				
Improvements	83,465	74,292	83,465	74,292
Land	1,518	1,105	1,518	1,105
	84,983	75,397	84,983	75,397
	218,423	191,466	218,423	191,466
Less Accumulated Depreciation:				
Crisis Accommodation	752	663	752	663
Community Housing	1,003	887	1,003	887
Joint Charity Projects	8,131	6,589	8,131	6,589
	9,886	8,139	9,886	8,139
Total community housing properties	208,537	183,327	208,537	183,327

22. SHARED EQUITY PROPERTIES

The State Housing Commission Loan Properties at fair value				
Improvements	55,466	58,939	55,466	58,939
Land	49,087	50,223	49,087	50,223
	104,553	109,162	104,553	109,162
Less Accumulated Depreciation:	1,731	1,787	1,731	1,787
Total shared equity properties	102,822	107,375	102,822	107,375

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
23. OTHER PROPERTIES				
Other Properties at fair value				
Offices				
Improvements	8,299	8,155	8,299	8,155
Land	13,113	13,106	13,113	13,106
	<u>21,412</u>	<u>21,261</u>	<u>21,412</u>	<u>21,261</u>
Commercial				
Improvements	452	374	452	374
Land	1,220	1,084	1,220	1,084
	<u>1,672</u>	<u>1,458</u>	<u>1,672</u>	<u>1,458</u>
Joint Venture Buildings at cost	<u>1,024</u>	<u>493</u>	<u>1,024</u>	<u>493</u>
	<u>24,108</u>	<u>23,212</u>	<u>24,108</u>	<u>23,212</u>
Less Accumulated Depreciation:				
Offices	415	409	415	409
Commercial	9	7	9	7
Joint Venture Buildings	97	46	97	46
	<u>521</u>	<u>462</u>	<u>521</u>	<u>462</u>
	<u>23,587</u>	<u>22,750</u>	<u>23,587</u>	<u>22,750</u>
Leasehold Improvements at cost	535	523	535	523
Less Accumulated Depreciation:	<u>131</u>	<u>1</u>	<u>131</u>	<u>1</u>
	<u>404</u>	<u>522</u>	<u>404</u>	<u>522</u>
Total other properties	<u>23,991</u>	<u>23,272</u>	<u>23,991</u>	<u>23,272</u>

24. PLANT & EQUIPMENT

Plant & Equipment at cost				
Air Conditioning	548	536	548	536
Commercial Vehicles	439	460	439	460
Computing Facilities & Equipment	9,246	8,601	8,840	8,482
Furniture & Fittings	967	1,960	633	1,680
Office Machines & Equipment	1,599	1,610	1,497	1,562
Joint Venture Office Equipment	44	37	44	37
Plant & Equipment	64	64	64	64
	<u>12,907</u>	<u>13,268</u>	<u>12,065</u>	<u>12,821</u>
Less Accumulated Depreciation:				
Air Conditioning	361	310	361	310
Commercial Vehicles	424	397	424	397
Computing Facilities & Equipment	6,841	6,201	6,654	6,088
Furniture & Fittings	758	1,416	490	1,153
Office Machines & Equipment	1,030	1,098	976	1,056
Joint Venture Office Equipment	26	23	26	23
Plant & Equipment	19	14	19	14
	<u>9,459</u>	<u>9,459</u>	<u>8,950</u>	<u>9,041</u>
Total plant & equipment	<u>3,448</u>	<u>3,809</u>	<u>3,115</u>	<u>3,780</u>

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

25. PROPERTY, PLANT AND EQUIPMENT RECONCILIATION

June 2003

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	3,126,562	183,327	107,375	23,272	3,809	200,647	79,756	3,724,748
Additions	138,894	23,000	3,625	1,444	1,461	62,675	42,351	273,450
Disposals	(86,214)	(2,242)	(14,001)	(90)	(1,822)	(56,731)	(31,936)	(193,036)
Revaluation Increments	145,240	6,199	5,767	(446)	-	-	-	156,760
Depreciation	(1,776)	(1,747)	56	(189)	-	-	-	(3,656)
Carrying amount at end of year	3,322,706	208,537	102,822	23,991	3,448	206,591	90,171	3,958,266

June 2003

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	3,126,562	183,327	107,375	23,272	3,780	200,647	79,756	3,724,719
Additions	138,894	23,000	3,625	1,444	1,066	62,675	42,351	273,055
Disposals	(86,214)	(2,242)	(14,001)	(90)	(1,822)	(56,731)	(31,936)	(193,036)
Revaluation Increments	145,240	6,199	5,767	(446)	-	-	-	156,760
Depreciation	(1,776)	(1,747)	56	(189)	91	-	-	(3,565)
Carrying amount at end of year	3,322,706	208,537	102,822	23,991	3,115	206,591	90,171	3,957,933

26. JOINT VENTURE LAND	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
	90,171	79,756	90,171	79,756

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

Brighton

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.

Brighton Beach

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

Dalyellup Beach

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

Ellenbrook

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

Seacrest

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

Beeliar

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

Bunbury

The State Housing Commission holds an interest in a joint venture operation named Glen Iris, Shearwater and Brookville 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 met. This joint venture is being terminated in 2004 financial year (see note 44).

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 met.

Woodrise Estate

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

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

26. JOINT VENTURE LAND (continued)

JOINT VENTURE OPERATIONS

	June 2003										
	Brighton	Brighton	Dalyellup	Ellenbrook	Seacrest	Beeliar	Bunbury	Clarkson	Palm	Woodrise	Total
	\$000	Beach	Beach						Beach	Estate	
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT ASSETS											
Cash assets	1,554	417	121	268	50	-	-	-	-	-	2,410
Receivables	3,915	5,176	631	2,092	200	-	-	-	-	-	12,014
Inventories	-	391	-	2,064	-	-	-	-	-	-	2,455
Other assets	-	-	-	467	56	-	-	-	-	-	523
	5,469	5,984	752	4,891	306	-	-	-	-	-	17,402
NON-CURRENT ASSETS											
Office Equipment	-	-	-	18	-	-	-	-	-	-	18
Buildings	363	-	528	36	-	-	-	-	-	-	927
Development costs (1)	14,842	-	10,345	21,032	598	-	-	-	-	-	46,817
	15,205	-	10,873	21,086	598	-	-	-	-	-	47,762
Total assets	20,674	5,984	11,625	25,977	904	-	-	-	-	-	65,164
CURRENT LIABILITIES											
Payables and Interest-bearing liabilities	4,272	85	1,188	4,301	6	-	-	-	-	-	9,852
Other Liabilities	-	729	-	565	181	-	-	-	-	-	1,475
Provisions	-	-	-	2,652	15	-	-	-	-	-	2,667
	4,272	814	1,188	7,518	202	-	-	-	-	-	13,994
NON-CURRENT LIABILITIES											
Payables and Interest-bearing liabilities	-	-	238	24	-	-	-	-	-	-	262
Provisions	-	-	-	-	70	-	-	-	-	-	70
	-	-	238	24	70	-	-	-	-	-	332
Total liabilities	4,272	814	1,426	7,542	272	-	-	-	-	-	14,326
NET ASSETS	16,402	5,170	10,199	18,435	632	-	-	-	-	-	50,838
Land (1)	15,773	1,135	718	7,765	933	3,897	3,385	9,374	30	344	43,354

1. The total of Development costs, State Housing Commission Land, Dalyellup Beach Land and Brighton Land acquired by the joint venture represents the \$90.173 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 2002									
	Brighton	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
State Housing Commission 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

	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
27. OTHER ASSETS				
Other Assets at cost				
Computing Software	6,647	3,673	3,521	2,887
Less Accumulated Amortisation	3,087	2,218	2,281	1,812
	<u>3,560</u>	<u>1,455</u>	<u>1,240</u>	<u>1,075</u>
Computing Development	9,350	9,418	9,350	9,418
Less Accumulated Amortisation	8,259	6,517	8,259	6,517
	<u>1,091</u>	<u>2,901</u>	<u>1,091</u>	<u>2,901</u>
Capital Establishment & Development costs and premiums on financial instruments	4,022	5,691	-	-
Less Accumulated Amortisation	2,464	3,540	-	-
	<u>1,558</u>	<u>2,151</u>	<u>-</u>	<u>-</u>
Total other assets	<u>6,209</u>	<u>6,507</u>	<u>2,331</u>	<u>3,976</u>

28. INTEREST-BEARING LIABILITIES

Current				
Borrowings				
State Nominated Funds	3,373	3,227	3,373	3,227
WA Treasury Corporation	10,185	9,320	10,185	9,320
Commonwealth Advances	8,355	7,972	8,355	7,972
	<u>21,913</u>	<u>20,519</u>	<u>21,913</u>	<u>20,519</u>
Non - Current				
Borrowings				
State Nominated Funds	290,340	293,714	290,340	293,714
WA Treasury Corporation	1,485,711	1,209,976	1,485,711	1,209,976
Commonwealth Advances	265,825	274,358	265,825	274,358
Medium Term notes	-	200,000	-	-
Keystart Bonds Ltd. - Commercial Paper	20,000	225,000	-	-
	<u>2,061,876</u>	<u>2,203,048</u>	<u>2,041,876</u>	<u>1,778,048</u>
Total interest-bearing liabilities	<u>2,083,789</u>	<u>2,223,567</u>	<u>2,063,789</u>	<u>1,798,567</u>

29. PAYABLES

Current				
Contractors retention monies	3,243	2,854	3,243	2,854
Keystart	-	-	6,719	4,300
General	4,836	5,225	4,935	5,343
Rental Properties Water Consumption	1,032	1,325	1,032	1,325
Joint Venture Creditors	9,852	6,975	9,852	6,975
Rental Tenants Bonds	8,297	7,589	8,297	7,589
Total current payables	<u>27,260</u>	<u>23,968</u>	<u>34,078</u>	<u>28,386</u>

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

	June-2003	June-2002
Amounts carried forward from previous financial year.	\$508,689	\$15,351
Payments made by the Commonwealth for IOT services.	\$44,000	\$523,402
Cost of services.	\$47,528	\$30,064
Amounts carried forward to following financial year.	<u>\$505,161</u>	<u>\$508,689</u>

Non - Current				
Keystart	-	-	-	6,119
Joint Venture Creditors	262	674	262	674
Accrued Expenses	572	189	572	189
Total Non-current payables	<u>834</u>	<u>863</u>	<u>834</u>	<u>6,982</u>

30. OTHER LIABILITIES(Current Liabilities)	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000
Accrued Expenses:				
Administrative & General Expenses	5,623	2,229	2,847	2,229
Interest on Borrowings	12,762	19,564	12,726	12,498
	18,385	21,793	15,573	14,727
Joint Venture Liabilities	1,475	-	1,475	-
Unearned Income	4,105	3,993	4,105	3,993
Total other liabilities(Current Liabilities)	23,965	25,786	21,153	18,720

31. PROVISIONS

Current				
Employee Benefits				
Long Service Leave	2,639	2,307	2,639	2,307
Annual Leave	3,458	3,121	3,458	3,121
	6,097	5,428	6,097	5,428
Other				
Joint Venture Provisions	2,667	3,303	2,667	3,303
Total current provisions	8,764	8,731	8,764	8,731
Non - Current				
Employee Benefits				
Long Service Leave	4,811	4,299	4,811	4,299
Superannuation	36,682	37,345	36,682	37,345
	41,493	41,644	41,493	41,644
Other				
Development Levies (note 1aa)	1,655	2,022	1,655	2,022
Joint Venture Provisions	70	70	70	70
Total non-current provisions	43,218	43,736	43,218	43,736

Long service leave liabilities have been established by actuarial assessment dated the 22nd of July 2003. 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 4.49%.

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

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

Movement in Provisions

Development Levies (note 1aa)	1,655	2,022	1,655	2,022
Carrying amount at start of year	2,022	2,113	2,022	2,113
Additional provisions recognised	1,175	1,795	1,175	1,795
Payments	(1,542)	(1,886)	(1,542)	(1,886)
Carrying amount at end of year	1,655	2,022	1,655	2,022

32. RESERVES	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
(i). Asset Revaluation Reserve	\$000	\$000	\$000	\$000
Balance brought forward from prior year	1,526,110	1,391,338	1,526,110	1,391,338
Transfer to Realisation Reserve	(77,519)	(71,492)	(77,519)	(71,492)
Revaluations during the year	194,947	206,264	194,947	206,264
Balance at June 30	1,643,538	1,526,110	1,643,538	1,526,110

Revaluations recognised during the year were in respect of:

Rental Properties - current	177,351	196,647	177,351	196,647
Other Properties - current	14,918	5,151	14,918	5,151
Land	2,678	4,466	2,678	4,466
	194,947	206,264	194,947	206,264

Transferred to Realisation Reserve

Value of Rental Properties Realised - Sold	(44,955)	(45,360)	(44,955)	(45,360)
Value of Rental Properties Realised - Demolished	(29,201)	(23,565)	(29,201)	(23,565)
Value of Other Properties Realised - Sold	(3,363)	(2,567)	(3,363)	(2,567)
	(77,519)	(71,492)	(77,519)	(71,492)

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

(ii). Asset Realisation Reserve

Realisation Reserve				
Balance brought forward from prior year	521,812	450,320	521,812	450,320
Realisation during the year	77,519	71,492	77,519	71,492
Balance at June 30	599,331	521,812	599,331	521,812
Rental Properties - Sold	44,955	45,360	44,955	45,360
Rental Properties - Demolished	29,201	23,565	29,201	23,565
Other Properties - Sold	3,363	2,567	3,363	2,567
	77,519	71,492	77,519	71,492

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

(iii). Interest Assistance Lowstart Reserve

Balance brought forward from prior year	1,351	1,485	-	-
Transfer (to) retained profits	(117)	(134)	-	-
Balance at June 30	1,234	1,351	-	-

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

Total Reserves	2,244,103	2,049,273	2,242,869	2,047,922
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33. CONTRIBUTED EQUITY

Opening balance	20,680	-	20,680	-
Capital contributions	15,480	20,680	15,480	20,680
Balance at June 30	36,160	20,680	36,160	20,680

34. RETAINED PROFITS

Opening balance	1,220,747	1,216,825	1,114,681	1,123,688
Transfer from interest assistance lowstart reserve	117	134		
Net (loss)/profit for the year	20,619	3,788	8,995	(9,007)
Total retained profits	1,241,483	1,220,747	1,123,676	1,114,681

35. RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH NET PROFIT (LOSS)	Consolidated		S.H.C	
	June-2003 \$000	June-2002 \$000	June-2003 \$000	June-2002 \$000
Net Profit (Loss)	20,619	3,788	8,995	(9,007)
Depreciation & Amortisation Expense	44,686	42,007	44,169	41,935
Doubtful Debts Expense	2,526	2,737	2,526	2,737
Premiums on Financial Instruments	(1,102)	1,974	-	-
Net Profit/Loss on Disposal of Assets	(40,128)	(23,627)	(40,128)	(23,627)
Increase in Accrued Interest	93,585	87,475	97,434	91,848
Decrease in Receivables	(67,869)	(67,413)	(70,144)	(69,204)
Increase in Creditors	(72,111)	(51,581)	(72,111)	(49,072)
Increase in Prepayments	(37,698)	(37,744)	(39,279)	(37,588)
Decrease in Accrued Income	58,170	49,336	58,170	49,336
Net Cash Flows (used in) provided by Operating Activities.	678	6,952	(10,368)	(2,642)

36. PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

Properties	25,935	22,345	25,935	22,345
Offices	103	39	103	39
Computing Facilities & Equipment	4,420	1,203	1,685	816
Furniture & Fittings	5	4	5	4
Office Machines & Equipment	151	121	151	121
Buildings under construction	97,220	99,077	97,220	99,077
Freehold Land	71,245	64,474	71,245	64,474
Total payment for property, plant and equipment.	199,079	187,263	196,344	186,876

37. RECONCILIATION OF CASH

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

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

Cash at Bank - Operational	73,072	69,535	59,070	58,044
Cash at Bank - Superannuation	20,700	20,700	20,700	20,700
Investments (Unsecured Deposits)	15,820	10,465	-	-
Rental Tenants Bonds	8,297	7,589	8,297	7,589
	117,889	108,289	88,067	86,333

38. REMUNERATION OF ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS	Consolidated		S.H.C	
	June-2003	June-2002	June-2003	June-2002
	\$000	\$000	\$000	\$000

Remuneration of Members of the Accountable Authority

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

462 437

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

	2003	2002
\$10,000 - \$20,000	1	-
\$20,000 - \$30,000	4	4
\$30,000 - \$40,000	1	1
\$90,000 - \$100,000	1	1
\$200,000 - \$210,000	-	1
\$210,000 - \$220,000	1	-
	<u>8</u>	<u>7</u>

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

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

Remuneration of Senior Officers

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

914 706

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

	2003	2002
\$100,000 - \$110,000	-	1
\$110,000 - \$120,000	2	3
\$120,000 - \$130,000	3	1
\$130,000 - \$140,000	1	1
\$160,000 - \$170,000	1	-
	<u>7</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.

	Consolidated		S.H.C	
	June-2003 \$000	June-2002 \$000	June-2003 \$000	June-2002 \$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	262	257	207	202
Fees for the Auditor General for Commonwealth reporting	3	5	3	5
	<u>265</u>	<u>262</u>	<u>210</u>	<u>207</u>

40. CAPITAL COMMITMENTS

At June 30, 2003 the capital expenditure commitments are as follows:

Within 1 year	132,143	131,258	94,157	82,388
Later than 1 year & not later than 5 years	197	34	197	34
Later than 5 years	-	-	-	-
	<u>132,340</u>	<u>131,292</u>	<u>94,354</u>	<u>82,422</u>
The capital commitments include amounts for the following:				
Dwelling Construction & Upgrades	75,526	65,182	75,526	65,182
Land Development and Redevelopment	3,138	4,601	3,138	4,601
Loans to Home Buyers	42,008	49,669	4,022	799
Crisis Accommodation Program	976	2,970	976	2,970
Joint Venture Land Development	5,757	6,750	5,757	6,750
New Living	2,069	465	2,069	465
Local Government & Community Housing Programs	2,866	1,655	2,866	1,655
	<u>132,340</u>	<u>131,292</u>	<u>94,354</u>	<u>82,422</u>

Capital Commitments has increased from the previous year mainly as a result from the increase in dwelling construction. The increase represents 1,844 building commencements during the year, an increase of 15.4% from last year to meet the rental waiting list demand.

In addition, New Living projects have increased in capital commitment as projects in Kwinana and Eastern Horizons were approved in the latter part of the financial year.

This effect has been offset by a reduction in Loans to Homebuyers, which represents loans approved, but yet not disbursed pending completion of construction or awaiting settlement. The decrease in loan commitments is mainly attributable to the improved procedures resulting in processing settlements earlier for Keystart loans.

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, 2003 a total of \$1,265 million has been raised for Keystart. These borrowings comprise of \$20 million of commercial paper and a further \$1,245 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, 2003, 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 Housing Societies

Housing Societies have handled Home Purchase Assistance Account loans made since 1986/87 on a cash agency basis, passing monies received direct to The State Housing Commission with The State Housing Commission having responsibility for any shortfall on realisation of the loan security. The amount of funds outstanding under the loan agreements to June 30, 2003 was \$9,490,485

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

The State Housing Commission, for the year ended June 30, 2003, incurred Cashiers Shortages totalling \$64 (June 2002 \$936) all of which have been funded by The State Housing Commission.

Reportable thefts in 2002/2003 totalled \$10,812 (June 2002 \$4,800) \$7,636 of which is recoverable.

Bad Debts written off in the year ended June 30, 2003 totalled \$2,580,988 (June 2002 \$2,887,551).

Loan interest written off on income based housing loans in the year ended June 30, 2003 totalled \$nil (June 2002 \$361,447). (note 1(u))

Bad Debts recovered totalled \$606,064 (June 2002 \$652,257).

43. GIFTS OF PUBLIC PROPERTY

In the year ended June 30, 2003 The State Housing Commission did not make any gifts of public property.

44. EVENTS OCCURRING AFTER REPORTING DATE.

The Bunbury joint venture will be terminated in the 2004 financial year. The terms of termination are currently being negotiated between Pindan and the Commission. The financial effect of the termination has not been established as at reporting date. However it is considered that the Commission's interests will be preserved and the financial effect on the financial statements will be minimal.

45. FINANCIAL INSTRUMENTS**45(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.

45(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 6.49%).
Loans - housing societies	Loans are carried at their original amount less principal repayments. Interest is recognised as revenue when earned.	Loan payments are received monthly in accordance with the terms of each loan agreement. Final instalments on loans made directly to the 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).

45(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 4.41% 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 2004 and June 2041. Interest rates are fixed at rates between 3% and 6%.

45(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 5.11%.
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 3.98%).
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.

45(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) \$50 million, 5.90%, 15/07/2003
- 2) \$30 million, 4.6533%, 12/09/2003
- 3) \$30 million, 4.6533%, 12/09/2003
- 4) \$40 million, 4.795%, 6/10/2003
- 5) \$50 million, 4.7683%, 12/11/2003
- 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) \$150 million, callable, 15/10/2004
- 10) \$50 million, 6.44%, 15/11/2004

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

Unrecognised Financial Instruments	Accounting Policies	Terms and Conditions
<i>(iii) Derivatives</i>		
Interest Rate Caps	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>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, 7.00%, 15/08/2003 2) \$50 million, 6.00%, 15/10/2003 3) \$25 million, 7.00%, 15/11/2003 4) \$50 million, 7.00%, 16/02/2004 5) \$50 million, 6.00%, 15/07/2004 6) \$25 million, 6.00%, 9/08/2004 7) \$25 million, 6.00%, 9/11/2004 8) \$50 million, 5.50%, 13/12/2004 9) \$50 million, 5.75%, 15/01/2005 10) \$25 million, 5.75%, 12/03/2005 11) \$100 million, 6.00%, 15/04/2005 12) \$50 million, 5.75%, 23/11/2005 13) \$50 million, 5.75%, 15/01/2006 14) \$25 million, 6.00%, 15/04/2006

45(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:													
	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 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003	June 2002
<i>(i) Financial Assets</i>														
Cash assets	73,072	69,535									73,072	69,535	4.89%	4.67%
Cash assets - Superannuation	20,700	20,700									20,700	20,700	4.89%	4.67%
Cash assets - Restricted	10,707	8,447									10,707	8,447	4.89%	4.67%
Receivables - general									4,324	14,425	4,324	14,425	-	-
Receivables - land debtors									19,080	5,620	19,080	5,620	-	-
Receivables - rent from tenants and other									4,500	4,122	4,500	4,122	-	-
Receivables - rental bonds assistance									4,090	4,153	4,090	4,153	-	-
Investments - current	15,820	10,465									15,820	10,465	3.9%	4.20%

- not applicable for non-interest bearing financial instruments

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

45(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 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000
(i)	Financial Assets														
Investments - loans to homebuyers		1,489,819	1,620,097	374	542	858	1,178	547	639	8,558	12,544	1,500,156	1,635,000	6.44%	6.19%
Investments - loans to terminating building societies		8,799	12,914							691	780	9,490	13,694	6.14%	5.06%
Investments - loans to commercial organisations		338	337							359	383	697	720	2.85%	3.9%
Investments - loans to local and statutory parties					25	65	93			392	399	457	517	8.5%	8.1%
Total financial assets		1,619,255	1,742,495	374	567	923	1,271	547	639	41,994	42,426	1,663,093	1,787,398		

- not applicable for non-interest bearing financial instruments

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

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

Financial Instruments	Floating interest rate		Fixed Interest Rate Maturing In:						Non-interest Bearing	Total Carrying Amount as per the Statement of Financial Position		Weighted Average effective interest rate		
			1 Year or Less		Over 1 to 5 Years		More than 5 Years							
	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000
	(ii) Financial Liabilities													
Borrowings - State nominated			3,373	3,227	15,079	14,428	275,261	279,286			293,713	296,941	4.5%	4.5%
Borrowings - WATC			1,237,517	705,173	182,623	431,898	75,756	82,225			1,495,896	1,219,296	2.83%	3.73%
Borrowings - Commonwealth advances			8,355	7,972	34,818	34,313	231,007	240,045			274,180	282,330	4.45%	4.43%
Borrowings - Commercial Paper	20,000	225,000									20,000	225,000	5.11%	4.7%
Borrowings – Medium Term Notes				200,000								200,000	-	4.0%
Creditors – general									17,931	15,054	17,931	15,054	-	-
Creditors – rental deposits and tenant bonds	8,297	7,589									8,297	7,589	4.89%	4.67%
Creditors – rental property water consumption									1,032	1,325	1,032	1,325	-	-
Interest Rate Swaps		(625,000)	400,000	275,000	250,000	350,000					***	***	-	-
Interest Rate Caps	625,000	825,000									***	***	-	-
Interest Rate Collars	-	100,000									***	***	-	-
Interest Rate Floors	-	200,000									***	***	-	-
Total Financial Liabilities	653,297	732,589	1,649,245	1,191,372	482,520	830,639	582,024	601,556	18,963	16,379	2,111,049	2,247,535		

- not applicable for non-interest bearing financial instruments.

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

45(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 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000
<i>Financial Assets</i>				
Cash assets	104,479	98,682	104,479	98,682
Receivables - general, land debtors, rents, and bonds assistance	31,994	28,320	31,994	28,320
Current investments	15,820	10,465	15,820	10,465
Loans – homebuyers	1,500,156	1,635,000	1,500,156	1,635,000
Loans - terminating building societies	9,490	13,694	9,490	13,694
Loans - other commercial organisations	697	720	697	720
Loans - local and statutory	457	517	457	517
Total financial assets	1,663,093	1,787,398	1,663,093	1,787,398

THE STATE HOUSING COMMISSION AND CONTROLLED ENTITIES

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

	Total carrying amount as per the Statement of Financial Position		Aggregate Net Fair Value	
	June 2003 \$000	June 2002 \$000	June 2003 \$000	June 2002 \$000
Financial Liabilities				
Borrowings - State nominated	293,713	296,941	289,435	249,030
Borrowings – WATC	1,495,896	1,219,296	1,525,374	1,242,414
Borrowings - Commonwealth advances	274,180	282,330	269,371	244,663
Borrowings - Commercial Paper	20,000	225,000	20,000	225,000
Borrowings - Keystart Bonds				
Borrowings – Medium Term Notes	-	200,000	-	200,000
Creditors - general, rental deposits, tenant bonds, rental property water consumption	27,260	23,968	27,260	23,968
Interest rate swaps	***	***	5,836	(5,887)
Interest rate caps	***	***	612	4,296
Interest rate collars	***	***	-	-
Interest rate floors	***	***	-	-
Total financial liabilities	2,111,049	2,247,535	2,137,888	2,183,484

*** 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

45(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.

45(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 \$5,836,218,
- (ii) interest rate caps and collars - which is limited to the net fair value of the cap agreement at reporting date, being \$611,539.

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

46(a). COMPARISONS OF ESTIMATES 2002/2003 AND ACTUAL OPERATING RESULTS FOR 2002/2003

Section 42 of the Financial Administration and Audit Act 1985 requires The State Housing Commission to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results. Significant variations are considered to be those greater/less than \$5,000,000 or 10% greater/less than the budgeted amount.

	Budget \$000	Actual \$000	Variation \$000
1. Revenues from ordinary activities have varied by the following:			
<p>* Interest Revenue.</p> <p>Interest revenue increased by \$11.366 million predominately due to an increase in the value of preferential shares held in Keystart, which resulted in an increase in interest revenue and a corresponding increase in interest expense. There is no effect on the bottom line for the Commission because the expense is fully offset against interest revenue.</p> <p>A revision was made to the budget as part of the review process during the year.</p>	58,587	69,953	11,366
<p>* Commonwealth Grants & Contributions.</p> <p>This variance is primarily attributable to the New Indigenous Housing Agreement, which was approved during the year, in which ATSIC granted funds of \$11 million in 2002/03 to the Commission to administer and deliver communities infrastructure projects and programs.</p>	105,558	120,786	15,228
<p>* Developers contributions.</p> <p>This variance is due to increased contributions from developer partners, primarily in Community Housing programs.</p>	600	1,657	1,057
<p>* Proceeds on Disposal of Assets.</p> <p>This variance of \$34,565 million is attributed to better than expected sales from vacant land. The market conditions continued to be buoyant throughout the year and higher profit margins were realised.</p> <p>There was also an increase in the rate of shared equity property sales during the year, as a result of competitors in the market.</p> <p>A revision was made to the budget as part of the review process during the year.</p>	151,976	186,541	34,565
<p>* Other revenues from ordinary activities.</p> <p>This variance is mainly due to increased volume in conveyancing fees, contributed to by the increase in activity in Keystart discharges, land sales and new mortgages.</p>	1,273	5,233	3,960
2. Expenses from ordinary activities have varied by the following:			
<p>* Community support programs.</p> <p>There has been an increase in expenditure in the Aboriginal Villages program. This is due to the New Indigenous Agreement which was approved during the year with ATSIC to administer their funds, targeting on improving the quality of housing & infrastructure needs of the Aboriginal communities.</p>	32,870	38,627	5,757
<p>* Borrowing Cost Expense.</p> <p>See explanation for Interest Revenue.</p>	89,570	97,435	7,865
<p>* Rental Expenses.</p> <p>This variance is predominately due to an increase in insurance costs, resulting from storm and fire damage during the year.</p>	84,760	90,660	5,900

46(a). COMPARISONS OF ESTIMATES 2002/2003 AND ACTUAL OPERATING RESULTS FOR 2002/2003 (Continued)

	Budget \$000	Actual \$000	Variation \$000
* Costs on the disposal of assets. See explanation for Proceeds on disposal of assets.	133,181	146,412	13,231
* Other expenses form ordinary activities. This variance is mainly due to an increase in conveyancing fees paid, as a result of an increase in activity in Keystart discharges, new mortgages and land sales. Stamp Duty and registration fees are recouped from Keystart. This is reflected in the Other revenue from ordinary activities line.	12,646	16,294	3,648
3. Grants and subsidies from government have varied by the following.			
* State grants The increase in state grants is due to the allocation made by Treasury of \$2 million for the Roebourne Enhancement Scheme and \$0.5 million for the Supported Housing Assistance program, which was not part of the original budget.	17,131	19,669	2,538

46(b). COMPARISONS OF ACTUAL OPERATING RESULTS FOR 2002/2003 WITH THOSE OF THE PRECEDING YEAR

Details and reasons for significant variations between actual operating results for 2002/2003 and the preceding year are detailed below. Significant variations are considered to be those greater/less than \$5,000,000 or 10% greater/less than the actual amount for the preceding year.

	Actual June-2003 \$000	Actual June-2002 \$000	Variation \$000
1. Revenues from ordinary activities have varied by the following:			
* Interest revenue increased by \$7.254 million due predominantly to an increase of interest earned on investments in Keystart preferential shares and interest on cash at bank of \$7.528million and \$0.9million respectively. there was a decrease of interest on loans and interest other of \$1.174million.	69,953	62,699	7,254
* Commonwealth grants and contributions increased by \$13.263million predominantly due to an increase of \$14.953million in Aboriginal Housing grants.	120,786	107,523	13,263
Revenues from non-operating activities have varied by the following:			
* Developers contributions increased by \$0.878 million due to increased contributions by developers towards Community Housing projects.	1,657	779	878
* Other operating revenue has increased by \$1.926million mainly due to an increase in conveyancing fees earned of \$2.49 million and a reduction of \$0.527million in assets received free of charge.	5,233	3,307	1,926
2. Expenses from ordinary activities have varied by the following:			
* Community support expenses have increased by \$10.061million predominantly due to increased expenditure on remote Aboriginal housing communities.	38,627	28,566	10,061
* Borrowing cost expense has increased by \$5.587m due to an increase in borrowings from the West Australian Treasury Corporation for Keystart funding (\$7.528million) and a reduction in borrowing costs for the remainder of the portfolio.	97,435	91,848	5,587
* Costs on the disposal of assets decreased by \$15.711million predominantly due to a decrease in land and rental property costs of \$10.976million and \$7.700million respectively. This was offset by an increase of \$3.366million in shared equity property costs.	146,412	162,123	-15,711
* Other costs from ordinary activities increased by \$4.885million due mainly to an increase of \$2.467million in conveyancing costs associated with Keystart mortgages, land sales and new mortgages. There was also an increase of \$1.411million in computer support services.	16,294	11,409	4,885
3. Grants and subsidies from government have varied by the following.			
* State grants have decreased mainly due to the effect on the previous year of a transfer of \$5.0 million from Department of Consumer affairs for rental housing assistance.	19,669	23,410	-3,741

Estimated Statement of Financial Performance
for the Period Ending June 30 2004

	<i>Homeswest</i>	<i>Home Purchase Assistance</i>	<i>LandStart</i>	<i>Corporate Overheads</i>	<i>Segment Eliminations</i>	<i>Entity Totals</i>
Income						
Net Rental Revenue	130,049,000	0	466,000	0	0	130,515,000
Sales Non Current Assets	5,501,350	900,000	44,033,620	66,000	(4,680,000)	45,820,970
Other Income	900,000	0	0	3,830,390	0	4,730,390
Total Interest Revenue	373,000	88,718,800	0	721,200	0	89,813,000
	136,823,350	89,618,800	44,499,620	4,617,590	(4,680,000)	270,879,360
Expenditure						
Rental Operating Expense	129,004,320	0	223,000	0	0	129,227,320
Management Expense	25,115,200	682,910	869,037	25,727,227	0	52,394,374
Net Interest Expense	19,414,600	87,362,300	12,458,588	0	0	119,235,488
Community and Villages Support Prog	49,908,000	50,000	0	0	0	49,958,000
Sundry Expense	3,213,000	2,396,028	0	9,947,960	0	15,556,988
Deprec and Amortisation	35,547,850	1,763,700	0	4,233,780	0	41,545,330
	262,202,970	92,254,938	13,550,625	39,908,967	0	407,917,500
Gross Profit/(Loss)	(125,379,620)	(2,636,138)	30,948,995	(35,291,377)	(4,680,000)	(137,038,140)
Support Staff Allocations	20,065,491	118,034	3,199,552	(23,383,077)	0	0
Support Service Other Costs	9,917,875	908,380	1,082,045	(11,908,300)	0	0
Abnormal Items	0	0	0	0	0	0
Net Profit/(Loss)	(155,362,986)	(3,662,552)	26,667,398	0	(4,680,000)	(137,038,140)
Commonwealth Grants	99,294,000	6,550,000	0	0	0	105,844,000
State Grant Funds	34,409,000	0	0	0	0	34,409,000
Operating Surplus/(Deficit) Prior to Transfer	(21,659,986)	2,887,448	26,667,398	0	(4,680,000)	3,214,860
Segment Transfers						
CSHA Matching	15,347,000	0	(15,347,000)	0	0	0
Rental Sales Fees Contribution	0	0	0	0	0	0
	15,347,000	0	(15,347,000)	0	0	0
Operating Surplus/(Deficit)	(6,312,986)	2,887,448	11,320,398	0	(4,680,000)	3,214,860

Consolidated Forecast Statement of Financial Position Estimates for 2003/04

	<i>Consolidated</i>	<i>SHC</i>
CURRENT ASSETS		
Cash Resources - Operational	74,741,842	60,641,842
Cash Resources - Superannuation	20,700,000	20,700,000
Restricted Cash Resources	8,946,000	8,946,000
Accounts Receivable	30,905,374	20,206,374
Inventories	44,907,914	32,407,914
TOTAL CURRENT ASSETS	180,201,130	142,902,130
NON CURRENT ASSETS		
Investments and Loans	3,005,387,277	1,352,274,277
Rental Properties	3,637,816,878	3,637,816,878
Community Housing	226,631,649	226,631,649
Shared Equity Properties	101,841,715	101,841,715
Other Properties	23,853,189	23,853,189
Plant and Equipment	3,524,262	2,429,262
Work in Progress	54,986,172	54,986,172
Land Freehold and Joint Venture	318,024,991	318,024,991
Deferred Assets	4,833,000	2,333,000
TOTAL NON CURRENT ASSETS	7,376,899,133	5,720,191,133
TOTAL ASSETS	7,557,100,263	5,863,093,263
CURRENT LIABILITIES		
Creditors	40,955,776	31,902,776
Other Current Liabilities	32,717,489	32,717,489
Provisions	-	-
TOTAL CURRENT LIABILITIES	73,673,265	64,620,265
NON CURRENT LIABILITIES		
Borrowings	3,629,150,791	2,079,770,791
Other Non Current Liabilities	-	-
Provisions	50,794,022	50,794,022
TOTAL NON CURRENT LIABILITIES	3,679,944,813	2,130,564,813
TOTAL LIABILITIES	3,753,618,078	2,195,185,078
NET ASSETS	3,803,482,185	3,667,908,185
EQUITY		
Asset Revaluation Reserve	2,525,517,041	2,525,517,041
Retained Earnings	1,262,465,144	1,126,891,144
Contributions by Owners	15,500,000	15,500,000
TOTAL EQUITY	3,803,482,185	3,667,908,185

STATISTICAL SUMMARY

RENTAL WAITING LIST BY CUSTOMER TYPE	2002-03	2001-02	2000-01	1999-00	1998-99
Family	7,268	7,800	8,667	7,263	8,255
Senior Single	1,600	1,762	1,707	1,547	1,518
Senior Couple	286	297	314	350	500
1 Bedroom Applicants	3,827	4,335	4,768	3,719	4,053
TOTAL	12,981	14,194	15,456	12,879	14,326

RENTAL WAITING LIST BY BEDROOM NUMBER	2002-03	2001-02	2000-01	1999-00	1998-99
2 Bedroom family	3,859	4,389	4,774	3,806	4,156
3 Bedroom family	2,757	2,768	3,231	2,897	3,372
4 Bedroom family	564	559	602	511	581
5+ Bedroom family	88	84	60	43	63
Senior Single (bsr, 1 & 2br)	1,600	1,762	1,707	1,547	1,518
Senior Couple (1br & 2br)	286	297	314	350	500
1 Bedroom Applicants (bsr & 1br)	3,827	4,335	4,768	3,719	4,053
Other	0	0	0	6	83
TOTAL	12,981	14,194	15,456	12,879	14,326

NEW TENANCIES BY CUSTOMER TYPE	2002-03	2001-02	2000-01	1999-00	1998-99
Family	2,891	3,059	3,001	2,499	3,247
Senior Single	764	711	665	684	583
Senior Couple	213	164	285	201	200
1 Bedroom Tenant	1,291	1,273	1,225	1,088	989
TOTAL	5,159	5,207	5,176	4,472	5,019

RENTS	2002-03	2001-02	2000-01	1999-00	1998-99
Rebated	28,142	27,835	27,687	27,752	28,048
Full Rent	5,004	5,414	5,539	5,141	5,185
TOTAL	33,146	33,249	33,226	32,893	33,233

TENANT INCOME SOURCES	2002-03	2001-02	2000-01	1999-00	1998-99
Age Pension	22.8%	22.1%	23.1%	25.5%	26.1%
Disability Support Pension	19.9%	19.2%	18.3%	17.5%	16.6%
Parenting Payment Single	17.6%	17.8%	17.7%	16.8%	17.8%
Newstart Allowance	7.6%	7.7%	7.5%	8.2%	9.4%
Veteran Services	2.2%	2.3%	2.3%	2.7%	3.1%
Low Wage Income	6.7%	6.3%	6.2%	5.7%	7.1%
Other	8.1%	8.3%	8.2%	8.0%	4.3%
Full Rent	15.1%	16.3%	16.7%	15.6%	15.6%

RENTAL ARREARS (see footnote 6)	2002-03	2001-02	2000-01	1999-00	1998-99
Average Arrears per Account	\$22.54	\$14.16	\$13.44	\$16.29	\$21.17
Percentage Accounts in Arrears	18.5%	9.8%	10.5%	11.3%	14.8%
Target	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00

RENTAL STOCK BY BEDROOM NUMBER	2002-03	2001-02	2000-01	1999-00	1998-99
Bedsitter	372	420	486	551	639
1 Bedroom	7,650	7,431	7,163	6,974	6,861
2 Bedroom	9,710	9,677	9,635	9,533	9,546
3 Bedroom	14,305	14,675	15,018	15,416	15,839
4 Bedroom	2,568	2,493	2,459	2,387	2,266
5+ Bedroom	420	372	350	326	306
TOTAL	35,025	35,068	35,111	35,187	35,457

RENTAL STOCK BY BY DWELLING TYPE	2002-03	2001-02	2000-01	1999-00	1998-99
House	12,852	13,083	13,447	13,828	14,137
Duplex	4,652	4676	4,612	4,552	4,549
Medium-High Density (2)	17,521	16,905	16,593	16,345	16,353
Other (3)	0	404	459	462	418
TOTAL	35,025	35,068	35,111	35,187	35,457

BUILDING COMMENCE MENTS (4) BY CUSTOMER TYPE	2002-03	2001-02	2000-01	1999-00	1998-99
Family	530	479	491	772	639
1 – 2 Bedroom	267	188	170	132	104
Seniors	200	264	309	391	447
TOTAL	997	931	970	1,295	1,190

LAND PRODUCTION	2002-03	2001-02	2000-01	1999-00	1998-99
Lots Produced (5)	2,132	1,705	1,350	1,483	1,337

NOTES

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

- (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.
- (6) Arrears figures for 2002-03 appear high because there was only one working day between posting of rents and extraction of arrears which only allowed for receipting of one day's payments. The May 2003 figures were: average arrears = \$15.35, percentage of accounts in arrears = 8.49 per cent.

Contact Details

State Housing Commission

99 Plain Street East Perth 6004

Phone: (08) 9222 4666

Fax: (08) 9221 1388

Toll Free: 1800 093 325

E-mail: info@dhw.wa.gov.au

Website: www.dhw.wa.gov.au

Keystart

Level 6 218 St Georges's Terrace Perth 6000

Phone: (08) 9338 3100

Fax: (08) 9338 3101

Toll Free: 1300 361 517

Country: 1800 199 050

E-mail: info@keystart.com.au

Website: www.keystart.com.au