



GOVERNMENT EMPLOYEES' HOUSING AUTHORITY



2003-2004
Annual Report



Department of Housing and Works
Government of Western Australia



**THE HON NICK GRIFFITHS LLB MLC
MINISTER FOR HOUSING AND WORKS**

In accordance with Section 25 of the *Government Employees' Housing Act 1964*, and Section 66 of the *Financial Administration and Audit Act 1985*, I have pleasure in submitting the 39th annual report on the operations of the Government Employees' Housing Authority for the period 1 July 2003 to 30 June 2004.

A handwritten signature in blue ink that reads "H R Stewart". The signature is written in a cursive style with a prominent initial "H".

H R STEWART
Chairperson

31 August 2004

CONTENTS

Vision	5
Mission	5
Role	5
Chairperson's Report	6
Director's Summary	9
Highlights of the Year	10
Reporting In Terms of the Government's Strategic Planning Framework	

Goal 1: People and Communities

Outcome Reporting

- Housing Solutions for Public Sector Employees....11
- Response to Gordon Inquiry.....11
- Client Satisfaction Surveys.....12
- Website Redevelopment13
- New Occupants' Handbook.....13
- Shared Housing Concept13

Obligatory Reporting

- Disability Services Plan13
- Cultural Diversity and Language Services.....14
- Youth Outcomes.....14

Goal 2: The Economy

Outcome Reporting

- Overview15
- Capital Works and Acquisitions15
- User Pays Pricing.....16
- Market Rent.....16
- Maintenance, Refurbishment and Upgrades19
- Planned Maintenance & Breakdown Repairs19
- Furniture.....19
- Sales and Leasing.....20
- Private Tenancy Management System.....21

Obligatory Reporting

- Performance Indicators51
- Financial Statements62

Goal 3: The Environment

Outcome Reporting

- Overview23
- 5-star Energy Rating.....23
- Housing Design Specifications23
- Garden Competitions.....24

Obligatory Reporting

- Waste Paper Recycling24
- Energy Smart Government Policy24

Goal 4: The Regions

Outcome Reporting

- Overview25
- Service Level Agreement25
- Accommodation Manager Appointments.....25
- Regional Heritage.....26

Obligatory Reporting

- Regional Development Policy.....28

Goal 5: Governance

Outcome Reporting

- Strategic Plan Implementation29
- Service Level Agreement29
- Water Consumption29
- Recovery Rates – Water Consumption29
- Appeals30
- Occupant Liability31
- Policy31
- Internal Audit.....31
- The GEHA Board31
- Disclosure of Pecuniary Interests.....33
- Staff Recruitment and Training33
- Employment Agreements.....34
- Workers' Compensation.....34

- Trainee Program34
- Organisational Structure35
- Compliance with Legislation.....36

Obligatory Reporting

- Equal Employment Opportunity36
- Evaluations36
- Information Statement.....37
- Compliance with State Records37
- Compliance with Public Sector Standards and Codes.....37
- Public Interest Disclosures.....37
- Advertising and Sponsorship38

Statement of Compliance47

Key Performance Indicators

- Auditor General’s Audit Opinion.....49
- Certification of Key Performance Indicators50
- Key Performance Indicators.....51

Financial Statements

- Auditor General’s Audit Opinion.....60
- Certification of the Financial Statements.....61
- Financial Statements62

Tables

- Construction and Purchase of Housing.....17
- Land Acquisition Program18
- Sales and Leasing22
- GEHA Board Meetings.....33
- List of Client Departments.....39
- List of Owned/Leased Accommodation.....41

Vision

To be a competitive provider of quality housing services.

Mission

To provide housing in country areas for Government employees to facilitate the operation of Government services.

Role

The State Public Sector delivers many essential services, such as policing, education, justice and community services. In order to ensure equity of service delivery throughout the State, it is essential to attract qualified public sector employees, willing to relocate to regional and remote areas.

Public sector employees not only deliver Government services - they also contribute to the economy and social capital of the regions.

The availability of quality housing is an important factor to many employees considering a regional placement. The Government Employees' Housing Authority has a key role to play in providing comfortable, attractive, well-maintained homes throughout the State.

The Authority is responsible for:

- providing accommodation to more than 4,000 employees in some 250 locations throughout Western Australia;
- increasing the supply and quality of accommodation that can be provided from Government resources by attracting significant private residential investment;
- managing this accommodation so that Government departments can focus on their core business activities and attract and retain public sector staff in regional Western Australia.

The Authority provides these services without receiving any funding from consolidated revenues.

Chairperson's Report

This year's Annual Report is a major departure from those of previous years. Our reporting for 2003-04 is aligned to the State Government's Strategic Planning Framework. The Framework, launched in November 2003, lists five over-arching Goals for the whole of Government: People and Communities; The Economy; The Environment; The Regions; and Governance.

In structuring our Annual Report to address these Goals, the Government Employees' Housing Authority has affirmed that our agency is contributing in many ways to the Government's agenda. By providing quality housing for Government employees, we are providing essential infrastructure to attract and retain these employees to remote and regional areas. They in turn deliver essential services to regional communities, in areas such as education, health, law and order and natural resource management – in line with the strategic outcomes of Goal 1: People and Communities.

We can also report a significant contribution to the achievement of Goal 2: The Economy. The implementation of the Authority's Strategic Plan 2002-05, has achieved early success in attracting regionally-based developers, builders, real estate agents and local councils, to play a part in providing housing for Government employees. They now stand to reap the benefits of guaranteed returns on investment and we are confident that the coming year will see more participation from the private sector and local government.

The development of new housing stock, coupled with the extensive housing refurbishment program now underway, will deliver economic benefits to regional communities, creating employment and supply opportunities for tradespeople, distributors, retailers and other related businesses.

We are also able to respond positively to Goal 3: The Environment. Our leadership in the development of energy-efficient housing designs has been recognised in the award of the five-star *FirstRate* energy ratings from the Government's Sustainable Energy Development Office for the designs of seven new homes to be built at Warburton Community (Ngaanyatjarraku). This distinction establishes a new benchmark for the Authority in our endeavours to continually improve the environmental values of the accommodation we provide.

A significant trend for the Authority is the continued devolution of resources to regional areas, in order to provide a more responsive and accessible service to client agencies and occupants in the regions. A new Service Level Agreement with the Department of Housing and Works, along with the placement of Accommodation Managers in several towns, has increased the Authority's capacity in the regional areas we serve. These initiatives, and our obligation arising from the Gordon Inquiry to provide additional housing in remote communities, respond to Goal 4: The Regions.

During the year we introduced several improvements to the management of the more contentious aspects of our business. Recovering debt in relation to water consumption has always been a time-consuming process, but with the introduction of

a fully automated system we are able to monitor water consumption accounts more efficiently and reduce exposure to debt risk.

Tenant liability and appeals will be managed in a more responsive and effective manner with the new Accommodation Managers and the Service Level Agreement in place. Collectively, these measures have strengthened our capacity for strategic management and accountability, in line with the strategic outcomes of Goal 5: Governance.

The reporting that follows will show an organisation which is achieving real results from its strategic planning process, for the ultimate benefit of employing agencies and occupants throughout the State. On behalf of the Board, I would like to congratulate Trevor Clarey and all staff of the Government Employees' Housing Authority, for your belief in the new direction and commitment to following it through.

I would especially like to thank the GEHA Board Members for their commitment and professionalism during meetings and Board tours. I appreciate the knowledge and special expertise that each Member brings to the Board. The contribution of the Board, together with GEHA management and staff, has produced very positive outcomes for our client Departments and their employees.

I would also like to express my thanks to the Hon Nick Griffiths, MLC, Minister for Housing and Works, for his continued interest and support.



HELEN STEWART
Chairperson

31 August 2004

Land Solutions in the Kimberley

The GEHA Board selected the Kimberley as the focus for the 2003 annual regional tour, visiting seven towns and meeting with representatives from Government agencies and local shires.

A major issue explored during the tour was the shortage of suitable land for building new homes. Kununurra, Wyndham and Fitzroy Crossing were the worst affected communities.

The Board had the opportunity to see first-hand the application of a number of solutions aimed at increasing the number of high amenity properties in the region:

- demolition of old GEHA properties to make way for new ones to be built;
- construction over the next 12 months of homes on the limited land GEHA owns in the towns; and
- Expressions of Interest for investors to construct for GEHA to lease.

“It was valuable to meet with stakeholders and discover their commitment to working together to find land supply solutions,” said Chairperson Helen Stewart.

“One positive outcome was the confirmation from Shire representatives that more land would be released in some of the towns in the near future - this is an encouraging and positive step.”

Director's Summary

Having now completed the second year of our three-year Strategic Plan, the Authority has consolidated its position to establish itself as a commercial and sustainable housing service for Government departments.

For the second year in succession, the Authority made an operating profit. This achievement reflects the introduction of a more appropriate funding structure and sound financial management.

The introduction of Cost Recovery Rent from 1 July 2003 has provided for a more appropriate rental pricing structure. The pricing structure has not only attracted private investors to build for the Authority, but a number of local authorities have also taken up the initiative.

The additional funds generated from the Cost Recovery Rent framework - in the order of \$2–3 million each year - are being utilised for an extensive refurbishment program for 700 owned properties throughout the State over the next nine years. A dedicated project officer will coordinate this initiative State-wide. The end result will see many of our older style 1980s stock being totally refurbished.

A recent survey of our clients indicated that Government departments consider the standard of housing provided by the Authority to have improved. In addition, the survey responses also revealed that the Authority has moved towards a more service-oriented culture over the past six years. Overall, it is very pleasing to know that our client agencies are more than satisfied with the close working relationships that we have established with them.

Construction commenced on 46 new homes within the mainstream Capital Works Program, with a total of \$6 million being expended this financial year. We also undertook a Spot Purchase Program – expending \$2.5 million on 12 additional properties State-wide, and commenced construction of 13 properties in response to the Gordon Inquiry.

With the anticipated development and growth in the Pilbara and Kimberley, the Authority is actively involved in committees and working parties to plan for the future infrastructure and demand in housing for our client agencies.

I would like to thank the Chairperson and Board Members for their continued support throughout the year. Our success and achievements would not have been possible without the dedication of our staff, both in head office and the regions.

I look forward to the coming financial year with confidence to further consolidate our contribution to regional development in Western Australia through the supply of quality housing for Government employees.



TREVOR CLAREY
Director

31 August 2004

Highlights of the Year

- The Authority responded to the recommendations of the Gordon Inquiry, commencing the construction of 13 new homes for employees of the WA Police Service and Department for Community Development, at a cost of \$4.3 million.
- To complement our mainstream Capital Works Program, construction of a further 46 dwellings was commenced, with a total of \$6 million being expended this financial year.
- The Spot Purchase Program netted 12 additional properties State-wide, at a cost of \$2.5 million.
- User-pays pricing was introduced in 2003-04, making available additional funds for upgrades. An Upgrade Program to improve 700 properties in the State, over several years, commenced in 2003-04. Sixty-four (64) properties were upgraded this year at a cost of \$2.3 million.
- The designs of seven new homes to be built in the remote Warburton Community (Ngaanyatjarraku) achieved five-star *FirstRate* energy ratings from the Government's Sustainable Energy Development Office.
- A major exercise to improve 25 homes in National Parks was initiated.
- The Authority's website, www.geha.wa.gov.au was redeveloped and re-launched.
- The Occupants' Handbook was revised and re-printed.
- Satisfaction surveys of client agencies and occupants were conducted during the year.

Reporting In Terms of the Government's Strategic Planning Framework

Goal 1: People and Communities

"To enhance the quality of life and wellbeing of all people throughout Western Australia."

Overview

Housing Solutions for Public Sector Employees

Collectively, many thousands of employees of the Western Australian public sector are engaged in helping the Government achieve its "People and Communities" goal. Broadly, this goal is "to enhance the quality of life and wellbeing of all people throughout Western Australia."

Over 4000 of these employees are accommodated by GEHA in regional and remote Western Australia. Their occupational groups range from teachers to police officers, park rangers, social workers and many others.

They could not reside in remote and regional areas without suitable accommodation, not only for the employees, but also for their families. The Government Employees' Housing Authority is responsible for providing housing solutions for over 4000 Government employees, and for ensuring that future housing needs will be forecast and met for the foreseeable future.

In this way, the Authority contributes to the goal, "People and Communities", by securing, maintaining and managing accommodation for the people who deliver Government services to regional and remote communities throughout Western Australia.

Response to Gordon Inquiry

The State Government's Gordon Inquiry has recommended the placement of more Government employees in remote communities. Providing housing for these additional employees is the responsibility of the Government Employees' Housing Authority.

In 2003-04 the Authority commenced construction of six homes in the Kimberley: three at Kalumburu and three at Balgo; with a further seven at Warburton (Ngaanyatjarraku) in the Western Desert. They will house employees of the WA Police Service and the Department for Community Development.

Client Satisfaction Surveys

In 2003-04 the Authority conducted three distinct client satisfaction surveys:

1) Survey of Client Agencies

This is a new initiative to increase GEHA's understanding of agency requirements and to assist with the improvement in services and communication.

The consultants conducted in-depth interviews with five agencies that represented a range of differing requirements. Some of the key findings from the survey are:

- The standard of housing provided by the Authority has improved; but employees' expectations regarding housing standards are increasing.
- Agencies reported that they had excellent working relationships with the Authority and have no difficulty obtaining information from or about the Authority.
- The provision of adequate accommodation is seen as a priority in agencies' ability to deliver services to country regions, although they find it difficult to plan for the future housing needs and usually overestimate to cater for unforeseen requirements.

2) Survey of Occupants

A survey of occupants was undertaken to determine their level of satisfaction with the condition of their accommodation and the standard of service delivery provided by the Authority. This survey was last conducted in 2000. The main objectives were to increase the Authority's understanding of occupant requirements and to find ways to improve services, communication and timely dissemination of information.

The 2004 survey of occupants was conducted via e-mail, as opposed to the 2000/2001 survey whereby a self-completion form was used.

The total number of responses received from an estimated 4,100 occupancies, was 930 (23%), giving a statistically reliable sampling error of less than $\pm 3\%$ at the 95% confidence level. Some of the key findings to emerge from this survey are:

- 66% are satisfied/very satisfied with their current home.
- 55% of occupants are satisfied/very satisfied with the condition and cleanliness of their current home.

3) Survey of New Construction/Purchase

A Post Occupancy Evaluation (POE) survey was conducted to measure the level of satisfaction of occupants residing in properties constructed or purchased during the 2003-04 financial year (a GEHA Key Performance Indicator). The Authority had previously conducted POE surveys for the years 1995 to 2000.

Questionnaires were distributed to a total of 28 properties for 2004, and all 14 respondents were satisfied with their home overall.

Website Redevelopment

The Government Employees' Housing Authority website, at www.geha.wa.gov.au, was redeveloped during 2003-04.

The website now contains considerably more information, arranged in a logical, user-friendly structure, and provides a comprehensive "window" on the Authority, its activities and services.

New Occupants' Handbook

The Occupants' Handbook was revised, re-designed and re-printed. The new edition was distributed during the year through regional offices, employing agencies and directly to occupants. It is also available as a download from the Authority's website.

Shared Housing Concept

The Authority is aware of the changing demographic profile of Western Australian families, in particular the growth of single and two-person households. In 2003-04 design work was carried out for an innovative, shared accommodation property at Kalumburu for teachers employed by the Department of Education and Training.

The design has two individual bedroom/bathroom wings and is separated by a communal living/dining and kitchen area. The home will be piloted, with a view to exploring the suitability of the concept for single employees who wish to share housing, but also retain their privacy.

The project was delayed until the end of the 'wet' season and is due to commence in July 2004.

Goal 1: Obligatory Reporting

Disability Services Plan

In compliance with the *Disability Services Act 1993*, the Authority is meeting the requirements of the Department of Housing and Works' Disability Services Plan. This Plan aims to ensure that people with disabilities have the same access and opportunity as others.

The Disability Services Plan includes provision for the ongoing review of departmental offices to ensure accessibility for staff and customers. These offices include regional premises which serve as operational bases for Authority staff, and for Department of Housing and Works staff who service the Authority's clients under a Service Level Agreement.

The Authority provides modifications to homes, where required, to improve access for occupants with disabilities.

Cultural Diversity and Language Services

The Government Employees' Housing Authority observes the provisions of the Department of Housing and Works' Cultural Services Policy. Three Authority staff members participated in Aboriginal cultural awareness training arranged through the Department.

The Department of Housing and Works' metropolitan regional offices have on-site interpreter services, including a telephone interpreter service available on an as needs basis. Telephone interpreter services are also available to country regions and customers with hearing impairments.

The Government Employees' Housing Authority is able to draw upon these resources to assist its own clients if this should be required.

In February 2003, GEHA agreed to participate in the South Metropolitan Youth Link Structured Workplace Learning Program. This is a two-year, school-based Aboriginal trainee program whereby the student attends the working environment for two days each week during years 11 and 12. GEHA's student is now into the second year of her Trainee Program and has gained various skills in general office procedures, as well as knowledge of specific GEHA computer programs and business functions relating to property management and leasing.

Youth Outcomes

Although the Authority has no direct relationships to regional youth programs, it does provide support where possible. This support has sometimes taken the form of work experience on Authority accommodation projects, in conjunction with local schools and/or TAFE Colleges.

Goal 2: The Economy

“To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.”

Overview

Through its capital works, maintenance and upgrades programs, the Government Employees’ Housing Authority delivers significant economic benefits to regional businesses and communities.

With its ongoing role of supplying and maintaining quality housing for Government employees, the Authority enters into many contractual and supply arrangements with the private sector, applying the Government’s Buy Local policy wherever appropriate.

In regions throughout the state, local builders, tradespeople, developers, investors, and real estate agents are growing their businesses by contributing to the provision of quality housing for Government employees.

Capital Works and Acquisitions

The Authority’s Strategic Plan recommends the development of partnerships with the private sector and local government to develop new housing stocks in regional and remote communities.

In 2003-04 efforts to implement this strategy yielded positive results. The Authority entered into arrangements with a number of local government authorities and private sector developers, resulting in the provision of additional houses in response to agency demand.

The partnerships have led to the development of housing infrastructure in communities where the market is not otherwise favourable for such development. The newly-constructed homes will provide accommodation for the Authority to lease back, and safe, long-term investment returns for the owners.

Construction commenced on 46 new homes within the mainstream Capital Works Program, and 12 properties were acquired by means of spot purchase. Work began on another 13 homes in remote communities, in response to the Gordon Inquiry. Expenditure for capital works and acquisitions during the 2003-04 financial year totalled \$9,460,421. This expenditure included:

Construction	\$ 6,011,739
Purchase of existing houses	\$ 2,478,002
Vacant land acquisitions	\$ 103,640
Crown Reserve acquisitions	\$ 294,040
Capitalised administration fees	\$ 573,000

	\$9,460,421

User Pays Pricing

User-Pays Pricing – another key element of the Authority’s Strategic Plan - is also helping to offset the high cost of capital works and acquisitions in non-market towns. The User-Pays Pricing, also known as Cost Recovery Rent, was implemented from 1 July 2003. It is an arrangement by which Government agencies pay for the full cost of employee housing, taking into account a number of factors such as the location of the accommodation; the age of the property and its replacement cost.

By charging rents in line with the cost of providing accommodation in remote areas, the Authority is able to generate additional revenue to fund future upgrade programs. The beneficiaries are the employees who will occupy the new or improved homes, their employers who gain more satisfied employees and better staff retention rates; and the local communities that depend on the services delivered by Government employees.

Market Rent

The Authority continues to charge departments a market rent in towns where there is a viable local rental market. The rents for each property located in market towns are reviewed annually by a licensed valuer.

Derby Homes Transformed

Six of the Authority’s Derby homes, built in the mid-1980s, have been given a new lease of life following an extensive refurbishment program completed in 2003-04.

The homes now have completely new kitchens and bathrooms and the original carpet and vinyl floor coverings have been replaced throughout with contemporary, easy-care ceramic tiles.

Cyclone screens are essential in Derby, and the old aluminium screens were replaced with modern powder-coated ones, in shades that blend with the new textured coating applied to the external brickwork.

The ducted air conditioning systems were removed and split systems installed in their place. Occupants now enjoy reduced electricity bills thanks to the new split systems, according to Area Manager Dale Callander.

“The old ducted systems cooled the entire home at once, even areas where it was not required,” said Dale.

“The new split systems enable occupants to cool only the zones they require – for instance, the bedrooms only at night – and already the power bills have been dramatically cut.”

With new landscaping, the homes also have greater “street appeal”. Feedback in the town has been highly complimentary.

The Derby upgrade program will continue, with another 10 homes earmarked for “facelifts”.

Summary Table: Construction and Purchase of Housing

Town/Community	Number of units completed during 2003-04	Number of units spot purchased during 2003-04	Number of units commenced during 2003-04
Balgo (Gordon)			3
Burringurrah	2		
Carnarvon		2	
Denham		1	
Derby		1	
Esperance		1	
Fitzroy Crossing	1		1
Geraldton		1	
Halls Creek			6
Harvey		1	
Hedland (South)			4
Kalumburu (Gordon)			3
Kalumburu (shared design)			1
Kojonup	1		1
Kununurra			9
Lake Grace	1	1	
Leonora			1
Manjimup		1	
Meekatharra			4
Morawa		1	
Narrogin		1	
Norseman			2
Northampton		1	
Onslow			4
Ravensthorpe			2
Wannan	2		2
Warburton (Gordon) (Nganyatjarraku)			7
Wingellina			2
Wiluna			2
Wyndham			3
Yalgoo (upgrade)			1
Yalgoo			1
Total Units	7	12	59

Summary Table: Land Acquisition Program

Crown Reserve Acquisitions	Lots Acquired
Nannup	2
Wyalkatchem	1
Hedland (Port)	2
Sub Total	5
Other Land Acquisitions	
Wickham (ex Mining Leases)	12
Sub Total	12*
Vacant Land Acquisitions	
Carnarvon	1
Wickham	3
Onslow	2
Wiluna	2
Yalgoo	1
Sub Total	9**
Grand Total	26

*Wickham is currently going through a 'normalisation process' and all land is being transferred to the owners of the improvements.

**These lots were acquired for use in the current and future construction program.

Meeting Future Housing Demand in Ravensthorpe

Plans by BHPBilliton to develop a nickel mine at Ravensthorpe, in the Great Southern, will significantly increase the town's population with the influx of mine employees and their families.

With the life span of the mine estimated at 20 years, Government services will also need to grow in order to cater for education, health, policing and other essential services in the town.

In 2003-04 the Authority commenced planning for new accommodation to house some 19 public servants over the next 10 years. Land is in short supply, requiring the Authority to demolish existing homes, replace them with duplex pairs and two-bedroom units to maximise the accommodation and also cater for the needs of single occupants and couples without children.

Maintenance, Refurbishment and Upgrades

10-year refurbishment program

In accordance with its Strategic Plan 2002-2005, the Authority has adopted a strategy to maximise the value of existing properties in order to extend their useful life.

In 2003-04 the Authority initiated a program to refurbish 64 existing homes. This marked the beginning of a long-term program that will see 700 homes upgraded over the next 10 years.

The introduction of User-Pays Pricing in 2003-04 has made the additional funds available to undertake this substantial and long-term project. To further resource the project, the Authority has created a full-time project officer position to oversee the refurbishment program. The officer will be initially stationed in Karratha and will be "rotated" to other regions as the work progresses.

Every property considered for refurbishment will be carefully assessed to ensure the medium to long-term viability of the investment.

Planned maintenance and breakdown repairs

In 2003-04 the Authority spent \$8.0 million on maintenance and repairs, compared to \$8.2 million in 2002-03.

The under-expenditure of \$510,387 this financial year offset over-expenditure in the improvement budget. All reported maintenance was attended to.

Furniture

Expenditure on furniture was \$710,129 in 2003-04, \$113,129 above the forecast budget. The unplanned furniture purchases were required primarily for homes north of the 26° parallel, where housing was provided to meet additional agency staffing requirements.

Fast Response to Vandalism Incident

Over the summer holiday of 2003-04, four of the Authority's homes at Wangkatjungka community, on Christmas Creek Station, were vandalised while their teacher occupants were on vacation.

The homes were badly damaged and uninhabitable, creating a crisis situation with potentially no accommodation for the teachers on their return in late January.

Area Manager Pat McKenzie, with help from a team of dedicated contractors, had the homes repaired and ready for occupation before the teachers returned.

The task was a logistical challenge, as the community is a 760km round trip from Derby. Contractors were mobilised to the site and restored the homes in time for the new school term.

Sales and Leasing

Sales

For the fifth consecutive year, the Authority met its targets for the sale of surplus homes. In accordance with the Strategic Plan, revenue from sales will be directed to the Capital Works Program.

The Sales and Leasing team has set increased sales targets for 2004-05 and developed a five-year sales strategy, in order to ensure that adequate levels of revenue generation are maintained. The team has identified some 100 older homes around the State, many in remote areas and privately tenanted, and will focus on disposing of these properties as a priority. The target for the 2004-05 Financial Year will be approximately \$5.5 million.

The Tenant in Occupation Sales Program was not as successful as anticipated, with only one dwelling sold during 2003-04. Currently there are nine applications in various stages and it is anticipated that at least four of these dwellings will be sold early in the new financial year.

The Authority has adopted more stringent guidelines when determining the sale of a dwelling.

Leasing

The growth in new housing stocks – largely stimulated by the formation of partnerships with property investors/developers from the private sector and local government – has helped to achieve a net increase of 66 leased properties in 2003-04. This has resulted in a total of 1525 leases State-wide as at 30 June 2004. To meet future demand for the 2004-05 financial year, the Authority anticipates an increase in the vicinity of 75 leases.

The Authority is working proactively to encourage private sector investors and local shires to develop housing, particularly in “non-market” towns where property investment is not normally viable. By offering long term leases and competitive rent structures, based on the cost recovery rent model, the Authority has attracted investment and consequently increased available housing stock in a number of areas:

- The Shire of Kent: one x four-bedroom transportable home has been constructed for the Department of Education and Training;
- The Shire of Dundas (Norseman) - private investor: one x four-bedroom transportable has been constructed for the Department of Education and Training.
- The Shire of Corrigin: two x four-bedroom dwellings have been built for the Department of Education and Training, and a third four-bedroom dwelling for the Police Service will be completed early in the new financial year.
- Shire of Northampton (Kalbarri) - private investor: two x three-bedroom units have been constructed for the Department of Education and Training, with the anticipated completion date of December 2004.
- The Shires of Morawa and Menzies are nearing completion of two x four-bedroom dwellings and two x two-bedroom units, respectively. The accommodation is required by the Department of Education and Training.

- The Shires of Kellerberrin, Carnamah and Wickelup: The Authority is involved in negotiations with these shires and has approved long-term leases. Accommodation will be provided later in 2004.
- The Shire of Carnarvon – private investor: six x two-bedroom units are under construction and the anticipated completion date is December 2004. The units are reserved for the Department of Education and Training.
- The Shire of Derby-West Kimberley (Fitzroy Crossing): Investors have commenced construction of homes in these areas, with completion expected in December 2004. Due to the shortage of land in Fitzroy Crossing, GEHA agreed to sell a development site to the investor on the condition that two x three-bedroom units would be constructed.
- The Shire of Merredin: a private investor has commenced construction of five x four-bedroom homes and three x two-bedroom units. The accommodation is for the Department of Education and Training and the Police Service.

Additionally, a number of investors have constructed dwellings in the towns of Karratha and Kalgoorlie. Because of the ever-increasing demand for housing in the regional centres, the Authority secured a number of these dwellings prior to the completion of construction.

Private Tenancy Management System

If an Authority-owned home is temporarily or permanently reverted by a department, the property may be offered for lease to the private market. Private rentals are managed by local real estate agents. Permanently reverted properties are assessed against future requirements and subject to the outcome they are either retained, or included in the sales program.

In 2003-04 the Authority developed a computerised management system specifically for its private rental properties. This system has enabled the consolidation of numerous spreadsheets into one integrated system. The local real estate agents provide their respective data and this data is entered into the system, enabling the Authority to monitor all matters concerning each private lease, and quickly identify any anomalies or issues that may exist.

The new private tenancy management system is comparable to the system used for managing its Government employee tenancies.

Summary Table: Sales and Leasing

Sale type	2003-04		2002-03		2001-02	
	Number	Value \$m	Number	Value \$m	Number	Value \$m
Tenant sales	1	0.155	11	1.457	15	1.815
Surplus properties	52	4.632	115	10.001	134	10.978
Vacant land	4	0.090	4	0.037	4	0.064
Total sales	57	4.877	130	11.495	153	12.857

Summary Table: Leasing Statistics

	2003-04	2002-03
Number of leases as at 1 July	1459	1388
Number of leases signed in financial year	189	174
Number of leases terminated	123	103
Number of leases as at 30 June	1525	1459

Goal 3: The Environment

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

Overview

The Government Employees' Housing Authority incorporates many environmental considerations in the development of housing solutions in all areas of the State. In 2003-04 the Authority set new benchmarks for energy efficient housing design.

It also continued to develop and implement strategies to encourage occupants to care for and maintain their gardens and adopt responsible water usage practices.

Five-Star Energy Rating

Seven houses being built in the remote Warburton Community (Ngaanyatjarraku) achieved a five-star *FirstRate* house energy rating from the Sustainable Energy Development Office (SEDO).

The homes, to be completed around December 2004, will provide accommodation for employees of the WA Police Service and Department of Community Development. These employees will be stationed at Warburton in response to recommendations from the Gordon Inquiry.

The hot, arid conditions in this remote desert community presented a challenge to the architects, Broadhurst and Bott. Their solution has incorporated a number of energy-efficient features:

- the use of insulation in the walls and ceiling;
- the use of concrete blocks to increase the thermal mass of the house;
- restricted window area on the west and east facing walls;
- extensive shading on windows and walls; and
- orientation of the living areas to face north.

The Warburton homes have the distinction of being the first Government housing project to receive the SEDO *FirstRate* house energy rating (Five-Star Energy Rating).

Housing Design Specifications

The Authority has developed standard housing design specifications for new homes in the northern and southern areas of the State. In 2003-04 two modifications were made to the design for northern homes:

- 1) Ceramic tiles will replace carpets as the specified floor covering; and

- 2) In areas where both refrigerated air conditioning and heaters are provided, reverse cycle air conditioners will now be installed in all new constructions, to eliminate the need for gas room heaters.

Garden Competitions

The Authority encourages occupants to enter garden competitions in their local areas. When an occupant wins recognition for the high standard of their garden, the Authority publishes the achievement, with photographs, in the *GEHA News* online newsletter.

In 2003-04 two of the Authority's homes won prizes in the Shire of Roebourne's annual garden competition. These were publicised in the newsletter.

The Authority wrote to every regional local government authority in 2003-04, encouraging the shires to participate in the Tidy Towns initiative. The Authority has offered a prize of \$200 for any of its occupants who should win a category in a local shire or Tidy Towns competition.

As a result of this initiative, a number of shires have agreed to take part in the Tidy Towns competition. Tidy Towns is coordinated by another State Government agency, the Department of Environmental Protection.

Goal 3: Obligatory Reporting

Waste Paper Recycling

The Authority uses Paper Recycling Industries for waste paper removal. This Common Use Contract is for the removal of office waste paper and cardboard for recycling. The Contractor is able to collect all grades of paper and cardboard. The collection and destruction of confidential material is not included in this contract because there is generally a cost involved. The contract is due to expire 1 May 2005.

Energy Smart Government Policy

The Authority adopts the Department of Housing and Works' targets for energy efficiency. In accordance with the Energy Smart Government Policy, the Department has committed to achieving a 12 per cent reduction in non-transport related energy use by 2006-07.

Goal 4: The Regions

“To ensure that regional Western Australia is strong and vibrant.”

Overview

The Government Employees' Housing Authority has a regional focus in all aspects of its operations and services. The Authority exists to provide quality accommodation for Government employees in the regions, who in turn work to deliver essential services to regional and remote populations.

Increasingly, the Authority is refining its approach to service delivery to reflect a more devolved approach, placing resources and expertise in regional areas where they can best serve the occupants and their employing agencies.

Service Level Agreement

In 2003-04 the Authority further refined a Service Level Agreement first developed in 2002-03. This Agreement provides for employees of the Department of Housing and Works to manage the Authority's properties in areas where the Authority does not have an office.

The Service Level Agreement sets out control processes and monitoring guidelines and has been further strengthened to provide for a greater devolution of processes and functions to the regional offices from the 1 July 2004.

In the coming financial year, further refinements will be made to the Agreement, improve decision-making and to place a greater emphasis on occupant liability and non-payment of water consumption accounts. At present this is managed from the Authority's Perth office. By devolving the management of occupant liability to the regions, the process will become more effective and efficient and at the same time will improve customer service.

Accommodation Manager Appointments

In 2003-04 the Authority confirmed the permanent appointments of three Accommodation Managers in GEHA's regional offices in Kalgoorlie, Karratha and Hedland. These Accommodation Managers have a “hands-on” role in the day-to-day management of leased and owned properties. They handle a myriad of tasks, from maintenance of Authority-owned homes, to liaison with owners of leased properties, sourcing of additional homes for leasing and handling requests and enquiries from occupants.

Solutions for Regional Land Shortages

One of the greatest obstacles to developing new housing stock is the shortage of available land in some regional towns. The Authority has developed a number of solutions to find suitable land for development. In 2003-04 a number of strategies proved successful.

- Negotiations with local shires.
In response to a requirement for additional housing in Nullagine, the Authority investigated the available land and is currently negotiating with the shire to purchase one lot.
- Expressions of interest to land owners
The Authority is directly approaching land owners in regional and remote towns to encourage them to build homes for lease-back
- Demolition of existing properties
In Halls Creek, Wyndham and Ravensthorpe the Authority has demolished its old, existing houses and utilised the land for a range of units or duplexes.
- Building on one portion of land
Another strategy is to build a single home on a portion of a large block, in accordance with current residential zoning densities, with a view to applying for a rezoning in the future and building a second home on the block.
- GEHA worked closely with the Department of Planning and Infrastructure (DPI) and LandCorp for the provision of land (14 lots this year). Twenty-two (22) units of accommodation in the 2003-04 program were built on DPI or LandCorp land in the following towns:

❖	Fitzroy Crossing	-	1 lot (1 unit)
❖	Meekatharra	-	2 lots (4 units)
❖	Kununurra	-	4 lots (9 units)
❖	Onslow	-	3 lots (4 units)
❖	Leonora	-	1 lot (1 unit)
❖	Wiluna	-	2 lots (2 units)
❖	Yalgoo	-	1 lot (1 unit)

Regional Heritage

One of the Strategic Outcomes of the Government's Goal 4: The Regions is "**conserved and restored natural and built heritage.**"

The Authority has owned, and continues to own, properties of heritage significance and properties which are on the State Register of Heritage Places. In 2003-04 the Authority was involved in a number of heritage-related developments.

Police Barracks, Geraldton

Built in 1912, the Geraldton Police Barracks housed police officers and their families until 1999. The Barracks, which have been placed on the Western Australian Register of Heritage Places, were subsequently let to private tenants.

In 2001 GEHA made the decision to sell the Barracks, as they were surplus to its accommodation requirements. A conservation and management plan was developed to ensure that the historical and heritage value of the property would be preserved.

The two-storey brick and iron building is one of only a few local examples of the work of Chief Government Architect Hillson Beasley, a significant practitioner of Federation Free architecture.

The building, which has been strata titled, will be auctioned in late 2004 and will continue to provide apartment-style accommodation unique to the Mid West city.

Homes in National Parks

In 2003-04 the Authority embarked on a major logistical exercise to plan improvements of 25 of its most remote and isolated homes. The homes date back to the 60s, 70s and 80s.

The homes, situated within National Parks, are located throughout the State, from Karijini and Millstream in the Pilbara to Stirling Range and Fitzgerald River in the southwest.

Conservation and Land Management (CALM) rangers and other staff occupy all of the homes in National Parks. In December 2003 staff from Western Property (the Department of Housing and Works' property and facilities management arm) and CALM representatives assessed them all.

A program of replacement, improvements and maintenance work is now underway, with the most urgent priorities targeted first. The works will range from services such as water and power supply to a range of structural remedial works, painting, and refurbishment.

The purpose of the maintenance program is to extend the life of the homes and improve the amenity for the people living in them.

Goal 4: Obligatory Reporting

Regional Development Policy

The Government Employees' Housing Authority supports regional development in all aspects of its operations and services. The Authority's key role is to provide and maintain housing stock to meet Government agency staff accommodation needs in the region. This role is essential to the recruitment and retention of public sector employees who deliver services to regional Western Australia. The Authority also contributes to the economies of the regions through its purchasing and contracting activities, particularly in the areas of construction, maintenance and upgrades.

GOAL 5: GOVERNANCE

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

Strategic Plan Implementation

In 2003-04 the Government Employees' Housing Authority continued to implement the key provisions of its Strategic Plan 2002-05.

The Strategic Plan proposes five key strategies: 1) accurate, timely and rigorous demand forecasts; 2) optimise the value of existing assets; 3) user pays pricing; 4) stimulate creative housing solutions; and 5) manage the risks.

Measurable progress was made in the implementation of these goals, enabling the Authority to generate additional revenue for major capital works and refurbishment programs to ensure that future Government housing needs are met.

Service Level Agreement

The Service Level Agreement sets out control processes and monitoring guidelines and has been further strengthened to provide for a greater devolution of processes and functions to the regional offices from the 1 July 2004.

In the coming financial year, further refinements will be made to the Agreement, improve decision-making and to place a greater emphasis on occupant liability and non-payment of water consumption accounts.

Water Consumption

A source of debt incurred by the Authority relates to water consumption. This debt can occur when an occupant vacates a home leaving an outstanding water consumption debt, and it can be difficult to locate the occupant and recover the debt.

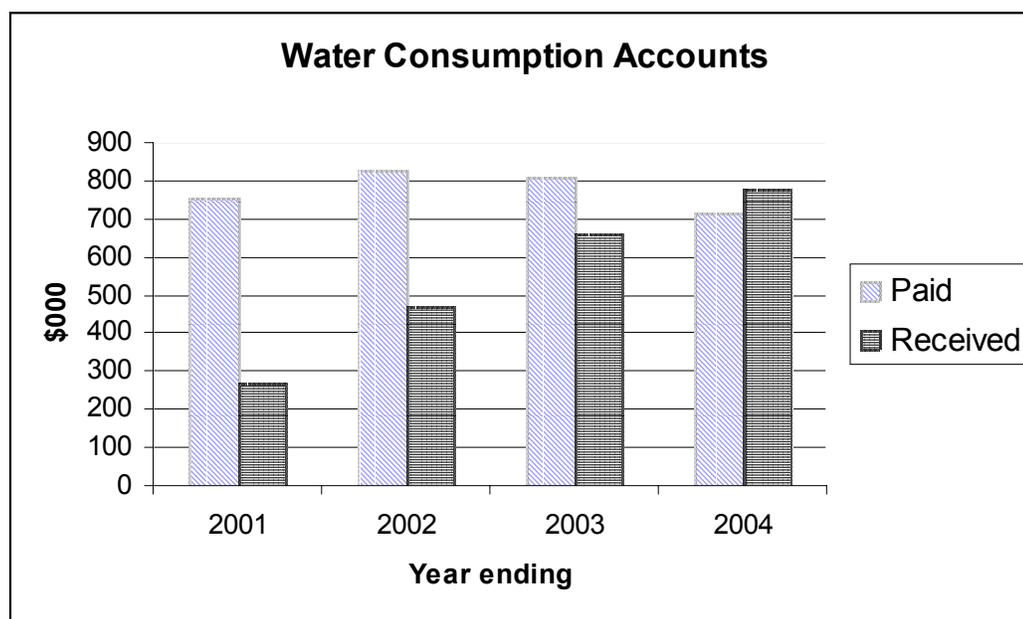
Occupants are regularly reminded of their obligations by direct mail, newsletters, the Occupants' Handbook and on the website, to arrange for a special meter reading (SMR) when they first occupy their GEHA home and again when they vacate. The ingoing SMR will ensure that they are not charged unfairly at a higher rate (due to the previous occupant's water consumption patterns) and will help to reduce the chance of disputes arising.

Recovery Rates – Water Consumption

The simplest method of measuring performance on recovery has been to compare the amount paid out by the Authority on water consumption with the amount received back from occupants. In 2003-04, \$0.717 million was paid out and \$0.778 million was received.

The fact that receipts were actually higher than payments relates to timing differences associated with the annual billing cycle and is also reflective of success in achieving payment of outstanding overdue accounts from the previous year.

The graph below shows the dramatic improvement in water consumption recoveries achieved over the last four years.



Appeals

The Authority's Appeals Mechanism, introduced in 2000-01, provides a means to deal with customer concerns and complaints. Under the new Service Level Agreement with the Department of Housing and Works, it is expected that issues of concern will be dealt with more effectively, hence reducing the number of appeals received.

A new method of conducting inspections was introduced in 2003-04. It provides for regular inspections by region, with the aim of inspecting all GEHA properties at least once a year. This will enable accommodation managers to identify and resolve any potential problems before the matter becomes an issue for occupants or GEHA.

In 2003-04, 66 appeal applications were lodged.

	Number of Appeals	Upheld	Partially Upheld	Charges to Stand	Charges Trans. to Dept
Appeals resolved at Tier One (Internal review)	34	24	2	6	2
Appeals that progressed to a Tier Two Committee hearing	14	1	8	5	-
Appeals processed in 2003-04	48	25	10	11	2
Applications not finalised as at 30 June 2004	18	-	-	-	-
Total Appeals Lodged 2003-04	66				

Occupant Liability

The placement of three new Accommodation Managers in regional areas will assist the Authority in better managing occupant liability issues. Previously, occupant liability has been managed from the Authority's Perth office. This arrangement made it difficult to fully assess the problem and/or negotiate a solution with the occupant. A more stringent process is being developed to better manage this issue.

Policy

In 2003-04 a Conflict of Interest Policy and a Private Tenant's Rental Policy were developed and published.

Internal Audit

As required by the *Financial Administration and Audit Act 1985*, an independent audit of GEHA's operations was carried out during the year. Accounting firm Ernst and Young commenced the third year of a three-year internal audit cycle on 1 July 2003.

This review of operations is a service to management and assists the accountable authority (the Government Employees' Housing Authority Board) with its corporate governance responsibilities.

The Government Employees' Housing Authority Board

Board Members are appointed by the Minister for Housing and Works under the provisions of the *Government Employees' Housing Act 1964*. As a Statutory Authority, the Board Members are responsible for the administration of the Act and compliance under the provisions of the *Financial Administration and Audit Act 1985*.

The Board members are:

Helen Stewart – Chairperson

Former District Superintendent of Education

Helen Stewart has an extensive background in education and has undertaken post-graduate studies in psychological counselling. Now retired, Ms Stewart has actively contributed as a member of Boards and Committees in the community and public sector.

Daryl Balchin

Western Australia Police Service

Daryl Balchin has been a police officer since 1968 and currently holds the rank of Commander. In 1993 he received the Australian Police Medal for distinguished service. Commander Balchin currently manages the Southern Police Region, which covers an area of 193,000 square kilometres and provides policing services to approximately 330,000 people.

David Kelly

State School Teachers' Union

David Kelly is the General Secretary for the State School Teachers' Union of WA and Secretary of the Australian Teachers' Union (WA Branch.) His qualifications in education include trade sector, primary, special education and career counselling, as well as qualifications in labour and industrial relations.

Kenneth See*Western Australian Police Union of Workers*

Ken See has been General Manager and/or Secretary for the Western Australian Police Union of Workers since April 1997, following an extended career with Westrail. His current position incorporates the statutory role of Secretary required under the WA Industrial Relations Act.

Ken Smith*Treasury*

Ken Smith has been employed by the Department of Treasury and Finance since January 1989. He is currently Assistant Director in Agency Resources with responsibility for a range of agencies, notably Justice and those in the Housing and Works Portfolio. He brings to the GEHA Board an extensive knowledge of Government operations and regulations and a substantial network of agency contacts.

Bob Thomas*Department of Housing and Works*

Bob Thomas joined Homeswest in 1966 and has extensive experience in public housing, particularly in regional operations, community housing and property/tenancy management. He was appointed General Manager Housing and Facilities Management in July 1999.

Toni Walkington*Civil Service Association of Western Australia*

Toni Walkington took up the elected office of Branch Assistant Secretary of the Civil Service Association in 1996. She was elected to the position of Branch Secretary in October 2001. She has served as the Union's Chief Industrial Officer and has worked with the Equal Opportunity Commission.

Greg Ryan-Gadsden*Department of Education and Training*

Greg Ryan-Gadsden is the Manager of Promotions, Housing and Transport and Recruitment for the Education Department. He joined the department in 1987 and has extensive teaching and administrative experience. Mr Ryan-Gadsden retired from the GEHA Board in April 2004.

Kimbley Ward*Department of Education and Training*

Kim Ward is the Director, Staffing for the Department of Education and Training. He has over twenty years' experience in education, the majority of which has been in educational leadership positions involving change management; policy development, review and implementation; strategic planning; human resource management and establishing organisation-wide processes. Mr Ward replaced Mr Greg Ryan-Gadsden as the Director General of Education and Training's representative on the GEHA Board.

Board Meetings

Ten Board meetings were held in 2003-04.

Board Member	Number of meetings attended
Helen Stewart	10
Daryl Balchin	4
Murray Lampard (Deputy to Daryl Balchin)	2
Ian Calderwood (Representing Daryl Balchin)	3
David Kelly	5
Michele White (Deputy to David Kelly)	3
Greg Ryan-Gadsden	6
Bruce Hicks (Deputy to Greg Ryan-Gadsden)	1
Kimbley Ward (new Board Member)	2
Kenneth See	9
Ken Smith	6
Bob Thomas	9
Bevan Beaver (Deputy for Bob Thomas)	1
Toni Walkington	4

The Board Chairperson received a gross annual fee of \$15,350. Other Board Members did not receive remuneration for their services.

Disclosure of Pecuniary Interests

All Board Members are governed by the Code of Conduct of the Australian Institute of Company Directors in respect of conflict of interest.

No declarations of interest were made in relation to senior officers or Authority members.

Staff Recruitment and Training

GEHA employs 33 staff, located in Perth, Karratha, South Hedland and Kalgoorlie.

The Department of Housing and Works administers all staffing arrangements and provides support in ensuring compliance with the *Equal Opportunity Act 1984*, the *Public Sector Management Act 1994* and other relevant Acts.

Full-Time Equivalent Staff Positions (FTEs)

Employee category	2000-01	2001-02	2002-03	2003-04
Permanent full-time staff	28	29	27	29
Permanent part-time staff	-	1	0	0
Fixed Term full-time staff	3	2	1	4
Fixed Term part-time staff	2	2	1.5	0
Total FTEs	33	34	29.5	33

Employment Agreements

Of GEHA's staff, 22 have signed the Public Sector General Agreement and 11 are employed under a Statutory Contract of Employment.

Workers' Compensation

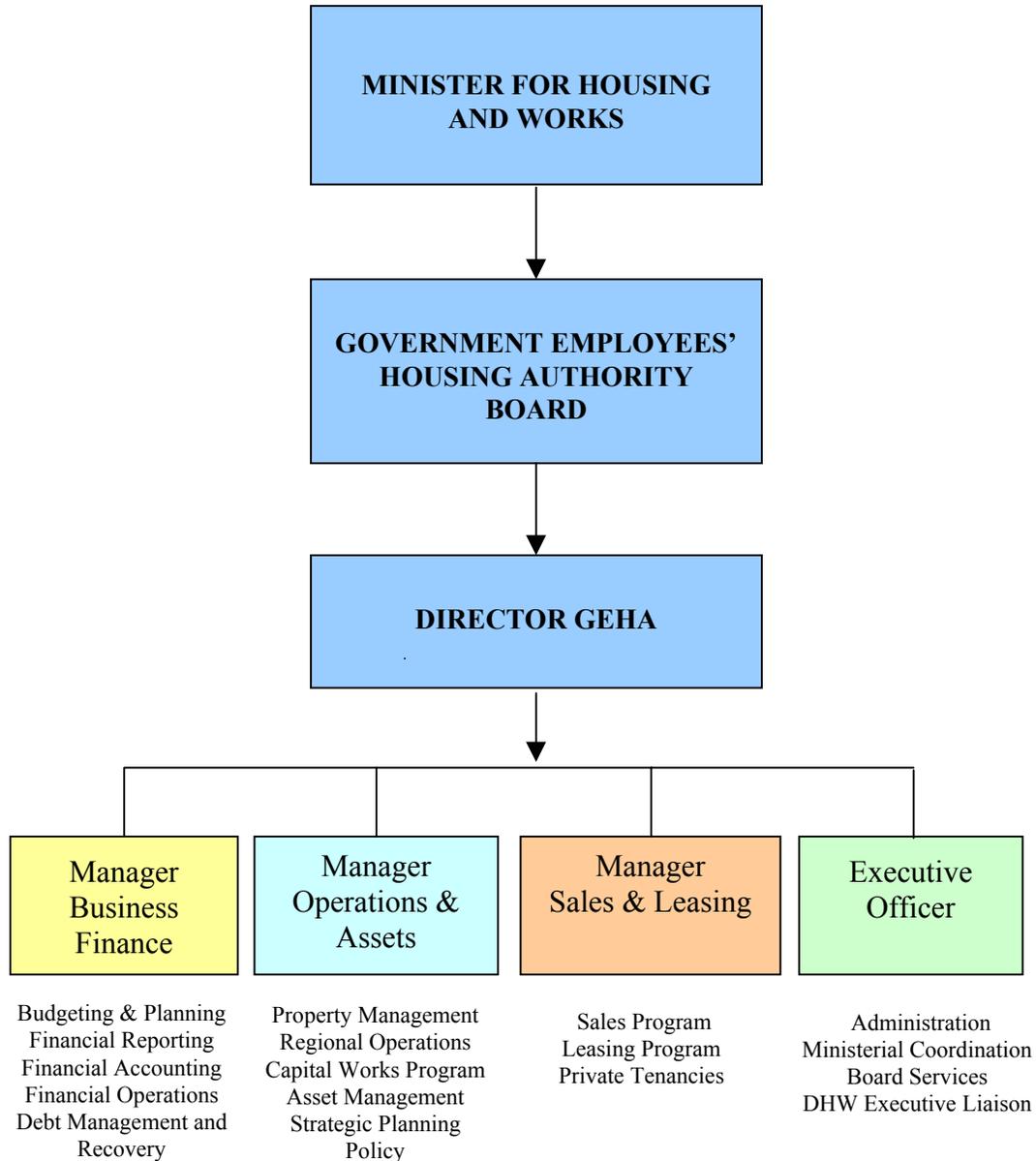
There were no workers' compensation claims for the 2003-04 financial year.

Trainee Program

In February 2003, GEHA agreed to participate in the South Metropolitan Youth Link Structured Workplace Learning Program. This is a two-year, school-based Aboriginal program whereby the student attends the working environment for two days each week during years 11 and 12. Our trainee is now into her second year.

Organisational Structure

The Government Employees' Housing Authority reports to the Minister for Housing and Works through the Board. The chart below shows the current organisational structure.



Compliance with Legislation

The Government Employees' Housing Authority was established on 14 December 1964 under the *Government Employees' Housing Act 1964*. The Authority is responsible to the Hon Nick Griffiths LLB MLC, Minister for Housing and Works; Racing and Gaming; Government Enterprises; Land Information.

Goal 5: Obligatory Reporting

Equal Employment Opportunity

During 2003 a comprehensive Equal Employment Opportunity Training Program was delivered across the Department of Housing and Works. 473 employees attended this training, including five from the Government Employees' Housing Authority. A further program commenced in March 2004 to provide training to metropolitan branches and head office as well as regional areas that were not included during 2003.

The Department's Induction Policy has been reviewed, resulting in an extension of the duration of the Orientation Program for new employees from one to two days. The second day is devoted to Equal Employment Opportunity awareness training.

The Department has set representation and distribution targets for the employment of women, Aboriginal people, culturally and linguistically diverse people, people with disabilities and youth. These equity indices and percentages continue to be monitored and reported via the Balanced Scorecard.

Various strategies have been put in place to achieve the Department's objectives such as:

- targets incorporated in the Director General's performance agreement;
- targets established for individual directorates and included in the performance agreement of each Executive Director;
- vacancy information forwarded to specialist agencies prior to advertising;
- a statement describing the family-friendly aspects of employment with the Commission forwarded to job applicants with the application pack; and
- preliminary plans for the implementation of a Graduate Employment Program to commence in 2005.

Evaluations

The three surveys – client agency, occupant and Post Occupant Evaluation (POE) – represented a major evaluation initiative in 2003-04. These surveys and their results are described in detail under Goal 1: People and Communities.

Information Statement

The Department of Housing and Works' Freedom of Information (FOI) Unit is responsible for administering the processing of FOI applications on behalf of the Authority, in compliance with the *Freedom of Information Act 1992*. Through the Department's FOI Unit, the Authority aims to make information available promptly, for the least possible cost, and wherever possible documents will be provided outside the Freedom of Information process.

Freedom of Information applications, payments, correspondence and general inquiries may be directed to the Department's Freedom of Information Unit, 99 Plain Street, East Perth, 6004 (Tel: (08) 9222 4501; Fax: (08) 9221 1388).

As at the end of April 2004, one (1) application relating to Government Employees' Housing Authority matters was received.

Statement of Compliance with State Records Act 2000

The Department of Housing and Works administers all aspects of record keeping on behalf of the Government Employees' Housing Authority, in compliance with the *State Records Act 2000*.

Statement of Compliance with Public Sector Standards and Codes

The Human Resources branch of the Department of Housing and Works (DHW) administers all staffing arrangements for the Government Employees' Housing Authority. DHW is responsible for assisting the Authority to promote and maintain compliance 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.

The Authority follows all procedures developed by DHW, based on equal opportunity principles, to ensure compliance with regard to human resource policies and procedures in the areas of recruitment, selection and training.

Public Interest Disclosures (PID)

The Department of Housing and Works (DHW) is responsible for assisting the Authority to meet its obligations under the *Public Interest Disclosure Act 2003*. DHW has appointed a PID Officer and has put in place procedures designed to ensure compliance relating to the Department's obligations under the Act.

During the reporting period no public interest disclosures were received.

Advertising and Sponsorship

In accordance with the disclosure requirements of Section 175ZE of the *Electoral Act 1907*, the Authority incurred expenditure during the period 1 July 2003 to 30 June 2004 on the following:

Publications:

Period	Project	Company	Cost (\$)
September –December 2003	Occupant's Handbook	Design – Dessein Graphics Pty Ltd	2,178
		Printing –Advance Press (8,000)	7,139
September 2003	2002-2003 Annual Report	Publication – Van Zeller & Associates (Balance of writing & editing)	2,184
		Design AR Cover – Key2 Design	165
		Printing- Snap Printing (20 copies)	539
December 2003	Development of GEHA Web Site	Publication – Van Zeller & Associates Pty Ltd (Balance of writing and editing)	792
April 2004	GEHA News - Issue 10 (April 2004)	Publication – Van Zeller & Associates Pty Ltd	990
June 2004	2003-2004 Annual Report	Publication – first draft – Van Zeller & Associates Pty Ltd	363

Company	Period	Project	Cost (\$)
Advertising agencies		Not applicable	Nil
<u>Market research agencies</u> - Taylor Sofres Nelson (TNS)	April 2004	Survey of level of satisfaction of client departments and GEHA occupants	16,867 (50% of contract)
Polling organisations		Not applicable	Nil
Direct mail organisations		Not applicable	Nil
Media advertising organisations		Not applicable	Nil

**TABLE OF CLIENT DEPARTMENTS PROVIDED WITH ACCOMMODATION
UNDER THE GOVERNMENT EMPLOYEES' HOUSING ACT 1964**

DEPARTMENT	30 JUNE 2003	31 JUNE 2004	% CHANGE
Agriculture Department	114	106	-7%
C.Y. O'Connor College of TAFE	5	3	-40%
Central Great Southern Health Service	1	1	0%
Central West College of TAFE	6	6	0%
Conservation & Land Management	130	129	-1%
Curtin University	26	30	15%
Department for Community Development	106	118	11%
Department for Planning and Infrastructure	7	7	0%
Department of Consumer and Employment Protection	7	3	-57%
Department of Education & Training	2065	2072	0%
Department of Environment, Water and Catchment Protection	14	19	36%
Department of Fisheries	29	26	-10%
Department of Housing and Works	36	32	-11%
Department of Indigenous Affairs	15	17	13%
Department of Industry and Resources	38	33	-13%
Department of Justice	232	226	-3%
Department of Land Information	2	3	50%
Department of Sport And Recreation	5	5	0%
Disability Services Commission	11	8	-27%
East Kimberley Health Service	3	3	0%
East Pilbara Health Service	4	5	25%
Eastern Wheatbelt Health Service	1	1	0%
Fire & Emergency Services Authority	8	6	-25%
Forest Products Commission	14	14	0%
Gascoyne Development Commission	5	3	-40%
Gascoyne Population Health	1	1	0%
Geraldton Health Service	2	2	0%
Goldfields South East Health Service	1	0	-100%
Goldfields Esperance Development Comm	4	3	-25%
Kimberley College of TAFE	53	59	11%
Kimberley Development Commission	5	5	0%
Kimberley Health Region	2	3	50%
Legal Aid WA	9	9	0%
Mid-West & Murchison Health Region	1	1	0%
Mid-West Development Commission	2	0	-100%
Museum of Western Australia	1	1	0%
North West Mental Health Service	7	8	14%
Path Centre	17	20	18%
Perth Dental Hospital And Community Dental Services	19	20	5%
Pilbara College of TAFE	112	112	0%
Pilbara Development Commission	5	5	0%
Pilbara Public Health Unit	2	3	50%
WA Industrial Relations Commission	1	0	-100%
W A Police Service	902	917	2%
WA Tourism Commission	4	4	0%

TABLE OF CLIENT DEPARTMENTS PROVIDED WITH ACCOMMODATION UNDER THE GOVERNMENT EMPLOYEES' HOUSING ACT 1964			
DEPARTMENT	30 JUNE 2003	31 JUNE 2004	% CHANGE
Water Corporation	72	78	8%
West Kimberley Health Service	7	3	-57%
West Pilbara Health Service	21	20	-5%
WA Country Health Service Wheatbelt Region-Eastern	1	1	0%
Wheatbelt Development Commission	5	5	0%
Grand Total	4140	4156	0%

TABLE OF PROPERTY NUMBERS BY LOCATION AS AT 30 JUNE 2004

LOCATION	GEHA OWNED	LEASED	TOTAL	SINGLE DETACHED HOUSES	DUPLEX APARTMENTS & FLATS
ALBANY	30	6	36	0	36
AUGUSTA	5	1	6	2	4
AUSTRALIND	0	1	1	0	1
BABAKIN	1	0	1	0	1
BADGINGARRA	2	0	2	1	1
BALDIVIS	6	0	6	0	6
BALINGUP	0	1	1	0	1
BALLIDU	2	0	2	0	2
BEACON	1	1	2	0	2
BENCUBBIN	3	0	3	0	3
BERESFORD	1	0	1	0	1
BEVERLEY	8	1	9	2	7
BINDOON	1	0	1	0	1
BINNU	1	0	1	0	1
BLACKSTONE	3	0	3	0	3
BLUFF POINT	0	1	1	0	1
BODALLIN	1	0	1	0	1
BODDINGTON	11	2	13	6	7
BOLGART	2	0	2	0	2
BORDEN	3	0	3	0	3
BOULDER	35	47	82	14	68
BOYUP BROOK	3	4	7	0	7
BREMER BAY	1	2	3	0	3
BRIDGETOWN	7	3	10	0	10
BROOKTON	9	0	9	3	6
BROOME	81	185	266	31	235
BROOMEHILL	3	0	3	0	3
BRUCE ROCK	9	0	9	3	6
BRUNSWICK JUNCTION	3	0	3	0	3
BUNTINE	2	0	2	0	2
BUREKUP	1	0	1	0	1
BURRINGURRAH	5	1	6	2	4
BUSSELTON	6	19	25	0	25
CADOUX	1	0	1	0	1
CALINGIRI	1	0	1	0	1
CAMBALLIN	9	1	10	2	8
CANE	1	0	1	0	1
CANNING VALE	15	0	15	0	15
CAPE ARID	1	0	1	0	1
CAPE LE GRAND	2	0	2	0	2
CAPE RANGE NP	1	0	1	0	1
CAPEL	1	0	1	0	1
CARNAMAH	9	0	9	2	7
CARNARVON	88	52	140	28	112
CASCADE	2	0	2	0	2
CASSIA	5	0	5	0	5

TABLE OF PROPERTY NUMBERS BY LOCATION AS AT 30 JUNE 2004

LOCATION	GEHA OWNED	LEASED	TOTAL	SINGLE DETACHED HOUSES	DUPLEX APARTMENTS & FLATS
CERVANTES	4	2	6	0	6
COLLIE	44	1	45	6	39
CONDINGUP	2	0	2	0	2
COOKE POINT	13	0	13	0	13
COOLGARDIE	7	2	9	2	7
COOROW	2	1	3	0	3
CORRIGIN	8	4	12	3	9
COSMO NEWBERY	2	0	2	0	2
COWARAMUP	1	0	1	0	1
CRANBROOK	3	2	5	0	5
CUE	6	2	8	0	8
CUNDERDIN	11	0	11	3	8
DALWALLINU	14	0	14	8	6
DAMPIER	7	7	14	0	14
DANDARAGAN	1	1	2	0	2
DARDANUP	1	0	1	0	1
DARKAN	5	1	6	2	4
DEANMILL	1	0	1	0	1
DENHAM	11	10	21	3	18
DENMARK	8	1	9	2	7
DERBY	83	4	87	20	67
DJUGERARI	1	0	1	0	1
DONGARA	11	5	16	4	12
DONNYBROOK	6	0	6	2	4
DOODLAKINE	1	0	1	0	1
DOWERIN	7	1	8	2	6
DRUMMOND COVE	0	1	1	0	1
DRYANDRA	1	0	1	0	1
DUMBLEYUNG	5	0	5	2	3
DUNSBOROUGH	2	2	4	0	4
DWELLINGUP	4	0	4	2	2
ENEABBA	3	0	3	0	3
ESPERANCE	31	59	90	14	76
EUCLA	8	0	8	0	8
EXMOUTH	20	15	35	0	35
FITZGERALD RIVER NP	1	0	1	0	1
FITZROY CROSSING	40	1	41	5	36
FORRESTER PARK	3	6	9	0	9
FRANKLAND	2	0	2	0	2
GAIRDNER	1	0	1	0	1
GASCOYNE JUNCTION	1	0	1	0	1
GERALDTON	15	21	36	6	30
GINGIN	7	4	11	2	9
GLENHILL	0	1	1	0	1
GNOWANGERUP	10	0	10	3	7
GOOMALLING	5	0	5	0	5

TABLE OF PROPERTY NUMBERS BY LOCATION AS AT 30 JUNE 2004

LOCATION	GEHA OWNED	LEASED	TOTAL	SINGLE DETACHED HOUSES	DUPLEX APARTMENTS & FLATS
GRASS PATCH	1	0	1	0	1
HALLS CREEK	44	2	46	10	36
HARVEY	30	6	36	4	32
HOPETOUN	1	0	1	0	1
HYDEN	4	0	4	2	2
JACUP	1	0	1	0	1
JAMESON	2	0	2	0	2
JARRAHDALE	13	0	13	0	13
JERDACUTTUP	1	1	2	0	2
JERRAMUNGUP	12	0	12	0	12
JIGALONG	6	0	6	0	6
JURIEN BAY	10	12	22	1	21
KALAMUNDA	1	0	1	0	1
KALANNIE	1	1	2	0	2
KALBARRI	11	8	19	3	16
KALGOORLIE	91	299	390	60	330
KALUMBURU	9	0	9	3	6
KAMBALDA	28	14	42	11	31
KARIJINI	3	0	3	0	3
KARLGARIN	1	0	1	0	1
KARNET	6	0	6	0	6
KARRATHA	176	229	405	75	330
KATANNING	66	5	71	21	50
KELLERBERRIN	13	0	13	3	10
KENDENUP	1	0	1	0	1
KIRUP	5	1	6	0	6
KIWIRRKURRA	3	0	3	0	3
KOJONUP	16	1	17	7	10
KONDININ	6	0	6	2	4
KOOMBANA	143	60	203	41	162
KOORDA	3	0	3	0	3
KUKERIN	1	1	2	0	2
KULIN	8	2	10	2	8
KUNUNURRA	86	91	177	29	148
LAGRANGE	12	0	12	4	8
LAKE ARGYLE	4	0	4	0	4
LAKE GRACE	22	0	22	5	17
LAKE KING	2	0	2	0	2
LANCELIN	7	4	11	0	11
LATHAM	1	0	1	0	1
LAVERTON	22	2	24	4	20
LAWSON	10	0	10	4	6
LEEMAN	4	3	7	0	7
LEINSTER	0	8	8	0	8
LEONORA	20	10	30	6	24
MAHOMETTS FLATS	1	2	3	0	3

TABLE OF PROPERTY NUMBERS BY LOCATION AS AT 30 JUNE 2004

LOCATION	GEHA OWNED	LEASED	TOTAL	SINGLE DETACHED HOUSES	DUPLEX APARTMENTS & FLATS
MANDURAH	1	0	1	0	1
MANJIMUP	45	8	53	3	50
MARBLE BAR	12	0	12	2	10
MARGARET RIVER	10	4	14	0	14
MARVEL LOCH	1	1	2	0	2
MECKERING	2	0	2	0	2
MEEKATHARRA	46	1	47	4	43
MENZIES	4	0	4	0	4
MERREDIN	70	4	74	19	55
MIDLAND	1	0	1	0	1
MILING	2	0	2	0	2
MILLSTREAM	5	0	5	0	5
MINGENEW	5	0	5	0	5
MOORA	34	5	39	11	28
MOORINE ROCK	1	0	1	0	1
MORAWA	21	4	25	4	21
MOUNT BARKER	8	8	16	0	16
MOUNT MAGNET	17	7	24	2	22
MOUNT TARCOOLA	9	37	46	0	46
MOUNT WALKER	1	0	1	0	1
MT MARGARET	2	0	2	1	1
MUKINBUDIN	13	0	13	4	9
MULGA QUEEN	1	0	1	0	1
MULLEWA	14	3	17	6	11
MULUDJA	3	0	3	0	3
MUNDARING	3	1	4	0	4
MUNDIJONG	1	1	2	0	2
MUNGLINUP	2	1	3	0	3
MUNTADGIN	2	0	2	0	2
NABAWA	1	0	1	0	1
NANNUP	20	1	21	0	21
NAREMBEEN	12	0	12	2	10
NARROGIN	73	1	74	18	56
NEW NORCIA	1	0	1	0	1
NEWDEGATE	2	0	2	0	2
NEWMAN	79	17	96	28	68
NORSEMAN	27	2	29	6	23
NORTHAM	59	27	86	12	74
NORTHAMPTON	6	2	8	0	8
NORTHCLIFFE	5	0	5	0	5
NULLAGINE	8	0	8	0	8
NUNGARIN	2	0	2	0	2
NYABING	1	2	3	1	2
ONE ARM POINT (Ardyaloon)	8	0	8	2	6
ONGERUP	6	0	6	0	6
ONSLOW	14	5	19	2	17

TABLE OF PROPERTY NUMBERS BY LOCATION AS AT 30 JUNE 2004

LOCATION	GEHA OWNED	LEASED	TOTAL	SINGLE DETACHED HOUSES	DUPLEX APARTMENTS & FLATS
OOMBULGURRI	4	0	4	0	4
PANNAWONICA	0	1	1	0	1
PARABURDOO	20	1	21	6	15
PEMBERTON	13	1	14	4	10
PERENJORI	4	0	4	0	4
PINGELLY	9	0	9	2	7
PINGRUP	0	1	1	0	1
PINJARRA	1	5	6	0	6
PORONGURUP	1	0	1	0	1
PORT DENISON	1	1	2	0	2
PORT HEDLAND	23	14	37	4	33
QUAIRADING	9	1	10	2	8
QUINNINUP	2	0	2	0	2
RANGEWAY	14	1	15	12	3
RAVENSTHORPE	11	2	13	0	13
ROCKY GULLY	1	0	1	0	1
ROEBOURNE	30	0	30	5	25
ROTTNEST ISLAND	4	1	5	1	4
SALMON GUMS	2	0	2	0	2
SANDSTONE	1	1	2	1	1
SCADDAN	1	0	1	0	1
SHELLBOROUGH	21	1	22	2	20
SOUTH HEDLAND	0	10	10	1	9
SOUTH KALGOORLIE	3	0	3	2	1
SOUTH STIRLING	1	0	1	0	1
SOUTHERN CROSS	19	2	21	4	17
SPALDING	1	0	1	0	1
SPINIFEX HILL	10	0	10	0	10
STIRLING RANGE NP	2	0	2	0	2
STOKES NP	1	0	1	0	1
STRATHALBYN	0	3	3	0	3
STRELLEY	3	0	3	0	3
SUNSET BEACH	3	5	8	0	8
TAMBELLUP	4	1	5	2	3
TARCOOLA BEACH	2	18	20	0	20
THREE SPRINGS	11	0	11	0	11
TINCURRIN	1	0	1	0	1
TJIRRKARLI	1	0	1	0	1
TJUKURLA	2	0	2	0	2
TJUNJTUNJTARA	1	0	1	0	1
TOM PRICE	46	13	59	10	49
TOODYAY	7	1	8	0	8
TORNDIRRUP	1	0	1	0	1
TRAYNING	4	0	4	0	4
TWO PEOPLES BAY	1	0	1	0	1
USELESS LOOP	1	0	1	0	1

TABLE OF PROPERTY NUMBERS BY LOCATION AS AT 30 JUNE 2004

LOCATION	GEHA OWNED	LEASED	TOTAL	SINGLE DETACHED HOUSES	DUPLEX APARTMENTS & FLATS
VARLEY	1	0	1	0	1
WAGIN	16	0	16	5	11
WALNUT GROVE	3	0	3	0	3
WALPOLE	4	2	6	0	6
WALYUNGA NP	1	0	1	0	1
WANANAMI	4	0	4	2	2
WANARN	3	0	3	2	1
WANDERING	2	0	2	0	2
WANDINA	2	19	21	0	21
WANGKATJUNGKA	5	0	5	0	5
WARAKURNA	6	0	6	0	6
WARBURTON (Ngaanyatjarraku)	5	0	5	0	5
WAROONA	8	1	9	2	7
WATHEROO	1	0	1	0	1
WELLSTEAD	1	0	1	0	1
WESTONIA	2	0	2	0	2
WICKEPIN	4	0	4	0	4
WICKHAM	35	19	54	14	40
WILLIAMS	8	0	8	2	6
WILUNA	15	0	15	4	11
WINGELLINA	2	0	2	0	2
WONGAN HILLS	12	2	14	5	9
WOODANILLING	1	0	1	0	1
WOOLAH	1	0	1	0	1
WOOROLOO	10	0	10	0	10
WUBIN	1	0	1	0	1
WUNDOWIE	3	0	3	0	3
WYALKATCHEM	8	1	9	0	9
WYNDHAM	32	6	38	4	34
YALGOO	7	1	8	3	5
YALLINGUP	1	0	1	0	1
YANCHEP	6	0	6	0	6
YANDEYARRA	6	0	6	2	4
YARLOOP	1	1	2	0	2
YEALERING	1	0	1	0	1
YERECOA	2	0	2	0	2
YINTARRI	3	0	3	0	3
YORK	12	2	14	2	12
YUNA	2	1	3	0	3
	2903	1525	4428	716	3712

STATEMENT OF COMPLIANCE

Relevant Written Legislation

The Government Employees' Housing Authority has exercised all reasonable care to comply with relevant written laws, as amended from time to time, including but not confined to the:

Government Employees' Housing Act 1964
Residential Tenancies Act 1987
Financial Administration and Audit Act 1985
Dividing Fences Act 1961
Public Sector Management Act 1994
Freedom of Information Act 1992

In accordance with Sections 62 and 66 of the *Financial Administration and Audit Act 1985*, we hereby submit for your information and presentation to Parliament the Report of the Government Employees' Housing Authority for the period 1 July 2003 to 30 June 2004.

The report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.

As staff of the Government Employees' Housing Authority are employed by the Department of Housing and Works, comment on compliance in relation to standards and codes of conduct as required by Section 31(1) of the *Public Sector Management Act* is made by that organisation.

At the date of signing the Authority is not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.



H R Stewart
Chairperson



B Thomas
Board Member



K J Toop
Principal Accounting Officer

31 August 2004

GOVERNMENT EMPLOYEES HOUSING AUTHORITY
KEY PERFORMANCE INDICATORS



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

GOVERNMENT EMPLOYEES' HOUSING AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Government Employees' Housing Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2004.

Scope

The Authority's Role

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

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

Summary of my Role

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

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

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

D D R PEARSON
AUDITOR GENERAL
September 20, 2004

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 Government Employees' Housing Authority's performance, and fairly represent the performance of the Government Employees' Housing Authority for the financial year ended 30 June 2004.

T W Clarey



Director



H R Stewart
Chairperson



B Thomas
Board Member

31 August 2004

KEY PERFORMANCE INDICATORS

OUTCOMES

GEHA has one outcome, which is the provision of housing in country areas for Government employees to facilitate the operation of Government services.

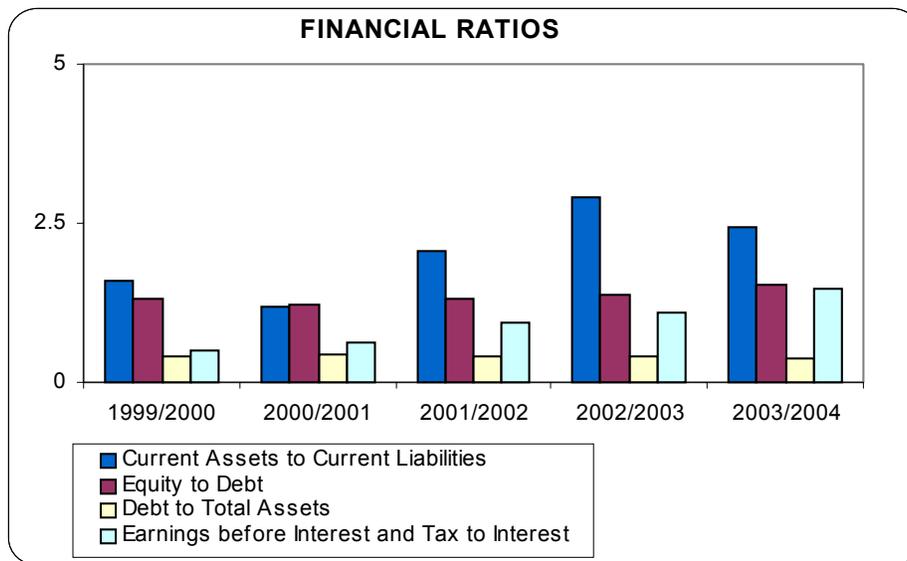
EFFECTIVENESS INDICATORS

FINANCIAL RATIOS

This indicator compares the Current Assets to Current Liabilities, Equity to Debt, Debt to Total Assets, and Earnings before Interest and Tax to Interest.

GEHA aims to maintain the Current Assets to Current Liabilities ratio close to 1 but between 1 and 2, to ensure acceptable levels of liquidity whilst at the same time limiting cash held in order to maximise funding to programmes.

GEHA aims to maintain or increase its degree of ownership, and reduce its debt to assets by reducing gross debt levels. This in turn will improve earnings before interest and tax to interest to above 1, which will ultimately increase funding for provision of new and improvement of existing housing for country-based government employees.



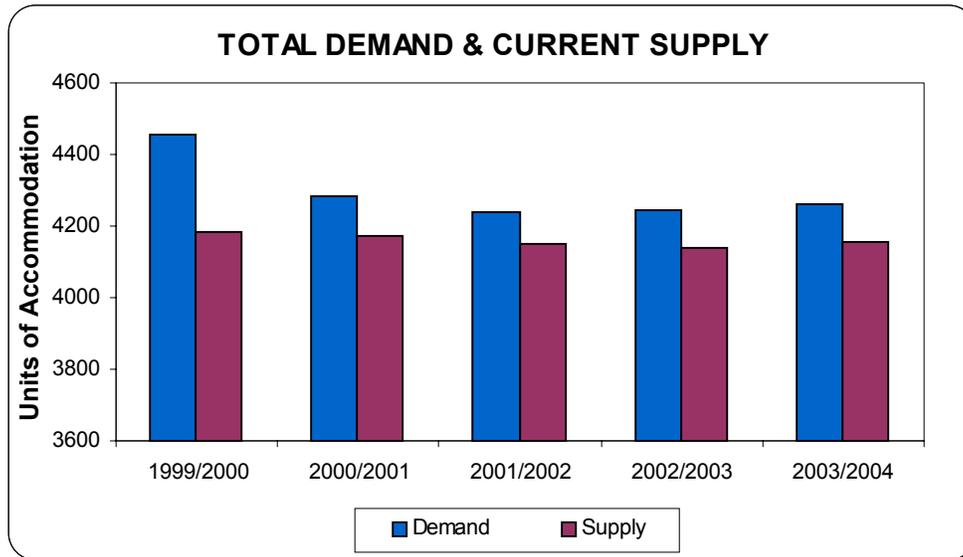
Notes:

1. Current Assets to Current Liabilities measures the liquidity of GEHA.
2. Equity to Debt measures the degree of ownership.
3. Debt to Assets measures the ability to cover debt principal.
4. Earnings before Interest and Tax measures the ability to pay interest from earnings.

TOTAL DEMAND AND CURRENT SUPPLY

This indicator compares the total annual demand for accommodation from departments against total accommodation supplied.

The program requirements (ie requests for accommodation and allocation of stock at the start of the year) are used to measure demand, while supply is shown as the allocations of stock at the end of the year.

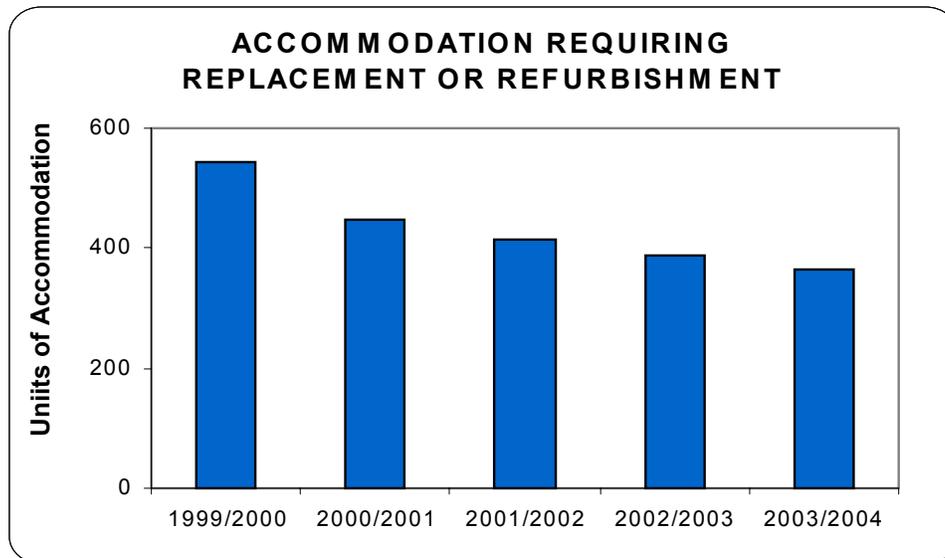


Notes:

Demand and supply have remained at similar levels to those in the previous year.

ACCOMMODATION REQUIRING REPLACEMENT

This indicator illustrates GEHA's efforts to reduce the level of accommodation identified as requiring replacement.



Notes:

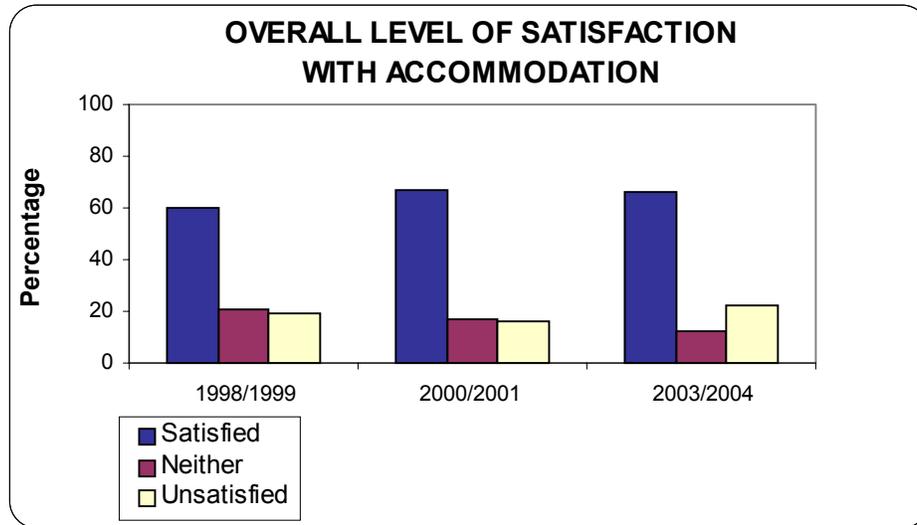
Replacement construction and disposal of surplus housing in the "Low" category has reduced the number of units of accommodation requiring replacement. These figures only take into account properties that are allocated to a department. Properties that are vacant or leased privately are not considered.

LEVEL OF SATISFACTION WITH ACCOMMODATION

This indicator illustrates the level of satisfaction with accommodation provided by GEHA.

OVERALL LEVEL OF SATISFACTION WITH ACCOMMODATION

The figures are based on the results of comprehensive surveys conducted in 1998, 2000 and 2004. The participants of the surveys were occupants of GEHA housing.



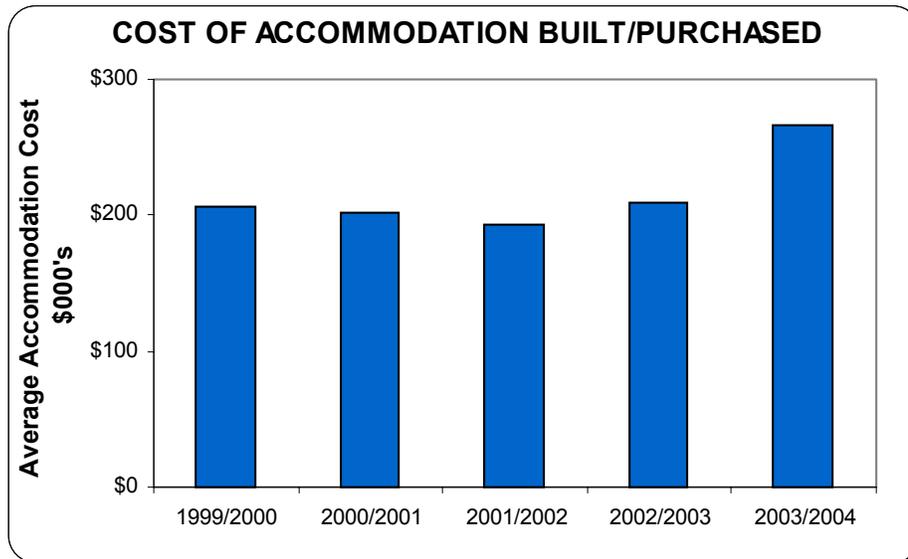
Notes:

1. The surveys were carried out independently of GEHA.
2. The source of the data is from Corporate Logistics, Donovan's Research Agency and Taylor Nelson Sofres (TNS) Social Research.
3. The 1998 survey conducted by Corporate Logistics received a response rate of 73% with 2826 responses from 3850 questionnaires sent. The 2000 survey conducted by Donovan's Research Agency received a response rate of 48% with 1947 responses from 3988 questionnaires sent. The 2004 survey by TNS Social Research received a response rate of 22% with 930 responses from 4100 questionnaires sent.

EFFICIENCY INDICATORS

COST OF ACCOMMODATION BUILT/PURCHASED

This indicator compares the cost of accommodation units built or acquired during the year.

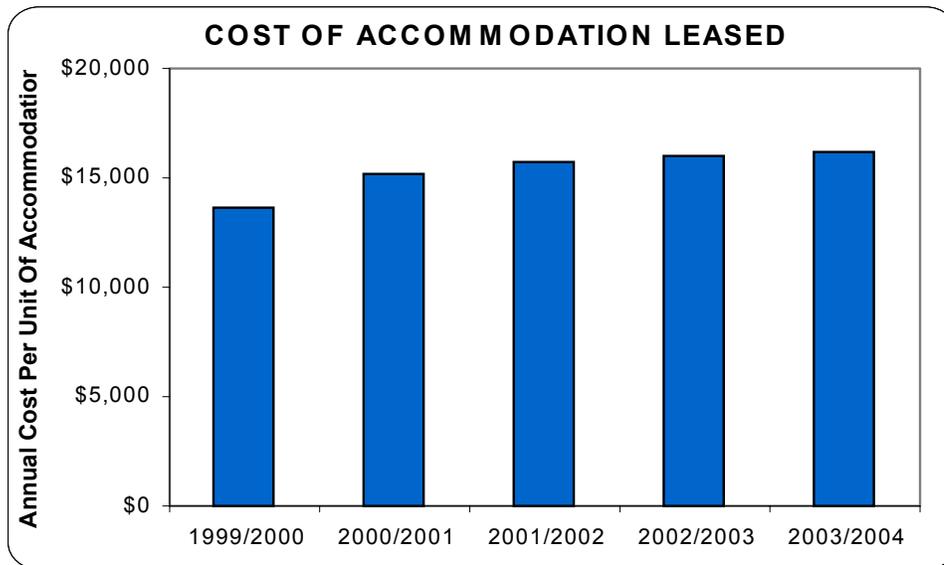


Notes:

1. Pre 2003/2004 expenditure is CPI adjusted to 2004 values.
2. The average cost of construction has increased in comparison to 2002/2003. This can be attributed to a corresponding increase in the amount of properties constructed in remote locations. Construction costs for remote locations are significantly higher than for locations closer to the metropolitan area or to regional centres.

COST OF ACCOMMODATION LEASED

This indicator compares the average annual cost of each unit of accommodation leased by GEHA with that leased in previous years.

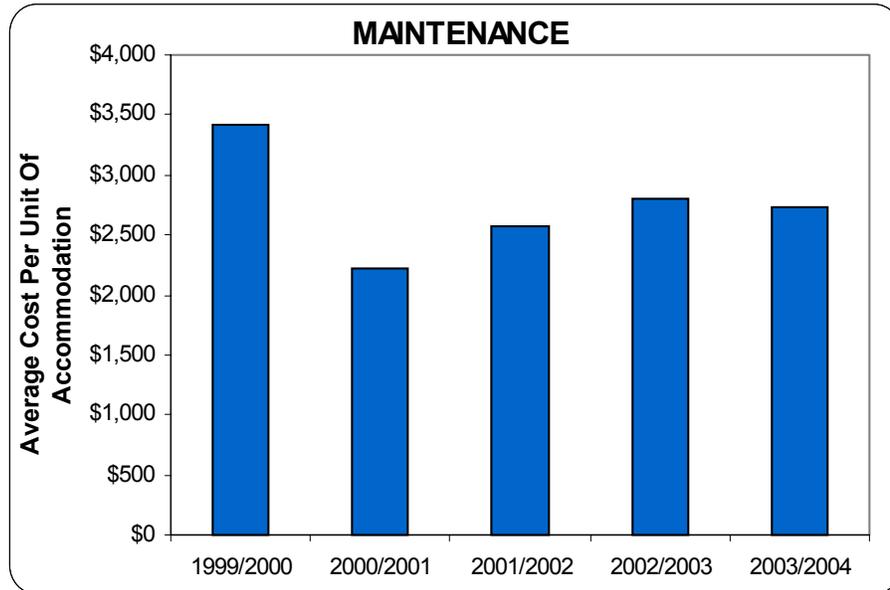


Notes:

1. Pre 2003/2004 expenditure is CPI adjusted to 2004 values.
2. Location and market conditions influence these outcomes.
3. There was only a marginal increase to the cost per unit of leased accommodation in 2003/2004.

MAINTENANCE (average cost per unit of accommodation)

This indicator compares the annual average maintenance costs per unit of accommodation. It illustrates that accommodation is consistently being protected and preserved. This measure is based on the premise that the maintenance requirement is consistent, as the stock is large, of a wide age range and constructed from a variety of materials.

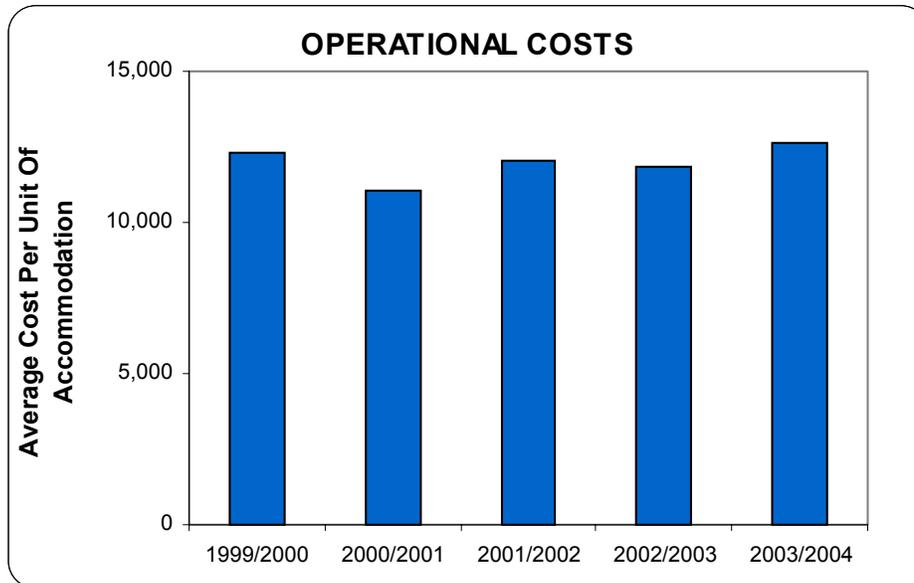


Notes:

1. Pre 2003/2004 expenditure is CPI adjusted to 2004 values.
2. Maintenance expenditure decreased slightly in 2003/04 as a result of the increased funding for renovations and improvements.

OPERATIONAL COSTS

This indicator compares the average operating costs of GEHA per unit of accommodation. It measures the operational costs of GEHA.



Notes:

1. Pre 2003/2004 expenditure is CPI adjusted to 2004 values.
2. The Operational Cost per unit of accommodation remained stable from 2002/03 to 2003/04.

GOVERNMENT EMPLOYEES HOUSING AUTHORITY
FINANCIAL STATEMENTS



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

GOVERNMENT EMPLOYEES' HOUSING AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion,

- (i) the controls exercised by the Government Employees' Housing Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

Scope

The Chairman's Role

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

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

Summary of my Role

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

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

D D R PEARSON
AUDITOR GENERAL
September 20, 2004

CERTIFICATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements of the Government Employees' Housing Authority have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2004 and the financial position as at 30 June 2004.

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



H R Stewart
Chairperson



K J Toop
Principal Accounting Officer



B Thomas
Board Member

31 August 2004

**Government Employees' Housing Authority
Statement of Financial Performance
for the year ended 30 June 2004**

	NOTE	2004 \$000	2003 \$000
REVENUE			
Revenues from ordinary activities			
<i>Revenue from operating activities</i>			
Rental income		62,580	56,773
<i>Revenue from non-operating activities</i>			
Proceeds on disposal of non-current assets	2	4,801	11,751
Interest revenue		1,143	859
Other revenues from ordinary activities	3	235	269
Total revenues from ordinary activities		<u>68,759</u>	<u>69,652</u>
EXPENSES			
Expenses from ordinary activities			
Employee expenses	4	1,750	2,207
Supplies and services	5	42,032	36,741
Depreciation expense	6	4,593	4,619
Borrowing costs expense	7	8,865	9,912
Administration expenses	8	2,581	1,740
Costs of disposal of non-current assets	2	4,777	13,037
Other expenses from ordinary activities	9	-	631
Total expenses from ordinary activities		<u>64,598</u>	<u>68,887</u>
Net Profit		<u>4,161</u>	<u>765</u>
Net increase / (decrease) in asset revaluation reserve		<u>6,367</u>	<u>(6,847)</u>
Total revenues, expenses and valuation adjustments recognised directly in equity		<u>6,367</u>	<u>(6,847)</u>
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS		<u>10,528</u>	<u>(6,082)</u>

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

Government Employees' Housing Authority
Statement of Financial Position
as at 30 June 2004

	NOTE	2004 \$000	2003 \$000
Current Assets			
Cash assets	17(a)	19,176	22,947
Inventories	10	2,034	1,774
Receivables	11	4,651	4,633
Total Current Assets		<u>25,861</u>	<u>29,354</u>
Non-Current Assets			
Property, plant and equipment	12	273,586	266,631
Total Non-Current Assets		<u>273,586</u>	<u>266,631</u>
Total Assets		<u>299,447</u>	<u>295,985</u>
Current Liabilities			
Payables	13	2,888	2,684
Interest-bearing liabilities	14	7,439	7,212
Provisions	15	240	250
Total Current Liabilities		<u>10,567</u>	<u>10,146</u>
Non-Current Liabilities			
Interest-bearing liabilities	14	108,998	116,437
Provisions	15	201	249
Total Non-Current Liabilities		<u>109,199</u>	<u>116,686</u>
Total Liabilities		<u>119,766</u>	<u>126,832</u>
Net Assets		<u>179,681</u>	<u>169,153</u>
Equity			
	16		
Revaluation Reserve		166,544	160,177
Retained profits		13,137	8,976
Total Equity		<u>179,681</u>	<u>169,153</u>

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

**Government Employees' Housing Authority
Statement of Cash Flows
for the year ended 30 June 2004**

	NOTE	2004 \$000	2003 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rental Income		62,792	56,827
Interest Received		1,136	826
Other receipts		1,082	950
GST receipts on sales		2	23
Payments			
Employee costs		(1,809)	(2,144)
Supplies and services		(42,807)	(38,270)
Borrowing costs		(8,994)	(10,116)
Other payments		(2,593)	(1,724)
GST payments on purchases		(98)	(74)
GST payments to taxation authority		(311)	(376)
Net cash provided by operating activities	17(b)	<u>8,400</u>	<u>5,922</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		4,582	11,335
Purchase of non-current physical assets		(9,541)	(3,401)
Net cash provided by investing activities		<u>(4,959)</u>	<u>7,934</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(7,212)	(6,992)
Net cash (used in) financing activities		<u>(7,212)</u>	<u>(6,992)</u>
Net Increase/(decrease) in cash held		(3,771)	6,864
Cash assets at the beginning of the financial year		22,947	16,083
Cash assets at the end of the financial year	17(a)	<u>19,176</u>	<u>22,947</u>

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

1. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over 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) Revaluation of non-current assets

The Authority 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 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.

(b) Rental Properties

Rental Properties are shown at fair value in the financial statements. Increments have been taken to the asset revaluation reserve, decrements have been offset against previous increments relating to this asset class. Independent valuations are provided by the Valuer General, G. Fenner AAPI, B Bus (Val) on an annual basis. The valuations are as at 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.

(c) Leases

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

1. Significant accounting policies (continued)

(d) 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 Government Employees' Housing Authority 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.

(e) 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 dwellings at fair value.

(f) 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.

(g) Inventories

Inventories are represented by land held at cost. Cost includes the cost of acquisition/development and other capitalised costs. After development is completed, other holding charges are expensed as incurred.

(h) Depreciation of non-current assets

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

Depreciation is calculated on a straight-line basis, using rates which are reviewed annually. The costs of leasehold improvements to or on Shire Council leased properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

Major depreciation rates are:

	2004	2003
Buildings	2%	2%
Office and computer equipment	10% - 36%	10% - 36%

(i) Rental Property Revenue

Rents are charged based on the rental of equivalent properties in the private market. Rental property revenue represents the potential rental revenue less vacancies.

1. Significant accounting policies (continued)

(j) Revenue Recognition

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

(k) Insurance

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

A comprehensive review of insurances was undertaken in 2002/03. 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 Instruction 109, insurance is complemented by a comprehensive approach to risk management and prudent management policies and practices.

(l) 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 to 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".

(iii) Superannuation

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

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

1. Significant accounting policies (continued)

(l) Employee benefits (continued)

(iii) Superannuation (continued)

The note disclosure required by paragraph 6.10 of AASB1028 (being the employer's 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 Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(m) Provision for Doubtful Debts

Collectability of accounts receivable is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exist and in any event, in the case of property occupant debts, where the debt is more than 60 days overdue.

(n) Accrued Salaries

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

(o) Rental expenses

Expenses incurred relating to owned or leased properties are accounted for in the Supplies and Services line of the Statement of Financial Performance. These expenses include maintenance, rates, insurance expenses, lease property rental expenses, and renovations and improvements.

(p) Comparative figures

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

(q) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars.

2. **Net profit/(loss) on disposal of non-current assets**

	2004	2003
	\$000	\$000
<u>Profit on Disposal of Non-Current Assets</u>		
Rental furniture	14	10
Land	13	-
Office furniture & equipment	-	8
<u>Loss on Disposal of Non-Current Assets</u>		
Rental properties	(3)	(1,299)
Land	-	(5)
Net profit/loss	24	(1,286)

3. **Other revenues from ordinary activities**

	2004	2003
	\$000	\$000
Tenant liability raised	133	178
Decrease in provision for doubtful debts	79	-
Miscellaneous revenue	23	91
Total other revenues from ordinary activities	235	269

4. **Employee expenses**

	2004	2003
	\$000	\$000
Wages and salaries	1,578	1,915
Superannuation	162	157
Annual & long service leave	(58)	69
Other related expenses	68	66
	1,750	2,207

The State Housing Commission (SHC) provides rental property management services to GEHA in a number of regions. In the previous year, payment for individual SHC staff members involved was made directly from the GEHA salary account. Under the 2003/04 Service Level Agreement this is now paid to SHC as a lump sum quarterly, under other administration costs - see note 8 below.

5. Supplies and services

	2004	2003
	\$000	\$000
Improvements and maintenance	12,160	8,946
Lease rental	24,290	22,545
Furniture and fittings	710	630
Other	4,872	4,620
	42,032	36,741

6. Depreciation

	2004	2003
	\$000	\$000
Buildings – residential	4,527	4,544
Furniture & Office Properties	3	3
Office equipment	8	8
Computer equipment	55	64
	4,593	4,619

7. Borrowing costs expense

	2004	2003
	\$000	\$000
Interest paid to:		
Western Australian Treasury Corporation	8,863	9,909
Others	2	3
	8,865	9,912

8. Administration expenses

	2004	2003
	\$000	\$000
Office rental	176	230
Office cleaning	6	12
Other staff costs	124	92
Audit fees	23	23
Board expenses	16	14
Commissions and fees	22	22
Communications	35	46
Consumable supplies	60	63
Motor vehicles	18	48
Services and contracts	179	221
Other administration costs	1,922	969
	2,581	1,740

Services and Contracts expense includes payments made for external consultancy services, internal audit services, and temporary staff. Other administration costs predominantly relate to payments made to the Department of Housing & Works for computing and corporate services, but also includes insurance premiums and miscellaneous costs. In 2003/04 this also included payments for regional property management services provided by SHC.

9. Other Expenses from Ordinary Activities

	2004	2003
	\$000	\$000
Doubtful debts expense	-	631
	-	631

The provision required for doubtful debts was recalculated in terms of the total debt outstanding at 30 June 2004. Following this analysis, the overall provision was reduced – see note 3. This follows the large provisions raised in 2001/02 and 2002/03, and improvements in debt recovery rates in 2003/04 primarily related to water consumption billing to property occupants.

10. Inventories

	2004	2003
	\$000	\$000
Land held for resale (Note 1(g)):		
Cost of Acquisition and development	1,959	1,702
Capitalised rates, taxes administration and interest	75	72
	2,034	1,774

11. Receivables

	2004	2003
	\$000	\$000
Current		
Trade debtors	651	551
Loans	-	70
Bonds	1,831	1,716
Prepayments	1,996	1,858
Property sales	3	135
	4,481	4,330
Other debtors	692	1,338
Less provision for doubtful debts	(522)	(1,035)
	170	303
	4,651	4,633

12. Property, plant and equipment

	2004	2003
	\$000	\$000
Freehold Land at Cost	2,405	2,438
	<u>2,405</u>	<u>2,438</u>
Rental Properties at Fair Value		
Land	60,502	59,783
Improvements	208,567	207,117
Accumulated depreciation	(4,371)	(4,314)
	<u>264,698</u>	<u>262,586</u>
Leasehold improvements		
At cost	85	106
Accumulated depreciation	(70)	(85)
	<u>15</u>	<u>21</u>
Commercial properties		
At fair value	231	229
Accumulated depreciation	(3)	(3)
	<u>228</u>	<u>226</u>
Office and computer equipment		
At cost	589	592
Accumulated depreciation	(477)	(414)
	<u>112</u>	<u>178</u>
Buildings under construction		
Construction costs	6,128	1,182
	<u>273,586</u>	<u>266,631</u>

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

2004	Vacant land	Rental Properties	Leasehold Improve- ments	Commer- cial Properties	Office and Computer Equipment	Buildings Under Construct- ion	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	2,438	262,586	21	226	178	1,182	266,631
Additions	558	4,782	-	-	5	6,905	12,280
Disposals	(621)	(4,511)	-	-	(8)	(1,959)	(7,099)
Revaluation Increments		6,362		5			6,367
Depreciation		(4,521)	(6)	(3)	(63)		(4,593)
Carrying amount at end of year	2,405	264,698	15	228	112	6,128	273,586

13. Payables

	2004	2003
	\$000	\$000
Current		
Trade payables	2,858	2,684
GST Payable	30	-
	<u>2,888</u>	<u>2,684</u>

14. Interest-bearing liabilities

	2004	2003
	\$000	\$000
Current		
Western Australian Treasury Corporation	7,431	7,204
Ex Shire Building Scheme	8	8
	<u>7,439</u>	<u>7,212</u>
Non-current		
Western Australian Treasury Corporation	108,980	116,411
Ex Shire Building Scheme	18	26
	<u>108,998</u>	<u>116,437</u>

15. Provisions

	2004	2003
	\$000	\$000
Current		
Annual leave	128	136
Long service leave	112	114
	<u>240</u>	<u>250</u>
Non-current		
Long service leave	201	249
	<u>201</u>	<u>249</u>

Employee Entitlements

The aggregate employee entitlement liability recognised and included in the financial statement is as follows:

Provision for employee entitlements:

	2004	2003
	\$000	\$000
Current	240	250
Non-current	201	249
	<u>441</u>	<u>499</u>

16. Equity

	2004	2003
	\$000	\$000
Reserves		
Asset revaluation reserve (I)		
Opening balance	160,177	167,024
Net revaluation increments / (decrements)		
Land and buildings	6,367	(6,847)
Closing balance	<u>166,544</u>	<u>160,177</u>

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

	2004	2003
	\$000	\$000
Retained profits:		
Opening balance	8,976	8,211
Net Profit	4,161	765
Closing balance	<u>13,137</u>	<u>8,976</u>

17. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash refers to cash at bank. Cash at the end of the financial year, as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2004	2003
	\$000	\$000
Cash assets	<u>19,176</u>	<u>22,947</u>
	<u>19,176</u>	<u>22,947</u>

17. Notes to the Statement of Cash Flows (cont'd)

(b) Reconciliation of profit from ordinary activities to net cash flows provided by operating activities

	2004	2003
	\$000	\$000
Net Profit(Loss) from ordinary activities	4,161	765
Depreciation and amortisation expense	4,593	4,619
Provision for doubtful debts	(79)	631
Interest payable	(130)	(204)
Net loss on sale of property, plant and equipment	(24)	1,286
(Increase)/Decrease in receivables	1,133	725
(Decrease) in payables	(1,254)	(1,900)
Net cash flows provided by operating activities	<u>8,400</u>	<u>5,922</u>

18. Commitments for expenditure

(a) Capital expenditure commitments

	2004	2003
	\$000	\$000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	11,140	189
	<u>11,140</u>	<u>189</u>
The capital commitments include amounts for:		
Buildings	11,140	189

(b) Lease commitments

Commitments in relation to lease contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2004	2003
	\$000	\$000
Within 1 year	19,818	18,143
Later than 1 year and not later than 5 years	39,121	36,185
Later than 5 years	4,472	5,453
	<u>63,411</u>	<u>59,781</u>
Representing:		
Non-cancellable operating leases	<u>63,411</u>	<u>59,781</u>

These commitments are all inclusive of GST.

19. Contingent Liabilities

At the reporting date, the Authority had no contingent liabilities.

20. Events Occurring After Reporting Date

No events have occurred after the reporting date that would materially affect these financial statements.

21. Explanatory Statement

(i) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year.

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are shown below. Significant variations are considered to be those greater than 10% or \$500,000.

	2004	2003	Variance
	\$000	\$000	\$000
Rental Income	62,580	56,773	5,807
Proceeds on disposal of non-current assets	4,801	11,751	(6,950)
Interest revenue	1,143	859	284
Employee Expenses	1,750	2,207	(457)
Supplies and services	42,032	36,741	5,291
Borrowing Costs Expense	8,865	9,912	(1,047)
Administration expenses	2,581	1,740	841
Costs of disposal of non-current assets	4,777	13,037	(8,260)
Other expenses from ordinary activities	(79)	631	(710)

Rental Income

Following consultation with stakeholders a new rental pricing model, based on the cost of provision and various market factors, was developed and implemented from 2003/04. This has provided a major boost to the funding of GEHA services which has primarily been utilised in renovating and improving older properties. This has the dual benefit of prolonging asset life and improving customer service outcomes.

Interest revenue

Due to timing of capital flows cash balances were on average higher in 2003/04 than in the previous year, with a subsequent effect on interest revenue.

21. Explanatory Statement (continued)

Proceeds on disposal of non-current assets

Costs on disposal of non-current assets

This primarily relates to sales of properties no longer required for use by government departments and is therefore affected by the number of properties available for sale. In 2002/03 numbers available were greater, the result of an ongoing concerted effort to replace many older properties with new stocks including leases from the private sector. In addition, most real estate markets were subject to a sustained boom throughout 2002/03, which boosted sales volumes in 2002/03 leaving a much smaller pool of surplus properties available in 2003/04.

Employee Expenses

The State Housing Commission (SHC) provides rental property management services to GEHA in a number of regions. In the previous year, payment for individual SHC staff members involved was made directly from the GEHA salary account. Under the 2003/04 Service Level Agreement this is now paid to SHC as a lump sum quarterly, under Administration Expenses - see below.

If not for this effect, employee expenses would have shown a slight increase due to the effects of a pay rise, and staff members progressing to the next levels within their respective salary bands.

Supplies and Services

Firstly, renovation expenditure budgets were increased as part of a program to improve the quality of GEHA's assets – this was made possible by the new rent charging regime as noted above. Secondly, increased market rent levels in many areas, coupled with an overall increase in the number of leased properties, led to increased rental outgoings on properties leased from the private sector.

Borrowing Costs Expense

The interest paid has fallen as principal retirements reduce the outstanding debt balance from year to year.

Administration expenses

As discussed above, payments to SHC for regional management services are now paid through this expenditure category, rather than Employee Expenses as was the case the previous year. The increase in Administration Expenses is not fully offset by the Employee Expenses reduction, as there has been inflationary growth in other categories, and the 2003/04 Regional Service level Agreement allows for both increased customer services and a more full, accurate recovery of costs by SHC.

21. Explanatory statement (continued)

Other expenses from ordinary activities

This relates to doubtful debts expense. Following an analysis of the total debt outstanding at 30 June 2004., the overall provision was reduced resulting in a net credit to the Doubtful Debts expense. This was because large doubtful debt provisions were raised in 2001/02 and 2002/03, and further improvements in debt recovery rates in 2003/04 were achieved, primarily related to water consumption billing to property occupants.

(ii) Significant variations between estimates and actual results for the financial year

Details and reasons for significant variations between estimates and actual results are shown below. Significant variations are considered to be those greater than 10% or \$ 500,000.

	Estimates	Actuals	Variance
	\$000	\$000	\$000
Other revenues from ordinary activities	101	235	134
Employee expenses	1,952	1,750	(202)
Supplies and services Administration expenses	41,500	42,032	532
Other expenses from ordinary activities	2,964	2,581	(383)
	400	-	(400)

Other revenues from ordinary activities

This relates to maintenance expenses incurred on items assessed as being in excess of fair wear and tear. This is then raised as a receivable and billed to the responsible client, being either government departments or the occupants. This is not a controlled budget and is subject to variation, therefore the budget is set conservatively.

Furthermore, the expense budget allowed for an increase in the Provision for doubtful debts. However after analysis of the debtor balances, the provision was topped down by \$79,000 which has increased Other Revenue.

Employee Expenses

The primary reason for this variance was that the budget allowed for an increase in the present value of accrued staff leave benefits. However, this actually reduced slightly.

Supplies and Services

In 2003/04 the Authority embarked on a substantial programme of renovations and improvements to rental properties. Underspensing in other areas coupled with an overall over variance in income budgets permitted extra projects to be included in this programme in the later months of the year.

21. Explanatory statement (continued)

Administration expenses

Whilst this was the effect of under budget spending in most of the accounts making up this category, the biggest contributor relates to enhancements to computer systems provided by the Department of Housing and Works. Expenditure has not reached estimated levels due as bills for enhancements in 2003/04 carried over into 2004/05.

Other expenses from ordinary activities

This relates to doubtful debts expense. The budget conservatively allowed for a top-up of the provision for doubtful debts. However, following an analysis of the total debt outstanding at 30 June 2004., the overall provision was reduced.. This was because large doubtful debt provisions were raised in 2001/02 and 2002/03, and further improvements in debt recovery rates in 2003/04 were achieved, primarily related to water consumption billing to property occupants.

This reduction in the provision has been included under Other Revenue from Ordinary Activities as an accrual revenue.

22. Financial Instruments

(a) Interest Rate Risk Exposure

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

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity			Non- Interest Bearing \$000	Total \$000
			Less than 1 Year \$000	1 to 5 Years \$000	More than 5 Years \$000		
2004							
Financial Assets							
Cash	5.07	19,176	-	-	-	-	19,176
Receivables	-	-	-	-	-	4,651	4,651
TOTAL		19,176	-	-	-	4,651	23,827
Financial Liabilities							
Borrowings:							
WATC	7.11	-	44,728	39,218	32,465	-	116,411
SBS	6.99	-	8	18	-	-	26
Payables	-	-	-	-	-	2,888	2,888
TOTAL			44,736	39,236	32,465	2,888	119,325
2003							
Financial Assets							
Cash	4.90	22,947	-	-	-	-	22,947
Receivables	-	-	-	-	-	4,633	4,633
TOTAL		22,947	-	-	-	4,633	27,580
Financial Liabilities							
Borrowings:							
WATC	7.36	-	46,889	39,218	37,508	-	123,615
SBS	6.99	-	8	26	-	-	34
Payables	-	-	-	-	-	2,684	2,684
TOTAL			46,897	39,244	37,508	2,684	126,333

(b) Credit Risk Exposure

All financial assets are unsecured.

Amounts owed by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts.

In respect of other financial assets the carrying amounts represent the Authority's maximum exposure to credit risk in relation to those assets.

22. Financial Instruments (continued)

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements, with the exception of the financial liabilities WATC borrowings as follows:

	Carrying Value in Statement of Financial Position as at 30 June 2004 \$000	Net Fair Value \$000
WATC Borrowings	116,411	120,698

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.

23. Remuneration of Members of the Accountable Authority and Senior Officers

Remuneration of Members of the Government Employees' Housing Authority.

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

	2004	2003
0 - 10,000	-	-
10,001 - 20,000	1	1
	\$000	\$000
The total remuneration of members of the accountable authority is:	17	17

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

No members of the Authority are members of the pension scheme.

23. Remuneration of Members of the Accountable Authority and Senior Officers (Continued)

Remuneration of Senior Officers

The number of Senior Officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits received for the financial year, fall within the following bands are:

\$	<u>2004</u>	<u>2003</u>
20,001 - 30,000	-	1
60,001 - 70,000	1	-
70,001 - 80,000	-	1
80,001 - 90,000	1	1
90,000 - 100,000	1	1
100,000 - 110,000	-	-
110,000 - 120,000	1	1
	\$000	\$000
The total remuneration of Senior Officers is:	<u>364</u>	<u>390</u>

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

No Senior Officers are members of the pension scheme.

24. Remuneration of Auditor

Remuneration to the Auditor General for the financial year is as follows:

	<u>2004</u>	<u>2003</u>
	\$000	\$000
Auditing the accounts, financial statements and performance indicators	<u>30</u>	<u>23</u>

25. Supplementary Financial Information

Write-Offs

	<u>2004</u>	<u>2003</u>
	\$000	\$000
Bad debts written off by the Minister during the financial year	<u>435</u>	<u>-</u>

The above amount relates to over 5,000 individual debt amounts with an average value of \$83, relating to water consumption usage in GEHA properties prior to 2002. Due to the systems and procedures used at that time for managing this activity, they were considered uneconomic to collect.

26. The Impact of Adopting AASB Equivalents to IASB Standards

The Government Employees' Housing Authority is adopting international accounting standards in compliance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (IFRS).

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

The Government Employees' Housing Authority is classified as 'Not for Profit' and complies with AASB standards with Australian 'Not for Profit' content and as modified by the Treasurers Instructions.

AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires financial reports for periods ending on or after 30 June 2004 to disclose:

1. *How the transition to Australian Equivalents to IFRS is being managed*

The Government Employees' Housing Authority uses financial management information systems, and other key financial management services, supplied to it and shared with the State Housing Commission. The State Housing Commission established a project team monitored by a steering committee, in which the Government Employees' Housing Authority participated. This team/committee has:

- identified the key differences in accounting policies, disclosure and presentation and the consequential impacts and risk to the Government Employees' Housing Authority;
- assessed the changes required to financial management information systems and processes;
- identified the necessary staff skills and training requirements and;
- prepared a plan to convert accounting policies, financial management information systems and processes so that the Government Employees' Housing Authority can report on the IFRS basis.

The project is on schedule with the design and documentation of IFRS financial management systems and processes progressing concurrently with the preparation of an opening IFRS balance sheet in accordance with AASB 1 as at 1 July 2004 (the date of transition to IFRS).

2. *Key differences in Accounting policies that are expected to arise from adopting Australian equivalents to IFRS*

The Government Employees' Housing Authority has identified the following key differences:

Assets Held for Sale

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

Impairment of Assets

Under AASB 136 *Impairment of Assets* the Government Employees' Housing Authority holds assets at fair value and at cost as follows:

Assets at Fair Value: The Government Employees' Housing Authority holds its properties at fair or market value, which is equivalent to the recoverable amount. It is unlikely that where properties are held at fair value an impairment trigger will occur, except for selling costs which in the case of rental properties would not be material.

Assets Held at Cost: Non property assets are held at depreciated cost. For 'Not for Profit' government agencies are allowed to substitute the value in use with the written down replacement cost as a comparison against carrying value for an impairment test. It is unlikely impairment losses will be significant or material.

A general impairment checklist has been prepared for use in annual impairment testing for all non-current assets.

Classification of Financial Instruments

Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments such as loans and receivables will have to be held at amortised cost. Financial instruments will have to be accounted for net of transactions costs required to acquire or dispose of the instrument.

GOVERNMENT EMPLOYEES' HOUSING AUTHORITY
Annual Budget 2004/05

\$000

Cashflow

Revenue	
Rents Government	66,352
Rents Private	620
Interest	635
Other	890
TOTAL Revenue	<u>68,497</u>
Payments	
Rental Properties Payments	(45,328)
Administration	(5,039)
WATC Interest	(8,277)
Other Financial	(2)
TOTAL Payments	<u>(58,646)</u>
NET CASH OPERATING ACTIVITIES	<u>9,851</u>
Sales	5,478
Acquisitions	(16,843)
NET CASH INVESTING ACTIVITIES	<u>(11,365)</u>
WATC Borrowings	(7,475)
Non Government Borrowings	(26)
NET CASH FINANCING ACTIVITIES	<u>(7,501)</u>
NET MOVEMENT IN CASH	(9,015)
OPENING CASH AT BANK	19,176
CLOSING CASH AT BANK	10,161

June Review 2004/05 (ref:1) Debt6

10-Aug-04

GOVERNMENT EMPLOYEES' HOUSING AUTHORITY
Annual Budget 2004/05

\$000

Statement of Financial Performance

OPERATING INCOME	
Rent Revenue	66,654
Interest Revenue	635
Other Income	118
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TOTAL OPERATING INCOME	67,407
OPERATING EXPENSES	
Rental Properties Expenses	(44,190)
Administration Expenses	(5,045)
Net Interest Expense	(8,072)
Depreciation and Amortisation	(4,690)
	<hr/>
TOTAL OPERATING EXPENSES	(61,997)
OPERATING PROFIT LOSS	5,410
PROFIT LOSS ON DISPOSALS	(232)
NET PROFIT LOSS	5,178

June Review 2004/05 (ref:1) Debt6

10-Aug-04