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boarding

Country High School Hostels Authority
Annual Report 2008–09



MINISTER FOR EDUCATION

Dear Minister

In accordance with Section 61 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Country High School Hostels Authority for the financial year ended 30 June 2009.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

Yours sincerely



Colin Pettit
A/CHAIRPERSON



Sharyn O'Neill
A/CHIEF EXECUTIVE OFFICER

28 August 2009

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Overview

Executive Summary

The Government continued to invest in its boarding infrastructure as part of its commitment to educational opportunity for all Western Australians up until the end of the year in which they turn 17.

The Authority has sufficient boarding places to meet the current level of demand from geographically isolated students.

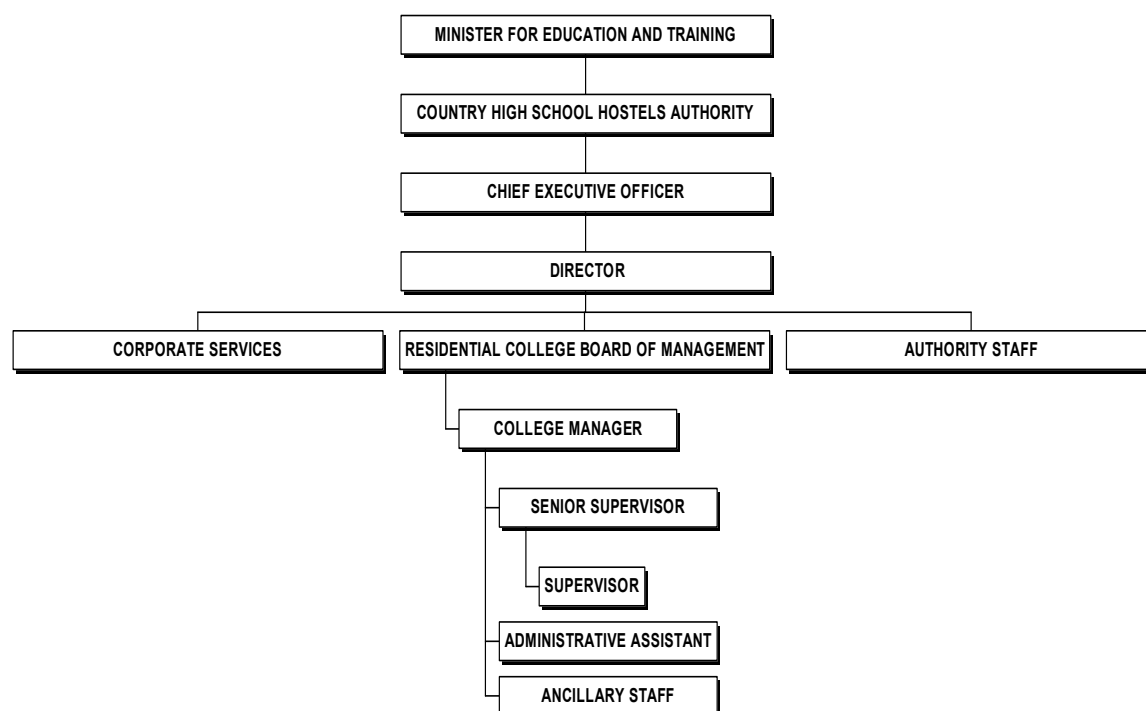
The number of students within the Kimberley utilising boarding facilities to further their education has been increasing. Many of these students are utilising boarding allowances to enrol at boarding facilities outside the Kimberley region which makes it difficult for them to maintain family contact apart from during the school term breaks. The Authority has been working in partnership with Catholic Education in Western Australia and with Aboriginal Hostels Limited to establish more boarding places within the Kimberley region. A new boarding facility has been established in Broome which is operated by the Country High School Hostels Authority and a new boarding facility, to be operated by Aboriginal Hostels Limited, will open in Kununurra in 2010.

The Government has also continued to support improvements to boarding facilities which provide individual bedrooms for students in years 10, 11 and 12. Over the past twelve months this outcome was achieved with improvements to the St James (Moorabool) Residential College. Major works in progress at the Albany Residential College are on schedule to produce the same outcome by the commencement of the 2010 school year.

The Authority's new boarding service, which has been established in City Beach in support of non-metropolitan students being offered places in gifted and talented education programs in the metropolitan area, has now had three intakes into year 8. There will be two more intakes into year 8 over the next two years. If the current demand trend continues, the residential college will have sufficient boarding places to provide for students seeking this boarding option to participate in these programs.

I am pleased to report that parent ratings have continued to acknowledge the efforts and achievements of residential college boards of management and staff in delivering a high quality boarding service in support of geographically isolated families.

Operational Structure



Responsible Minister

The responsible Minister is the Minister for Education. The Honourable Dr Elizabeth Constable, MLA, was appointed Minister for Education on 23 September, 2008. The Honourable Mark McGowan, MLA, was the Minister for Education and responsible Minister until the State election was called on 6 September, 2008.

Legislation

The legislative basis for the Authority's operations and the legislation for which the Authority is responsible is the *Country High School Hostels Authority Act 1960*. In the performance of its functions, the Authority complies with all relevant State and Commonwealth legislation.

Accountability

The Country High School Hostels Authority consists of seven members. They are accountable for the agency's operations and administer its business planning and operations. Authority members are appointed on the basis of their association with the conduct of hostels, their suitability to represent parents of children accommodated in hostels or their general capacity for community service. At all times one member has to be an officer of the Public Service.

The Governor of Western Australia appoints members on the nomination of the Minister for Education for a three year term. Members are also eligible for re-appointment.

Members of the Authority

Chairperson

The position has been vacant following the expiry of Ms Norma Jeffery's term of appointment on 17 January, 2009. As provided for under the CHSHA Act, members elect a member to chair meetings until a Chairperson has been appointed.

Members

The term of appointment for Ms Margaret Collins expired 11 October, 2008 and was filled by Mr Colin Pettit who was appointed for a three year term on 7 April, 2009. The other current members are Mr Troy Cook, Ms Jeanette De Landgraft, Mr Rodney Lowther, Ms Ursula Richards and Mr Graham Wilks. Of these, Ms Jeanette De Landgraft, Ms Ursula Richards and Mr Graham Wilks were reappointed for a three year term on 7 April, 2009.

An appointment to the Country High School Hostels Authority carries significant responsibilities and obligations. Authority members also assume responsibility for particular colleges, visit them and support special college events. Authority members have the power to regulate their own proceedings and as such have established a set of Guidelines and a Code of Conduct to enable members to carry out their responsibilities and obligations in a positive way. They are reimbursed for costs incurred in conducting Authority business. Members who are not public sector employees are paid a sitting fee.

Authority members mainly meet in Perth but also schedule meetings at residential colleges each year. During this reporting period six Authority meetings were held in Perth. One meeting was held at the St James (Moora) Residential College, and one meeting was held at the Geraldton Residential College.

Chief Executive Officer

The Authority's Acting Chief Executive Officer is Ms Sharyn O'Neill, Director General, Department of Education and Training.

Residential College Boards of Management

Each residential college has a Board of Management appointed by the Authority to carry out the general management of the college. Each Board of Management operates under a Constitution that sets out the powers and functions delegated to it by the Authority. Residential college boards of management are made up of parents, partner school principals, and people from the local community. The residential college boards of management generally meet twice during each school term. They review and direct college operations to ensure that they meet parents' expectations and the standards set by the Authority and the Government.

Residential college boards of management consist of people from the local community, their partner schools and parents. This ensures that residential college policies are developed with broad and relevant input and that college operations are open to public scrutiny. The college boards of management help ensure that college operations and services meet appropriate standards and that they are cost effective in the delivery of their services.

All newly appointed members of residential college boards of management are provided with a comprehensive Induction File on appointment.

CHSHA Directorate

The Authority operates with a central Directorate. The Director has line management responsibility for the performance of college managers. Directorate staff provide a secretarial and executive service for the Authority and support its operations by:

- communicating standards, policy, general operational procedures, advice and relevant information;
- establishing appropriate financial accountability;
- developing personnel management policies and procedures;
- facilitating the maintenance of colleges as safe, functional and attractive facilities;
- receiving, considering and responding to correspondence received from colleges and other sources;
- providing accountability to Government;
- maintaining operations within legislation and the Government's guidelines; and
- contributing to the improvement of college operations, including parent and student services and staff development.

Directorate Staff

Director:	Mr Jim Hopkins
Finance Manager:	Mr Clayton Shimmon
Workforce Development Manager:	Mr Don Dixon
Human Resources Manager:	Ms Jennifer Rowles
Project Officer:	Ms Lynette Mayo
Personnel & Payroll Officer:	Mr Liam Pollock
A/Administrative Assistant:	Ms Sarah Pritchard

Corporate Services

Ms Kerry Spencer, Director Financial Services and Support, Department of Education and Training, was the Authority's Chief Finance Officer for the reporting period.

During 2008-2009 the Department of Education and Training provided support and advice on request.

Patron

The Authority's Patron is Mr Colin Philpott, a former Authority Chairperson who was awarded an Order of Australia Medal in 2003 for his contribution to rural families.

Country High School Hostels Authority
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Report on Operations

Mission

The Authority is committed to the achievement of high standards and being recognised throughout Australia as being at the forefront in the care and development of students boarding away from home. Authority people believe in the potential of all students in residence and are actively working to support them in their personal development.

Values

Mutual Respect

All students and staff feel respected and supported.

Self-fulfilment and Success

All students and staff feel positive about themselves and their future prospects.

High Standards

All students and staff set and achieve high standards.

Fairness

All students and staff think and act fairly in the pursuit of self-fulfilment and high standards.

Co-operation

Students, staff and parents work together in achieving their objectives.

Performance Management Framework

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes.

Government Goal – Stronger Focus on the Regions

'Greater focus on service delivery, infrastructure investment, and economic development to improve the overall quality of life in remote and regional areas.'

Desired Agency Outcome

The desired outcome for the Country High School Hostels Authority is quality accommodation, care and services for isolated students who have to board away from home to attend school.

The Authority's Service

The Authority's service consists of the establishment, operation and maintenance of residential colleges that provide quality accommodation, care and services for isolated students.

In 2008-09 the Authority had residential colleges providing a boarding service in close proximity to senior high schools, primary schools, and TAFE colleges in nine regional centres. It also operated a boarding service in City Beach in support of country students offered places in metropolitan gifted and talented education programs.

In addition to providing regional students with access to educational services that are comparable with those available to metropolitan students, the CHSHA supports the Government's goal through its:

- involvement of regional communities in the management of its residential colleges to ensure that they meet students' needs and community expectations;
- capital investment in boarding facility infrastructure in regional centres;
- contribution to the development and education of regional youth and their future capacity as adults to be effective and valuable members of rural and regional communities; and
- use of regional suppliers and services and support for the Government's *Buy Local* policy that is aimed at maximising opportunities for small, local and regional businesses in Western Australia through Government buying.

Enrolment History

Res. College	Student Enrolment (as at end of February)										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Albany	107	104	93	97	111	111	102	115	128	128	118
Broome									*30	46	78
City Beach									*17	45	53
Esperance	93	86	68	74	74	74	96	106	98	98	90
Geraldton	104	104	88	112	115	106	124	116	134	118	113
Katanning	47	36	38	33	29	28	19	15	24	37	18
Merredin	54	54	64	56	35	37	37	30	35	30	43
Narrogin	244	248	256	233	221	214	241	247	220	205	184
Northam	47	43	43	38	44	37	36	38	48	33	30
St James', Moora	45	50	41	41	59	55	53	42	39	36	36
Totals	741	725	691	684	688	662	708	709	743	776	763

- * Broome Residential College opened on 24th July 2007 with 30 students.
 City Beach Residential College commenced operations from the beginning of the 2007 school year.

Provisions

Overall the Authority offered enough boarding places to provide access to regular schooling and gifted and talented education for geographically isolated students. Demand was strong at residential colleges near secondary schools which are located in larger regional centres and where the enrolment supported a higher number of education courses (Albany, Esperance, Narrogin, Geraldton and Broome) and at the residential college for students offered places in gifted and talented education programs (City Beach).

In partnership with Catholic Education in Western Australia, the Authority made a submission to the Australian Government for funding under its 'Local Schools Working Together' program for additions to boost the number of boarding places at Broome to 81. Another boarding service being established in the Kimberley region by Aboriginal Hostels Limited will help meet the demand for boarding places in the region.

The needs of isolated families are well represented by the *Isolated Children's Parents' Association*. In accordance with this Association's request, the boarding allowances provided by the Federal and State Governments are not restricted to the nearest boarding facility but allow a family to enrol their child at any boarding facility in the State. As a consequence, geographically isolated families know that they need to book early if they want to secure accommodation at the boarding facility of their choice.

Similarly, the Authority allows families in receipt of a boarding allowance to enrol their children at any of its residential colleges. It makes no guarantee that a student can gain entry to his or her nearest residential college and families need to book early to secure a place at the residential college of their choice. However, to ensure a return on the capital investment involved, asset planning associated with a college's operating capacity not only takes account of the level of demand at a college but also takes account of the number of students who have alternative government funded boarding facilities and schools in closer proximity to their family home.

Demand data are presented in the residential occupancy rates in the following table. The data show where demand was less than the average occupancy target of 84% in 2009 and the trend over the previous five years.

Enrolment data for district high schools and primary schools throughout the agricultural region have been easing for a number of years and this is reflected in the easing in demand for boarding places at Narrogin, Merredin, Moora, Northam and Katanning.

A number of initiatives have been supported to boost demand at the Katanning Residential College, most recently an equine program supported by both the residential college and its partner senior high school, but families in the region continue their strong preference for the education and boarding service on offer in Albany.

Effectiveness Indicator – Average Occupancy Rate (*Audited*)

Average occupancy across all residential colleges was at **80%** on the census date relative to an **84%** target.

Residential College	Enrolment Data as at 28 February 2009			Average Feb Enrolment
	2009 Capacity	2009 Occupancy	2009 Enrolment	
Albany	130	91%	118	117
Broome	72	108%	78	62
City Beach	53	100%	53	46
Esperance	100	90%	90	94
Geraldton	124	91%	113	120
Katanning	60	30%	18	25
Merredin	70	61%	43	34
Narrogin	244	75%	184	225
Northam	47	64%	30	38
St James, Moora	50	72%	36	45
Totals	950	80%	763	806

Notes:

1. 2009 Capacity

An asset review was undertaken in 2009 which included a reassessment of boarding capacities, that is, the number of boarding places available at each residential college.

- Broome: capacity increased from 48 to 72 with the addition of 32 bedrooms.
- City Beach: capacity increased in accordance with the number of places offered for 2009.
- Esperance: base capacity of 78 augmented with temporary additions in need of upgrade.
- Geraldton: capacity reduced from 140 to 124 - use of activity rooms as bedrooms discontinued.
- Merredin: capacity reduced from 82 to 70 - one dormitory became unusable for student accommodation.
- Narrogin: capacity reduced from 249 to 244.
- Northam: capacity reduced from 50 to 47.
- St James: capacity reduced from 52 to 50 following completion of dormitory conversion to single bedroom accommodation.

2. Average February Enrolment

The average February enrolment is based upon the enrolment in the five years prior to the current year except at Broome and City Beach Residential Colleges which are new facilities which have been operating for two and two and a half years respectively and where all places on offer have been filled each year. The average for these colleges is based on the period the college has been open.

3. Broome Enrolment

The residential college utilised double bunks in three bedrooms to accommodate an additional 6 students in first term 2009.

Effectiveness Indicator – Service Rating (Audited)

The Authority initiated a Parent Satisfaction Survey in 1994 to gain an appreciation of how well its boarding service met parents’ expectations. Since then it has continued to survey parents on a biennial basis.

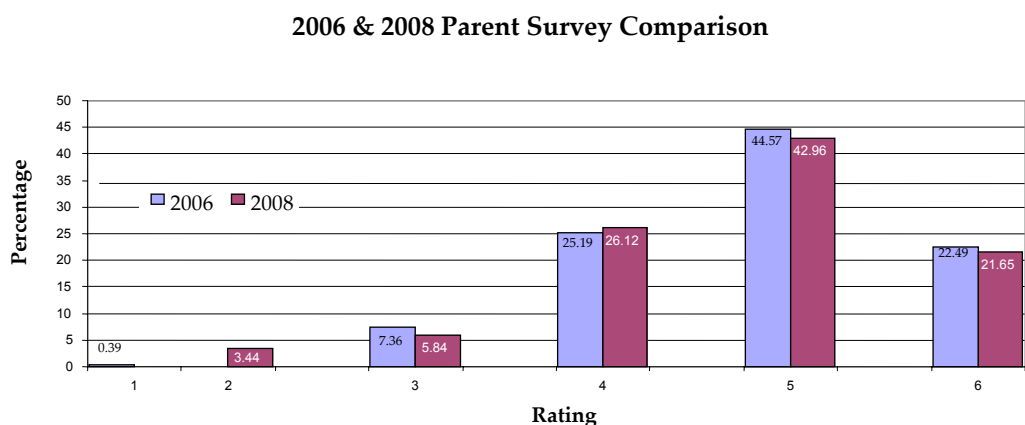
During Term 2, 2008 the Authority conducted its eighth survey. Parents of students at all ten residential colleges were surveyed regarding the quality of the services and care provided and the data was aggregated to provide an overall rating.

Surveys were posted to six hundred and fifty four families. Two hundred and ninety one families returned forms and provided ratings (44.5%). The standard error rate was less than ±5%.

Parent satisfaction is one measure of the **quality** of the Authority’s **service**. Our target for 2008 was to achieve a **91%** rating. In percentage terms **90.7%** of respondents rated college services and care as of good, high or very high quality and **96.6%** rated college services and care as adequate or better.

The data indicate that the Authority can be 95 percent certain that between 85% - 95% of all parents rated college care and services as of good, high or very high quality.

The overall rating for the quality of service and care provided for 2008 is compared to the 2006 survey in the following graph:



Rating Scale

- | | | |
|------------------------------|-------------------------|---------------------------------|
| <i>6 – Very high quality</i> | <i>5 - High quality</i> | <i>4. – Good quality</i> |
| <i>3 - Adequate</i> | <i>2 - Inadequate</i> | <i>1 – Unacceptable quality</i> |

Note: Where respondents provided a rating between the whole number rating indicators the ‘in between’ ratings have been rounded up in both 2006 and in 2008.

Efficiency Indicator - Average Cost per Student (*Audited*)

The average cost per student for each of the past four years is illustrated in the following table. The calculation differs from previous years in that the enrolment figure used is the average enrolment across the ten months that students are in residence rather than the enrolment on the annual census date (last day in February).

	2008-2009 Actual	2008-2009 Budget	2007-2008 Actual	2006-2007 Actual	2005-2006 Actual
Expenditure \$000's	12,213	13,036	11,266	9,686	8,946
Enrolment	741	747	733	707	680
Cost per Student	\$16,482	\$17,451	\$15,370	\$13,700	\$13,156

The increase in the average cost per student in 2008/09 is due to increased capital costs associated with the new Broome Residential College and the redevelopment of the Albany Residential College. In addition there has been an increase in enrolments at Broome and City Beach Residential Colleges (35 students) but this has been offset to some degree by decreases at inland colleges (Katanning, Narrogin and Northam).

The actual expenditure cost was less than the budgeted figure in 2008/09 due to the 3% efficiency dividend savings and lower than expected depreciation costs due to small delays in capital projects.

The implementation of the three per cent efficiency dividend, set within the context of difficult economic times and rising energy and water costs, has placed significant pressure on the CHSHA to achieve cost efficiencies while maintaining its high service rating.

Measures implemented have included:

- Administrative staffing adjustments as staff retire.
- Local maintenance management arrangements – greater ownership.
- Refocused service information strategy - emphasis on direct experience.
- Higher in-house component in student recreation and development program.

The Authority has implemented efficiency measures to achieve the Government's three percent efficiency dividend and remains focussed on achieving its 91 per cent target service rating when parents are next surveyed early in 2010.

Excluding depreciation and borrowing costs, the cost per student increased from \$13,020 in 2007/08 to \$13,466 in 2008/09.

Certification of Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Country High School Hostels Authority's performance, and present fairly the performance of the Country High School Hostels Authority for the financial year ended 30 June 2009.



Colin Pettit
A/CHAIRPERSON



Rod Lowther
MEMBER

20 August 2009

Residential College Operating Costs

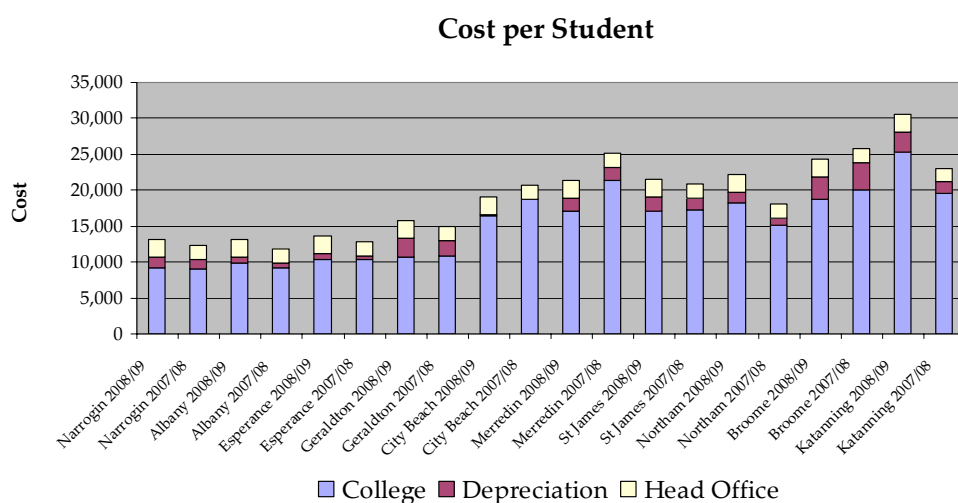
The following table illustrates the per student operating cost for each of the ten residential colleges for the 2008-2009 financial year and the preceding year. The costing includes depreciation costs and a pro-rata head office cost component. The residential colleges are arranged from lowest to highest cost per student.

The inclusion of depreciation affects the cost per student ranking. The impact of significant capital expenditure is evident at Geraldton, Broome and Narrogin and will impact on the Albany Residential College in 2009/10 upon completion of that college's redevelopment. The head office cost component includes debt servicing interest payments to the Western Australian Treasury Corporation which increased in 2008/09.

The cost per student helps inform capital investment and service planning advice provided by the Authority to the responsible Minister.

Cost per student data, exclusive of the depreciation and head office cost components, are analysed and updated every month and provided to all residential colleges to enable them to monitor their performance on this measure relative to other residential colleges.

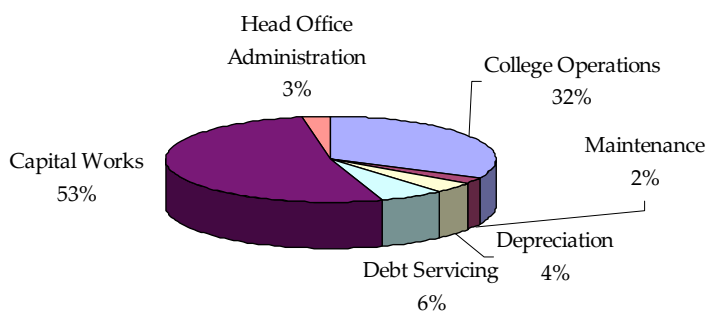
The cost per student at the Katanning Residential College reflects its difficulty in attracting students and is of concern.



Recurrent and Capital Cash Expenditure 2008-2009

The following is a summary of recurrent and capital cash expenditure that totalled \$26,908,610 in 2008-2009. The revenue expended includes the recurrent and capital funds provided to the Authority by Parliament and the boarding fees collected by residential colleges.

2008-09 Recurrent and Capital Cash Expenditure - \$26,908,610



Cost of Service

Actual net cost was significantly less than the budget figure due to two one-off contributions from the Catholic Education Office of WA towards capital works at the Albany and Broome Residential Colleges which amounted to \$2.95 million and a \$0.9 million Government contribution via the Department of Education and Training for new buses with seatbelts.

	2008-2009 Actual \$'000	2008-2009 Budget \$'000
Total Cost of Service	12,213	13,036
Less Operating Revenues	11,891	9,135
Net Cost of Service	322	3,901

Enrolment and Boarding Fee Revenue Target

Boarding fee revenue makes up a significant component of the total revenue needed to provide a residential college service. The target enrolment to generate sufficient boarding fee revenue for 2008-09 was 747.

The actual enrolment and fee revenue was slightly less than the target and expenditure was reduced accordingly.

	2008-09	2007-08
Target Enrolment:	747	735
Actual Enrolment:	741	733

The target enrolment is derived by recording the number of students enrolled on the last day in each month that students were in residence throughout the financial year and averaged.

Quality and Reputation

While the Authority's boarding service performs an important role in supporting the personal wellbeing and development of the students in residence, the service exists to give geographically isolated students access to secondary schools which offer their year of study and where they can pursue their education and social development in the company of other students of the same age.

Research has shown that school performance and reputation are the most important factors impacting on secondary education choices by geographically isolated families and these choices impact significantly on enrolments at, and the viability of, their partner residential colleges. It is also the case that school enrolments are affected by the quality and reputation of their partner residential colleges.

Geographically isolated families are eligible for substantial State and Commonwealth boarding allowances and can choose any secondary school in the State supported by a boarding service. For regional boarding services to remain viable there is a need to ensure that the education and boarding services on offer in regional centres are on par with metropolitan education and boarding services.

Structural Changes

Structural changes to pre-Year 1 schooling in 2002 created a 'half-cohort' which may reduce the total potential boarding population over four years from 2010 to 2014.

If the 'half-cohort' does result in fewer students in boarding over this period, it will affect boarding fee revenues and impose budget adjustments on a year by year basis for affected residential colleges. Staffing levels may need to be adjusted as position vacancies arise.

There is some possibility that the 'half cohort' will not have a significant effect on residential colleges in regional centres. The education on offer in the regional centres may attract students away from smaller rural secondary schools, which, with lower enrolments during this period, may have a reduced capacity to offer some courses.

The Authority's residential colleges work to support their partner senior high schools in holding 'Open Days' each year and providing parents with information about the education on offer for their children in their nearest regional centre.

The CHSHA will seek to ensure that parents are informed about the relatively low net cost of gaining an education at country senior high schools supported by its residential colleges.

Indigenous Students

Aboriginal Hostels Limited (an Australian Government funded company) supports a number of non-government bodies that provide boarding services for Indigenous secondary school students in Western Australia. It is also in the process of establishing a 40 bed secondary school student hostel in Kununurra.

The Department of Child Protection operates the Aboriginal Student Accommodation Service in the metropolitan area which currently enables approximately 40 Indigenous students from remote communities to attend metropolitan secondary schools.

Service and Asset Planning

Broome Residential College

The boarding capacity was increased over the past financial year with the addition of 32 student bedrooms in time for the commencement of the 2009 school year. Demand was high and all available boarding places allocated. Other improvements undertaken during the past twelve months included a residence for the live-in college manager and a covered outdoor recreation area.

The Broome Residential College is a joint capital project between the Government and Catholic Education in Western Australia and as such it is providing a boarding service for students enrolling at either the Broome Senior High School or St Mary's Catholic College. This public-private joint venture, the first of its kind in student boarding, is helping Broome and the Kimberley region gain vital infrastructure that otherwise might not have been economically feasible. The total investment in this new boarding facility to date has been \$13.6 million.

Student Accommodation for Gifted and Talented Students

The third intake of students into the gifted and talented education program at Perth Modern School and other metropolitan senior high schools has seen the enrolment at the City Beach Residential College increase from 45 to 53.

Families of geographically isolated country students who are offered places in gifted and talented education programs are also eligible for a 'second home allowance' under the Australian Government's Assistance for Isolated Children scheme. Some families opt to utilise this allowance to establish a 'second home' in the metropolitan area rather than have their children board away from home.

After two more intakes the Department of Education and Training and the Country High School Hostels Authority will have better data about how many country students will qualify for and accept the offer of places in metropolitan gifted and talented education programs.

Albany Residential College

Work continued on additions and improvements to the Albany Residential College which are scheduled for completion by the commencement of the 2010 school year. The works will see the facility operating with 144 boarding places in 2010. Catholic Education in Western Australia has taken up the opportunity to contribute capital which will secure access to 24 places for Catholic school students.

Capital Investment Planning

There have been a number of representations to the Authority to increase the number of single bedrooms and to make other improvements to the Esperance Residential College.

Demand for boarding places at the Merredin Residential College is expected to increase as the diminishing capacity of nearby district high schools to meet educational aspirations sees more students attracted to the secondary education on offer at the Merredin Senior High School.

Significant Issues Impacting the Agency

Servicing the Kimberley Region

Boarding and residential services are becoming increasingly important in support of education services in the Kimberley region where the number of students in year 12 is significantly fewer than in year 7. Most remote community schools in the region do not have the capacity to meet students' secondary education needs. Until recently most students in remote locations have needed to utilise boarding options outside the region.

In mid-2007 the CHSHA established a new residential college in Broome which has given remote community students access to two year 12 secondary schools in Broome. Since its inception, it has become clear that traditional boarding practice needs to be modified and additional resources are needed to achieve desired student outcomes. The CHSHA has implemented a new staffing formula which addresses the need for additional support for students and families for whom boarding is a very new and culturally different experience. It also addresses the higher workload in a region where different school-day scheduling has an impact on the residential care requirements.

Strategies which better enable young students from remote communities to adapt to the social organisation and secondary education processes in large centres like Broome are needed.

The lessons being learned in Broome will be important in planning and establishing other residential services in the region.

Workforce Capacity

All boarding services throughout Australia operate without access to a pool of people with a relevant accredited qualification. All boarding services train staff in-house and require staff to gain a range of relevant credentials while 'on-the-job'.

The CHSHA is working with other service providers throughout Australia towards the development of an accredited qualification for people working in the boarding industry and towards workforce management strategies which ensure that the people working in this industry have the skills needed to be effective in working with youth and which support them in their personal development and education.

Students with Special Needs

Increasing demands are being placed on CHSHA residential colleges to provide for students with special needs (health, socio-cultural and disability) and students engaged in training and work placements.

More students with special needs which require higher levels of staff attention are enrolling at CHSHA residential colleges. Specialist agencies provide advice about staffing needs which, in some cases, involves one-on-one care for some part of every day.

The Department of Education and Training has developed a model for identifying 'schools plus' students and linking this to school staffing formulae. In 2009 the CHSHA adopted a new staffing formula to better equip its residential colleges to care for and support 'schools plus' students.

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

The accompanying financial statements of the Country High School Hostels Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2009 and the financial position as at 30 June 2009. At the date of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



Colin Pettit
A/CHAIRPERSON



Rod Lowther
MEMBER



Kerry Spencer
CHIEF FINANCE OFFICER

20 August 2009



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

COUNTRY HIGH SCHOOL HOSTELS AUTHORITY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Country High School Hostels Authority.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Authority's Responsibility for the Financial Statements and Key Performance Indicators

The Authority is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf.

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators 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 and key performance indicators.

Country High School Hostels Authority
Financial Statements and Key Performance Indicators for the year ended 30 June 2009.

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Country High School Hostels Authority at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY
AUDITOR GENERAL
26 August 2009

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2008/09 \$'000	2007/08 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	4	6,347	5,722
Depreciation expense	5	1,182	986
Finance costs (b)	6	1,053	736
Supplies and services (a)	7	586	677
Food supplies	8	1,104	1,086
Domestic		872	861
Maintenance		661	628
Amenities		198	235
Motor vehicle		135	135
Canteen		9	43
Other expenses	9	66	157
Total Cost of Services		<u>12,213</u>	<u>11,266</u>
Income			
<i>Revenue</i>			
Boarding fees	10	7,509	6,595
Other revenue	11	4,216	786
Total Revenue		<u>11,725</u>	<u>7,381</u>
<i>Gains</i>			
Gain on disposal of non-current assets	12	166	44
Total Gains		<u>166</u>	<u>44</u>
Total Income other than Income from State Government		<u>11,891</u>	<u>7,425</u>
NET COST OF SERVICES		<u>322</u>	<u>3,841</u>
INCOME FROM STATE GOVERNMENT			
Service appropriation	13	5,821	5,400
Liabilities assumed by the Treasurer (c)		-	3
Resources received free of charge		97	98
Total Income from State Government		<u>5,918</u>	<u>5,501</u>
SURPLUS FOR THE PERIOD		<u>5,596</u>	<u>1,660</u>

(a) Includes administrative expenses

(b) Finance costs include borrowing costs and AASB 123.4 defines borrowing costs as interest and other costs incurred by an entity in connection with the borrowing of funds. Other finance costs would include discounting expense incurred under AASB 5.17 and AASB 137. AASB 119 requires the discounting of employee benefits to be recognised in the nature of the expense rather than separately as a finance cost.

(c) Notional income equivalent to the notional superannuation expense included in employee benefits expense. Commencing in 2008-09, the reporting of notional superannuation expense and the notional income equivalent has been discontinued.

The Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE 2009

	Note	2008/09 \$'000	2007/08 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	24	6,610	4,321
Receivables	14	552	811
Amounts receivable for services	15	440	424
Total Current Assets		<u>7,602</u>	<u>5,556</u>
Non-Current Assets			
Restricted cash and cash equivalents	16	46	44
Amounts receivable for services	15	5,966	4,878
Property, plant, equipment & vehicles	17	60,452	45,581
Total Non-Current Assets		<u>66,464</u>	<u>50,503</u>
TOTAL ASSETS		<u>74,066</u>	<u>56,059</u>
LIABILITIES			
Current Liabilities			
Payables	18	193	276
Borrowings	19	960	890
Provisions	20	489	500
Income received in advance	21	301	321
Other current liabilities	22	336	247
Total Current Liabilities		<u>2,279</u>	<u>2,234</u>
Non-Current Liabilities			
Payables	18	46	44
Borrowings	19	20,574	12,047
Provisions	20	273	165
Total Non-Current Liabilities		<u>20,893</u>	<u>12,256</u>
TOTAL LIABILITIES		<u>23,172</u>	<u>14,490</u>
NET ASSETS		<u>50,894</u>	<u>41,569</u>
EQUITY			
	23		
Contributed Equity		15,212	13,490
Reserves		16,206	14,199
Accumulated surplus		19,476	13,880
TOTAL EQUITY		<u>50,894</u>	<u>41,569</u>

The Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	2008/09 \$'000	2007/08 \$'000
Balance of equity at the start of the period		41,569	34,909
CONTRIBUTED EQUITY	23		
Balance at the start of the period		13,490	10,420
Capital Contribution		1,722	3,070
Balance at end of period		15,212	13,490
RESERVES	23		
<u>Asset Revaluation Reserve</u>			
Balance at the start of the period		14,199	12,269
Gains from asset revaluation		2,007	1,930
Balance at end of period		16,206	14,199
ACCUMULATED SURPLUS	23		
Balance at the start of the period		13,880	12,220
Restated balance at start of period		-	12,220
Surplus for the period		5,596	1,660
Balance at end of period		19,476	13,880
Balance of equity at end of period		50,894	41,569
Total income and expense for the period (a)		7,603	3,590

(a) The aggregate net amount attributable to each category of equity is:

2009: \$7,603,000 - surplus \$5,596,000 plus gains from asset revaluation of \$2,007,000.

2008: \$3,590,000 - surplus \$1,660,000 plus gains from asset revaluation of \$1,930,000.

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2008/09 \$'000	2007/08 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		4,293	4,042
Capital appropriation		1,722	3,070
Holding account draw downs		424	400
Net cash provided by State Government		<u>6,439</u>	<u>7,512</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(6,227)	(5,637)
Supplies and services		(3,608)	(3,584)
Finance costs (a)		(985)	(726)
GST payments on purchases		(1,651)	(1,115)
Receipts			
Boarding fees		7,353	6,419
Interest received		94	88
GST receipts on sales		2,049	936
Other receipts		4,122	698
Net cash used in operating activities	24	<u>1,147</u>	<u>(2,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		168	44
Purchase of non-current physical assets		(14,060)	(8,539)
Net cash used in investing activities		<u>(13,892)</u>	<u>(8,495)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings		9,300	2,000
Repayment of borrowings		(703)	(532)
Net cash provided by/(used in) financing activities		<u>8,597</u>	<u>1,468</u>
Net (decrease)/increase in cash and cash equivalents		2,291	(2,436)
Cash and cash equivalents at the beginning of the period		<u>4,365</u>	<u>6,801</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	24	<u>6,656</u>	<u>4,365</u>

(a) Finance costs are equivalent to borrowing costs in the Cash Flow Statement.

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

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FOR THE YEAR ENDED 30 JUNE 2009**

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1. Australian Equivalents to International Financial Reporting Standards

The Country High School Hostels Authority's ('the Authority's') financial statements for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations). In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2009.

2. Summary of Significant Accounting Policies

a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars rounded to the nearest thousand dollars (\$'000).

After assessing possible sources of estimation uncertainty at the reporting date, the Authority considers that there is no significant risk of any matter causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

c) Reporting Entity

The reporting entity comprises the Authority. There are no related bodies.

d) Contributed Equity

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangements, in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by TI 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

e) Income

Revenue

Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Boarding Fees, Amenities Fees and Canteen Revenue

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues (The effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset, is used where applicable).

Service Appropriations

Service appropriations are recognised as revenues at nominal value in the period in which the Authority gains control of the appropriated funds. The Authority gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at Treasury. (See note 13 Income from State Government)

Grants, Donations & Gifts

Grants, donations, gifts and other non-reciprocal contributions are recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received. Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to those undischarged conditions, are disclosed in the notes.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

f) Borrowing Costs

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

g) Property, Plant and Equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the revaluation model is used for the measurement of land and buildings and the cost model for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately. Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Refer to note 17 'Property, Plant and Equipment' for further information on revaluations.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 17 'Property Plant and Equipment'.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually.

Estimated useful lives for each class of depreciable asset are:

Buildings	40 years	(rate of 2.5% per annum)
Office equipment and furniture	3 - 5 years	(rate of 20% - 33% per annum)
Buses & mobile equipment	5 -10 years	(rate of 10% - 20% per annum)

h) Impairment of Assets

Property, plant and equipment assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of an asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairments at each balance sheet date.

Refer to note 17 'Property, Plant & Equipment' and note 25 'Impairment of Assets' for the outcome of impairment reviews and testing. Refer also to note 2(n) and note 14 'Receivables' for impairment of receivables.

i) Leases

The Authority holds an operating lease for three motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the vehicle.

j) Financial Instruments

In addition to cash and bank overdraft, the Authority has two categories of financial instrument:

- * Loans and receivables; and
- * Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- * Cash and cash equivalents
- * Restricted cash and cash equivalents
- * Receivables
- * Amounts receivable for services

Financial Liabilities

- * Payables
- * WATC Bank borrowings
- * Other liabilities

Initial recognition and measurement of financial instruments is at fair value. Usually the transaction cost or face value is equivalent to fair value and subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

k) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

l) Accrued Salaries

Accrued salaries (refer note 22 'Other Liabilities') 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 normally coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its net fair value.

m) Amounts Receivable for Services (Holding Account)

The Authority receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account Receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 13 'Income from State Government' and note 15 'Amounts Receivable for Services'.

n) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts (i.e. *impairment*). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectable are written-off against the allowance account. The allowance for uncollectable amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 14 'Receivables' and note 2 (j) 'Financial Instruments'.

o) Payables

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as accounts are generally settled within 30 days. See note 18 'Payables' and note 2 (j) 'Financial Instruments'.

p) Borrowings

All loans are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method. See note 2(j) 'Financial Instruments' and note 19 'Borrowings'.

q) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet date. See note 20 'Provisions'.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in WA.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme now also closed to new members.

The Authority has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the Authority to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes become non-contributory members of the West State Superannuation (WSS) Scheme, an accumulation scheme. Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish all liabilities in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

See also note 2(r) 'Superannuation expense' below.

(ii) Provisions - Other

Employment On-costs

Employment on-costs, including worker's compensation insurance, are not employee benefits and are recognised as separate liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Authority's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. (See 'Other expenses' note 9 and note 20 'Provisions'.)

r) Superannuation Expense

The following elements are included in calculating the superannuation expense in the Income Statement:

- (a) Defined benefit plans - For 2007-08, the change in the unfunded employer's liability (i.e. current service cost and actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and
- (b) Defined contribution plans - Employer contributions paid to the GSS, the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

Defined benefit plans – For 2007-08, the movements (i.e. current service cost and actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS transfer benefits are recognised as expenses. As these liabilities are assumed by the Treasurer (refer Notes 2 (q)(i) & 13), a revenue titled ‘Liabilities assumed by the Treasurer’ equivalent to the expense is recognised under Income from State Government in the Income Statement. Commencing in 2008-09, the reporting of annual movements in these notional liabilities has been discontinued and is no longer recognised in the Income Statement.

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

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole of government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency’s obligations to the related superannuation liability.

s) Resources Received Free of Charge or for Nominal Value

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

t) Comparative Figures

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

3. Disclosure of Changes in Accounting Policy and Estimates

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Authority:

Review of AAS 27 ‘Financial Reporting by Local Governments’, AAS 29 ‘Financial Reporting by Government Departments’ and AAS 31 ‘Financial Reporting by Governments’. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

- AASB 1004 ‘ Contributions’
- AASB 1050 ‘ Administered Items’
- AASB 1051 ‘ Land Under Roads’
- AASB 1052 ‘ Disaggregated Disclosures’

AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 (AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 and AASB 137); and

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance otherwise there is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied early the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Authority but are not yet effective. Where applicable, the Authority plans to apply these Standards and Interpretations from their application date :

Title	Operative for reporting periods beginning on/after 1 January 2009
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AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.

AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners (AASB 5 & AASB 110)'. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Authority where the Crown land is to be sold by the Department for Planning and Infrastructure. The Authority does not expect any financial impact when the Standard is first applied prospectively.

AASB2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments (AASB 4, AASB 7, AASB 1023 & AASB 1038)'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Authority does not expect any financial impact when the Standard is first applied.

	2008/09 \$'000	2007/08 \$'000
4. Employee Benefits Expense		
Wages and salaries (1)	5,294	4,976
Superannuation - defined contribution plans (2)	486	438
Superannuation - defined benefit plans (3)	-	3
Long service leave (4)	89	(1)
Annual leave (4)	9	25
Other related expenses	469	281
	<u>6,347</u>	<u>5,722</u>
<p>(1) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.</p> <p>(2) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).</p> <p>(3) An equivalent notional income is also recognised (see Note 13 Income from State Government). Commencing in 2008-09, the reporting of notional superannuation expense and equivalent notional income has been discontinued.</p> <p>(4) Includes a superannuation contribution component.</p> <p>Employment on-costs such as workers' compensation insurance are included in 'Other Expenses' at Note 9. The employment on-costs liability is included at Note 20 'Provisions'.</p>		
5. Depreciation Expense		
Buildings	934	855
Plant, equipment and furniture	84	60
Buses and mobile equipment	164	71
Total depreciation	<u>1,182</u>	<u>986</u>
6. Finance Costs		
Interest paid	<u>1,053</u>	<u>736</u>
	<u>1,053</u>	<u>736</u>

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	2008/09 \$'000	2007/08 \$'000
7. Supplies and Services		
Office rental	8	8
Insurance	119	80
Authority members' expenses	9	9
Marketing	55	76
Telephone	100	98
Operating leases	40	41
Other administration expenses	255	365
	586	677
8. Food		
Groceries & Small Goods	570	583
Meat	199	186
Milk	101	94
Bread	79	83
Fruit & Vegetables	155	140
	1,104	1,086
9. Other expenses		
Workers Compensation (a)	45	76
Doubtful Debts	-	68
Other	21	13
	66	157
10. Boarding Fees		
	7,509	6,595
	7,509	6,595
<p>(a) Includes workers' compensation insurance and other employment on- costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 20 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.</p>		
11. Other Revenue		
Amenities	55	278
Canteen	13	42
Interest	94	88
Other	1,103	378
Catholic Education Office	2,951	-
	4,216	786

	2008/09 \$'000	2007/08 \$'000
12. Net Gain / (Loss) on Disposal of Non-Current Assets		
<u>Cost of Disposal of Non-Current Assets</u>		
Plant, equipment and vehicles	(2)	-
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant, equipment and vehicles	168	44
Net gain / (loss)	<u>166</u>	<u>44</u>

See also note 17 'Property, Plant and Equipment'.

13. Income from State Government

Appropriation received during the year:

Service appropriation (a)	<u>5,821</u>	<u>5,400</u>
	<u>5,821</u>	<u>5,400</u>

The following liabilities have been assumed by the Treasurer during the financial year:

Superannuation (b)	<u>-</u>	<u>3</u>
Total liabilities assumed by the Treasurer	<u>-</u>	<u>3</u>

Resources received free of charge (c)

Determined on the basis of the following estimates provided by agencies:

Department of Education and Training		
- finance and human resource services	<u>97</u>	<u>98</u>
	<u>97</u>	<u>98</u>
	<u>5,918</u>	<u>5,501</u>

(a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) The assumption of the superannuation liability by the Treasurer is a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme. The notional superannuation expense is disclosed at note 4 'Employee Benefits Expense'. Commencing in 2008-09, the reporting of the notional superannuation expense and equivalent notional income has been discontinued. Where the Treasurer or other entity has assumed a liability, the Authority recognises revenue equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability.

(c) Where assets or services have been received free of charge or for nominal cost, the Authority recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. The exception occurs where the contribution of assets or services are in the nature of contributions by owners, in which case the Authority makes the adjustment direct to equity.

	2008/09 \$'000	2007/08 \$'000
14. Receivables		
Current		
Receivables	613	489
Allowance for impairment of receivables	(72)	(86)
GST receivable	4	402
Prepayments	7	6
	552	811
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	86	35
Doubtful debts expense recognised in the income statement	-	68
Amounts written off during the year	(14)	(17)
Amounts recovered during the year	-	-
Balance at end of year	72	86
15. Amounts Receivable for Services		
Current	440	424
Non-current	5,966	4,878
	6,406	5,302
Represents the non-cash component of service appropriations (see note 2(m)) 'Amounts Receivable for Services (Holding Account)'. It is restricted in that it can only be used for asset replacement or payment of leave liability.		
16. Restricted Cash and Cash Equivalents		
Non-current		
Rural Boarding Scholarship Account	46	44
	46	44

The purpose of the account is to hold security monies deposited by scholarship holders. On completion of a teaching qualification, the funds in the trust account will be refunded to the successful scholarship recipient.

	2008/09 \$'000	2007/08 \$'000
17. Property, Plant and Equipment		
Land		
At fair value (a)	613	589
	<u>613</u>	<u>589</u>
Buildings		
At fair value (a)	39,909	35,221
Accumulated depreciation	-	-
	<u>39,909</u>	<u>35,221</u>
Buildings under construction		
Construction costs	17,987	9,041
	<u>17,987</u>	<u>9,041</u>
Plant and Equipment		
Plant, equipment and furniture	574	472
Accumulated depreciation	(315)	(243)
	<u>259</u>	<u>229</u>
Vehicles		
Buses and mobile equipment at cost	2,015	1,328
Accumulated depreciation	(331)	(827)
	<u>1,684</u>	<u>501</u>
	<u><u>60,452</u></u>	<u><u>45,581</u></u>

- (a) Land and buildings were revalued as at 1 July 2008 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2009 and recognised at 30 June 2009. In undertaking the revaluation, fair value was determined by reference to market values for land: \$613,000 and buildings \$39,909,000. For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost. See note 2 (g) 'Property, Plant and Equipment.

Valuation Services, the Office of the Auditor General and the Department of Treasury and Finance assessed the valuations globally to ensure that the valuations provided (as at 1 July 2008) were compliant with fair value at 30 June 2009.

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Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

	Freehold Land	Buildings	Buildings Under Construction	Plant & Equipment	Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>2009</u>						
Carrying amount at start of year	589	35,221	9,041	229	501	45,581
Additions	-	3,639	11,931	114	1,361	17,045
Disposals	-	-	-	(12)	(674)	(686)
Transfer to buildings	-	-	(2,985)	-	-	(2,985)
Reversal of accumulated depreciation	-	-	-	12	660	672
Revaluation changes	24	1,983	-	-	-	2,007
Depreciation	-	(934)	-	(84)	(164)	(1,182)
Carrying amount at end of year	613	39,909	17,987	259	1,684	60,452
<u>2008</u>						
Carrying amount at start of year	529	29,085	6,008	210	266	36,098
Additions	-	118	8,036	90	295	8,539
Disposals	-	-	-	-	-	-
Transfer to buildings	-	5,003	(5,003)	-	-	-
Revaluation changes	60	1,870	-	-	-	1,930
Depreciation	-	(855)	-	(71)	(60)	(986)
Carrying amount at end of year	589	35,221	9,041	229	501	45,581

	2008/09 \$'000	2007/08 \$'000
18. Payables		
Current		
Trade payables	193	276
Non-current		
Scholarship bonds	46	44
	<u>239</u>	<u>320</u>
See also note 2(o) 'Payables' and note 30 'Financial Instruments'		
19. Borrowings		
Current		
WATC loans	960	890
	<u>960</u>	<u>890</u>
Non-current		
WATC loans	20,574	12,047
	<u>21,534</u>	<u>12,937</u>
20. Provisions		
Current		
Employee benefits provision		
Annual leave (a)	243	235
Long service leave (b)	242	260
	<u>485</u>	<u>495</u>
Other provisions		
Employment on-costs (c)	4	5
	<u>489</u>	<u>500</u>
Non-current		
Employee benefits provision		
Long service leave (b)	270	164
Other provisions		
Employment on-costs (c)	3	1
	<u>273</u>	<u>165</u>

- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows :

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	2008/09	2007/08
	\$'000	\$'000
Within 12 months of balance sheet date	245	235
More than 12 months after balance sheet date	-	-
	245	235

- (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	244	260
More than 12 months after balance sheet date	273	164
	517	424

- (c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation premiums. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost) is included in 'Other expenses', note 9.

Movements in Other Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below:

<u>Employment on-cost provision</u>		
Carrying amount at start of year	6	3
Additional provisions recognised	1	3
Payments/other sacrifices of economic benefits	-	-
Carrying amount at end of year	7	6

21. Income Received in Advance

Current

Boarding fees (a)	301	321
	301	321

- (a) Income received in advance relates to boarding fees received to 30 June 2009, for goods and services that will be provided to students in financial year 2009-10.

	2008/09	2007/08
	\$'000	\$'000
22. Other Liabilities		
Current		
Accrued interest	273	205
Accrued salaries	63	42
Total current	<u>336</u>	<u>247</u>

23. Equity

Equity represents the residual interest in the net assets of the Authority. The Government holds the equity interest in the Authority on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

Balance at start of year	13,490	10,420
Contributions by owners - Capital contribution (a)	1,722	3,070
Balance at end of year	<u>15,212</u>	<u>13,490</u>

(a) Under the Treasurer's Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' Capital Contributions (appropriations) have been designated as contributions by owners in accordance with AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

Reserves

Asset Revaluation Reserve		
Balance at start of year	14,199	12,269
Net revaluation increments/(decrements):		
Land	24	60
Buildings	1,983	1,870
Balance at end of year	<u>16,206</u>	<u>14,199</u>

Accumulated surplus

Balance at start of year	13,880	12,220
Result for the period	5,596	1,660
Balance at end of year	<u>19,476</u>	<u>13,880</u>

24. Notes to the Cash Flow Statement

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows :

	2008/09	2007/08
	\$'000	\$'000
Cash and cash equivalents	6,610	4,321
Restricted cash and cash equivalents (refer Note 16)	46	44
	6,656	4,365

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

Net cost of services	(322)	(3,840)
<i>Non-cash items:</i>		
Resources received free of charge (note 13)	97	98
Depreciation (note 5)	1,182	986
Gain on sale of non current assets (note 12)	(166)	(44)
Write down of non current asset	12	-
Liabilities assumed by the Treasurer (note 13)	-	3
 <i>(Increase)/decrease in assets:</i>		
Current Receivables	260	(235)
 <i>Increase/(decrease) in liabilities:</i>		
Payables	(83)	106
Other liabilities	89	33
Income received in advance	(20)	(52)
Provisions	98	24
 Net cash used in operating activities	 1,147	 (2,921)

25. Impairment of Assets

There were no indications of impairment to property, plant and equipment at 30 June 2009.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2009 have either been classified as assets held for sale or written off.

26. Commitments

Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2008/09 \$'000	2007/08 \$'000
Within 1 year	8,573	13,031
Later than 1 year and not later than 5 years	932	4,770
Later than 5 years	-	-
	<u>9,505</u>	<u>17,801</u>
The capital commitments include amounts for buildings:	<u>9,505</u>	<u>17,801</u>

Lease commitments

Commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements are payable as follows:

Within 1 year	13	37
Later than 1 year and not later than 5 years	4	6
Later than 5 years	-	-
	<u>17</u>	<u>43</u>
Representing:		
Non-cancellable operating leases	17	43

The non-cancellable operating lease commitments relate to three motor vehicles, which expire in August 2009 and the lease of a TAFE facility in Albany at \$7,800 per annum which ceases in January 2011.

These commitments are all exclusive of GST.

27. Events Occurring after balance sheet date

There have been no material events occurring after 30 June 2009 as defined by the Accounting Standards (AASB 110.3).

28. Contingent Assets and Liabilities

No contingent assets or liabilities exist as at 30 June 2009.

29. Explanatory Statement

Significant variations between estimates and actual results for income and expenses are shown below. Significant variations are considered to be those greater than 10% and \$100,000.

Significant variances between estimated and actual result for 2009

	Estimate	Actual	Variance
	2009	2009	2009
	\$000	\$000	\$000
Expenses			
Depreciation expense	1,508	1,182	(326)

Difference is due to small delays in construction of the second stage of the Broome Residential College & Albany Residential College redevelopment.

Significant variance between actual results for 2008 and 2009

	2009	2008	Variance
	2009	2008	2008
	\$000	\$000	\$000
Expenses			
Employee Benefit expense	6,347	5,722	625
Finance costs	1,053	736	317
Depreciation expense	1,182	986	196
Income			
Boarding Fees	7,509	6,595	914
Other revenue	4,216	786	3,430

Notes :

The increase in employee benefit expense and boarding fee income is due to the growth in enrolment numbers at the Broome and City Beach Residential Colleges during the 2008/09 financial year.

Finance costs have escalated due to the significant capital constructions which are now near completion at Broome Residential College and due for completion at Albany Residential College in time for the opening of the 2010 school year. Depreciation costs have risen mainly due to the purchase of new coaster buses at a number of residential colleges.

The increase in other revenue is due to two one-off contributions from the Catholic Education Office of WA (\$2.95m) towards the Albany and Broome Residential College constructions and a contribution from the Department of Education and Training (\$0.9m) for new coaster buses with seatbelts in line with the government's policy on transporting school students.

30 Financial Instruments**(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Authority are cash and cash equivalents, loans and receivables, payables and borrowings. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Credit Risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis. The maximum exposure to credit risk at balance sheet date in relation to each class or recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at note 30 (c) 'Financial Instrument Disclosures' and note 14 'Receivables'.

Credit risk associated with the Authority's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. At the balance sheet date, there are no significant concentrations of credit risk.

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired, refer to note 30(c) Financial Instrument Disclosures'.

Liquidity Risk

The Authority is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority has appropriate procedures to manage cash flows including draw downs of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

The Authority's exposure to market risk for changes in interest rates relates primarily to the long term debt obligations. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the interest rate sensitivity analysis table at note 30 (d), the Authority is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non interest bearing and have no borrowings other than the WATC borrowings.

(b) Categories of Financial Instruments

	2009	2008
	\$000	\$000
Financial Assets		
Cash and cash equivalents	6,610	4,321
Restricted cash and cash equivalents	46	44
Receivables (a)	6,947	5,705
Financial Liabilities		
Payables	193	276
WATC Loan	21,534	12,937
Other liabilities	336	247

(a) The amount of loans and receivables excludes GST recoverable from the Australian Taxation Office.

30 (c) Credit Risk and Interest Rate Risk Exposures

The following table discloses the Authority's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Authority.

The Authority does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets

	Weighted Average Effective Interest Rate	Carrying Amount	Interest Rate Exposure		Up to 3 months	3-12 months	Past due but not impaired					Impaired financial assets
			Variable interest rate	Non-interest bearing			1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets												
2009												
Cash & Cash equivalents	5.4	6,610	1,242	5,368	-	-	-	-	-	-	-	-
Restricted Cash	5.4	46	46	-	-	-	-	-	-	-	-	-
Receivables (a)	-	541	-	541	427	82	24	3	5	-	-	-
Amounts receivable for services	-	6,406	-	6,406	-	-	-	-	-	-	-	-
Total		13,603	1,288	12,315	427	82	24	3	5	-	-	-

	Weighted Average Effective Interest Rate	Carrying Amount	Variable interest rate	Non-interest bearing	Up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Impaired financial assets
2008												
Cash & Cash equivalents	8	4,321	1,127	3,194	-	-	-	-	-	-	-	-
Restricted Cash	6	44	44	-	-	-	-	-	-	-	-	-
Receivables (a)	-	403	-	403	274	122	7	-	-	-	-	-
Amounts receivable for services	-	5,302	-	5,302	-	-	-	-	-	-	-	-
Total		10,070	1,171	8,899	274	122	7	-	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from the Australian Taxation Office.

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Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities.

	Weighted Average Effective Interest Rate	Carrying Amount	Interest Rate Exposure		Adjustment for discounting	Total Nominal Amount	Maturity dates						
			Variable interest rate	Non-interest bearing			Up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Liabilities													
2009													
Payables	-	193	-	193	-	-	193	-	-	-	-	-	-
WATC borrowings	5	21,534	-	-	-	-	-	960	980	1,000	1,020	1,040	16,534
Other liabilities	5	336	-	63	-	-	63	273	-	-	-	-	-
Total		22,063	-	256	-	-	256	1,233	980	1,000	1,020	1,040	16,534

	Weighted Average Effective Interest Rate	Carrying Amount	Interest Rate Exposure		Adjustment for discounting	Total Nominal Amount	Maturity dates						
			Variable interest rate	Non-interest bearing			Up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2008													
Payables	-	276	-	276	-	-	276	-	-	-	-	-	-
WATC borrowings	6.6	12,937	-	-	-	-	-	890	910	910	910	910	8,407
Other liabilities	6.6	247	-	42	-	-	42	205	-	-	-	-	-
Total		13,460	-	318	-	-	318	1,095	910	910	910	910	8,407

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

30 (d) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2009

Financial Assets	Carrying Amount \$(000's)	-1% Change		+1% Change	
		Profit \$(000's)	Equity \$(000's)	Profit \$(000's)	Equity \$(000's)
Cash and cash equivalents	1,288	(13)	(13)	13	13

2008

Financial Assets	Carrying Amount \$(000's)	-1% Change		+1% Change	
		Profit \$(000's)	Equity \$(000's)	Profit \$(000's)	Equity \$(000's)
Cash and cash equivalents	1,171	(12)	(12)	12	12

31. Remuneration of members of the Accountable Authority and senior officers

<u>Remuneration of Members of the Accountable Authority</u>	2008/09 \$000	2007/08 \$000
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The number of members of the Accountable Authority whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$ 0 - 10,000	5	5
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The total remuneration of the members of the Accountable Authority is:

9	9
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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.

Remuneration of Senior Officers

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

COUNTRY HIGH SCHOOL HOSTELS AUTHORITY

	2008/09	2007/08
	\$'000	\$'000
\$ 120,000 - 130,000	1	1
The total remuneration of senior officers is:	123	112
	123	112

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

No senior officers are members of the Pension Scheme.

32. Remuneration of Auditor

Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows:

Auditing the accounts, financial statements and performance indicators.	35	37
	35	37

The expense is included at note 7 (Supplies & Services) under 'Other administration expenses'

33. Supplementary Financial Information

Write-offs

Boarding debts due to the State to the value of \$13,926 were written off during the 2008/09 financial year.

The Accountable Officer	14	17
The Minister	-	-
Executive Council	-	-
	14	17
	14	17

Losses through theft, defaults and other causes

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

Amounts recovered	-	-
	-	-
	-	-

Gifts of public property

Gifts of public property provided by the Authority	-	-
	-	-

Other Financial Disclosures

Risk Management

The Authority and all residential colleges reviewed their operational activities and reassessed their risk list and risk classifications. Where necessary, the Authority and residential colleges updated their risk management action plans.

Pricing Policies of Services Provided

In Western Australia education is highly valued and compulsory until the end of the year in which a student turns 17. As a geographically large state with broadly dispersed population the Government makes provision for students whose family home is far from the nearest school offering their year of study. These provisions include the establishment of residential colleges through the Country High School Hostels Authority and a *State Boarding Away from Home Allowance* so that the geographic location is no impediment to gaining access to appropriate schooling and educational opportunities.

Each year the Country High School Hostels Authority reviews increases in the cost of living, the cost of delivering its boarding service and the net cost of boarding at its residential colleges for geographically isolated students. It recommends a fee each year for the Minister's consideration. The Minister presents a recommended fee to the Under Treasurer.

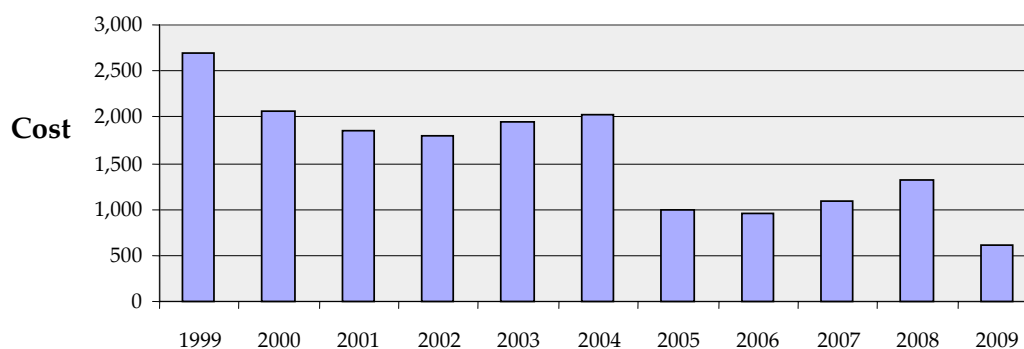
In 2009 the Authority's boarding and amenities fee increased to \$9,430 which included a \$300 amenities fee component and a GST component (on meals) of \$123. The fee, which was applicable at all residential colleges, covered a student's room, meals, care and supervision for seven days a week during the school year.

The cost of boarding is substantially reduced for families eligible for financial assistance through a number of State and Commonwealth Government schemes. Assistance schemes include the *Assistance for Isolated Children* boarding allowances, the *State Boarding Away From Home Allowance*, *ABSTUDY* and *Youth Allowance*.

The **net boarding cost in 2009** for an isolated student receiving the non-means tested *Assistance for Isolated Children* allowance of \$6,824 and the *State Student Boarding Away from Home* allowance of \$2,000, was **\$606**. This equated to \$15 per week over the 40-week school year. By comparison the net cost to parents in 1999 was \$67 per week.

The cost of boarding is less for families on low incomes who qualify for the *Assistance for Isolated Children Additional Allowance*. From age 16, students may be eligible for additional assistance under the income tested *Youth Allowance* or *ABSTUDY* schemes.

Boarding Cost after Allowances (1999 – 2009)



As the above graph shows, the net cost of boarding became significantly less in 2005 when both Federal and State Government boarding allowances increased substantially. A further decrease in 2009 reflects a substantial increase in the State Boarding away from Home Allowance from \$1215 in 2008 to \$2000 in 2009.

Capital Works

Expenditure on capital works in 2008-09 amounted to \$14,060,483 with most expenditure on the redevelopment of the Albany Residential College and additions at Broome Residential College. The breakdown was as follows:

- \$8.452m Albany Residential College
- \$3.840m Broome Residential College
- \$0.293m Other residential college improvements
- \$1.361m Student transport buses with seatbelts for various colleges
- \$0.114m Plant & equipment at various colleges

Albany Residential College

- Works in progress include the addition of new student and staff accommodation; improvements to existing student dormitories; conversion of existing student dormitories into activity spaces; improvements to the kitchen and dining areas; improvements to the entry, reception and administration spaces; and provisions for students with disabilities.

Broome Residential College

- Addition of two, 16 bedroom additions on each side to increase the boarding capacity from 40 to 72 (36 places for male and 36 places for female students).
- Manager’s residence.
- Covered half-court recreation space.

Other College Improvements

- The main item was the conversion of shared bedrooms into single bedroom student accommodation and the addition of one staff flat at St James (Moora) Residential College.

Employment and Industrial Relations

Employment Agreements

A wage increase became effective from 1 January 2009 for cooks, domestic workers, gardeners and grounds-staff covered by the *Government Services (Miscellaneous) General Agreement 2007*. Negotiations have commenced to replace the *Government Services (Miscellaneous) General Agreement 2007* which expires on 31 December 2009.

College administration and Directorate staff employed under the *Government Officers Salaries, Allowances and Conditions General Agreement 2008* received a salary increase effective from the first pay period on or after February 26 2009.

The *Country High School Hostels Authority Residential College Supervisory Staff Agreement 2008* was registered on 28 January, 2009. Residential college staff covered by this Agreement received a salary increase effective from the first pay period on or after February 26 2009.

Leave Liability

Leave liability is effectively managed by the Authority and was at an acceptable level in 2008-2009.

Annual leave liability increased in line with the employment of additional staff to support enrolment increases at two new residential colleges. Under their terms of employment, all residential college staff, besides grounds-staff, take their annual leave when no students are in residence over their summer vacation period.

In addition, all residential colleges make financial provision each year to cover the cost of staff who become eligible for long service leave. Compliance with long service leave policy and financial provision requirements are monitored and managed as necessary.

Authority Staff by Employment Category (as at 30 June 2009)

	No. of Employees		Full-time Equivalents	
	2008	2009	2008	2009
Residential Colleges				
Administrative Staff			7.49	8.76
Full-time employees	2	2		
Part-time employees	9	9		
Casuals	2	0		
Ancillary Staff			36.65	38.45
Full-time employees	6	5		
Part-time employees	49	58		
Casuals	11	4		
Supervisory Staff			63.09	59.3
Full-time employees	57	57		
Part-time employees	9	8		
Casuals	12	3		
Central Office			4.4	5.9
Full-time employees	3	4		
Part-time employees	2	3		
Casuals	1	0		
Total	163	153	108.78	112.41
Other Information	2008	2009		
Full-time employees	68	68		
Part-time employees	69	78		
Casuals	26	7		
Total	163	153		
Female employees	113	105		
Male employees	50	48		
Total	163	153		
Employees from culturally & linguistically diverse backgrounds	6	7		
Aboriginal & Torres Strait Islander employees – Trainees under registered traineeships	4	4		
Employees with Disabilities	3	0		
Employees under 25 yrs of age	9	5		
Employees over 45 yrs of age	92	104		

Personnel Screening

The Country High School Hostels Authority initiated criminal conviction screening for all new staff in 1991. In 2006 all CHSHA personnel were re-screened using the Department of Education and Training prescribed *Crimtrac* process as it applies to people working either as paid employees or volunteers in education and training sector operations under that agency's jurisdiction. Since then, all new personnel have been required to undertake this screening and gain a clearance.

Additionally, all existing CHSHA personnel hold a current *Working with Children* clearance and all new personnel are required to obtain this clearance as a condition of their employment or appointment. As required all CHSHA personnel need to be re-screened every three years. The cost of re-screening is met by the CHSHA.

In 1991 it became policy for any and all allegations of sexual misconduct to be referred to the Police for investigation. All students and parents continue to be made aware of this policy and of the Authority's commitment to the safety of school students entrusted to the care of its staff.

Equal Employment Opportunity

During the reporting period management at all worksites ensured that all strategies and processes contained in the Authority's Equal Opportunity and Diversity Management Plan were implemented in an effort to achieve desired outcomes.

Other Legal Requirements

Advertising

In accordance with Section 175ZE of the Electoral Act 1907 the following information is presented. The total expenditure on advertising for 2008-2009 was \$54,724. Of this amount \$5,573 was spent centrally on scholarship and boarding service advertising. The Authority's ten residential colleges spent \$30,088 on the production and distribution of information booklets, print, radio and television promotions and on regional field day and local agricultural show displays. An additional \$19,063 was spent on job vacancy advertising.

Disability Access and Inclusion Plan Outcomes

The Authority's Disability Access and Inclusion Plan outcomes were reviewed in the reporting period. Desired outcomes and initiatives in place and implemented over the reporting period are as follows:

1. *People with disabilities have the same opportunities as other people to access services and organised events.*

Consultation was undertaken in respect of each new student resident with disabilities to ensure that their needs would be met.

Event planning has addressed the need to make provision for students and people with disabilities.

Additions completed at the new residential college in Broome were designed and built in accordance with the relevant Building Code of Australia disability services requirements.

Additions and improvements in progress at the Albany Residential College are in accordance with the relevant Building Code of Australia disability services requirements.

2. *People with disabilities have the same opportunities as other people to access CHSHA buildings and other facilities.*

All residential colleges have parking bay provisions for people with disabilities.

3. *People with disabilities receive information in a format that will enable them to access the information as readily as other people.*

All public documents carry a notation regarding availability in alternative formats on request and the community is informed via newsletters and on websites.

4. *People with disabilities receive the same level and quality of service from Authority staff as other people.*

Residential colleges enrol and provide a boarding service for students with disabilities and medical conditions, adapt the physical environment as necessary and provide the support they need in the boarding environment.

All new staff are made aware of the Authority's provisions and plans for resident students and people with disabilities as part of their induction.

5. *People with disabilities have the same opportunities as other people to make complaints.*

The Authority has received no complaints about the accessibility of its complaints process. All managers recognise the need to provide alternative formats on request. The development of web-based forms is planned as part of the development of an online policy and procedures project to be implemented over the next twelve months.

6. *People with disabilities have the same opportunities to participate in public consultation as other people.*

The Authority sought public input into the development of its Disability Access and Inclusion Plan 2007-2010. It has established a Disability Access Committee comprised of the Authority Director, managers and a project officer which regularly reviews disability services and how well these meet the needs of student residents and people with disabilities.

Compliance with Public Sector Standards and Ethical Codes

In the 2008-2009 reporting period there were no complaints alleging non-compliance with the Western Australian Public Sector Code of Ethics or the Authority's Code of Conduct.

Authority personnel are committed to high standards of professional conduct and integrity with a particular focus on the protection and safety of the students in residence. All residential colleges operate with their own board of management which includes parents and independent volunteer members of the community.

In 2008-09 there were four complaints raised with residential college boards of management in relation to student care. All four were resolved to their satisfaction. Performance management follow-up occurred in two instances and changes to the physical environment were implemented in one instance.

There were two complaints relating to fee payments raised with college boards of management. One was resolved and the other involved subsequent investigation by the Ombudsman. The investigation by the Ombudsman found that the fees charged were in accordance with the fee agreement signed by both parties. For its part the residential college was concerned that any misunderstanding had occurred and has reviewed and improved its fee information processes.

To ensure that parents can provide formal input into residential college operations the Authority implements a biennial parent survey which invites parents to rate various aspects of college operations and to provide comments and suggestions. All suggestions are presented to the respective college boards of management and to residential college managers to assist them in the delivery a high quality barding service which is highly valued by parents.

One Public Sector Standards breach claim relating to the Performance Management standard was lodged and investigated. No breach was found. The Authority has reviewed its performance management processes, with particular focus on staff on fixed term contracts.

One staff grievance alleging bullying, sexual harassment and racism was independently investigated and not substantiated. Another staff grievance alleging bullying and racism was investigated and resolved without an adverse finding. The Authority's Code of Conduct, Anti-Bullying and Sexual Harassment policies have been reviewed with all worksite managers to ensure that all managers and staff fully contribute to the achievement of the Authority's desired outcomes.

There were three staff grievances relating to termination of employment. In each case the grievances were resolved. External and independent investigation processes were utilised in two instances..

The 2008-09 OPSSC Annual Agency Survey was completed and returned on time. Country High School Hostels Authority policies and practices comply with the WA Public Sector Code of Ethics, the Authority's Code of Conduct and with the Public Sector Standards. Policies and guidelines relating to public sector and agency requirements, standards and service delivery are accessible to all staff.

All staff are provided with information about the *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005* provisions and how an employee can seek redress if they believe a Public Sector Standard has been breached.

All job applicants are given information about the standard relating to recruitment and filling vacancies. As part of the Authority's Induction Program, new employees receive information about the Public Sector Standards, the Public Sector (Breaches of Public Sector Standards) Regulations 2005, the WA Public Sector Code of Ethics and the Authority's Code of Conduct.

Ethical and conduct issues form an ongoing agenda item at residential college managers' meetings and are reviewed regularly in this forum. Any policy issues or procedural amendments that arise are communicated to staff as they occur.

Internal and external audits were conducted to check the appropriate use of public resources in financial management, purchasing goods and engaging contractors.

Recordkeeping Plan

The CHSHA completed a review of its Record Keeping Plan in compliance with the State Records Act 2000 review requirements. The review report was submitted to the State Records Commission on 17 October 2009 and provided evidence of the CHSHA's progress towards better practice recordkeeping.

The Country High School Hostels Authority is co-located with the Department of Education and Training and has supported the development of a records management model for the education and training sector. The State Records Office has since agreed to a request from the Country High School Hostels Authority for its Record Keeping Plan to be incorporated in an education and training sector Record Keeping Plan.

On 22 June 2009 the State Records Commission approved the amended Record Keeping Plan for Education and Training Sector Agencies which incorporated record keeping by the Country High School Hostels Authority. The CHSHA Directorate has since adopted and utilised the same file plan, electronic records management and retention and disposal system as the Department of Education and Training.

The CHSHA plans to introduce the Department of Education and Training file plan in its ten residential colleges which continue to operate under a file plan which was incorporated within the CHSHA Record Keeping Plan submitted in November 2003 and endorsed by the State Records Commission. One information day for key residential college staff was conducted in the reporting period and further training will be conducted over the next twelve months.

Records management training was provided for 37 new full-time staff and 20 new part-time staff as part of their induction process. Newly appointed college board members received information about record keeping in their Induction Manual.

Freedom of Information

The Authority supports the principle that Freedom of Information applications should be the process of last resort reserved to deal with the most sensitive information. The Authority aims as far as possible to provide access to documents or information outside the Freedom of Information process.

Requests made under the provisions of the Act can be addressed directly to the Freedom of Information Officer at the Authority's address. The Freedom of Information Officer can help people make a request under the *Freedom of Information Act* where necessary and can be contacted on (08) 9264 5434. Some costs are involved where information is not available free of charge.

For the year ended 30 June 2009 there was one formal request for information under the Act. The information requested was freely provided and the matter resolved.

Information Statement

As required under Section 111 of the *Freedom of Information Act* the CHSHA forwarded an Annual Statistical Return and a copy of its current Information Statement for the reporting period to the Office of the Information Commissioner by 24 July 2009.

Publications

The Authority and eight of its ten residential colleges have established and maintain a website. The Authority's website, www.det.wa.edu.au/boarding, provides public access to some of the Authority's publications, including access to enrolment forms, fee and allowance information and links to residential colleges and related organisations.

The Authority has a number of publications that are available for viewing on application to the Authority. These include:

- an information booklet for parents;
- a set of standards for the care and supervision of students boarding at the Authority's residential colleges;
- guidelines for the staff who supervise and care for the students in residence, and policy and procedure manuals for the colleges covering college administration;
- guidelines for CHSHA board members;
- the college board of management constitution and a residential college board members' induction manual;
- human resource and finance management policies and requirements, records management, risk management, information technology policies, and equal employment and diversity disability services plans; and
- the Authority's Code of Conduct and Annual Reports.

Reviews and reports on the Authority's operations and its residential colleges over the past ten years are available for perusal. Central office and residential college newsletters provide business activity updates for staff and parents respectively.

Government Policy Requirements

Corruption Prevention and Public Interest

The Authority has in place policies and procedures to address and minimise risks associated with corruption and misconduct and the disclosure of confidential information. Both the Accounting Manual and Code of Conduct were revised during the past twelve months to strengthen accountability processes and significantly reduce the risk of mismanagement and corruption.

All managers participated in a comprehensive overview of accountability and responsibility in the public sector, the legal framework and public sector standards for public sector operations, and the disciplinary and legal consequences in relation to negligent or substandard performance and corrupt conduct.

There were no notifications in relation to suspected corruption and no instances of suspected corruption were identified in the reporting period.

There were no public interest disclosures in the reporting period.

Occupational Safety, Health and Injury Management

The Country High School Hostels Authority is committed to the prevention of accidents and injury and to the identification and safe management of hazards in the workplace.

As the provider of a boarding service for school students the Authority operates in full appreciation of its duty of care to the students in residence and its staff. All residential college staff, which includes live-in supervisory staff, are very aware of the need to identify hazards and ensure that:

- the facilities are safe;
- medical and health records are up-to-date;
- first aid equipment and materials are on hand and maintained;
- health management processes meet senior first aid standards;
- pandemic action plans and processes meet Department of Health standards;
- catering services meet the relevant standards;
- all college plant and equipment is regularly serviced, maintained and used properly,
- fire and electrical safety equipment and processes are functioning properly and safely;
- chemicals are stored and handled in accordance with the relevant regulations;
- swimming pools are maintained and managed in accordance with the relevant regulations; and that
- college buses meet school bus safety standards, are properly maintained, checked for safety each year in accordance with their licensing arrangements and used in accordance with agency policy.

All residential colleges maintain comprehensive health information about their students and are well drilled in health and infectious disease management.

All residential colleges have processes in place which ensure that staff are well trained to identify hazards and to manage risk in the interests of safety and good health. As a condition of their employment the live-in supervisory staff are required to gain and maintain a senior first aid certificate, an aquatic rescue or pool management certificate, a duty of care certificate and an 'F' endorsed driver's licence.

Appropriate alert and reporting processes are a key part of college practice and staff hold regular meetings where any concerns about safety or health are addressed as a matter of priority. The Director receives prompt advice in respect of critical or significant matters. In addition, college managers regularly review safety and health concerns and management with the Director at quarterly meetings.

None of the residential colleges are built on, or near, a contaminated site. All worksites have been assessed for asbestos and formal asbestos management processes are in place at all worksites to ensure that all staff and contractors are aware of the presence of asbestos and how they are to manage the risk.

The Authority has continued to utilise the Occupational Safety and Health in the Western Australian Public Sector Code of Practice to review its risk profile, risk management plan and policies and practices that have been formulated to prevent accidents and injury in the workplace.

Injury Management

The Authority has an Injury Management System in place. Return to work programs are developed in accordance with the *Workers' Compensation and Injury Management Act 1981*.

RiskCover, the agency's insurer, accepted liability for three new claims during the 2008-2009 financial year. Two of these claims were minor and have been closed. The other compensation recipient was unfit for work for 216 days but is now back at work. The Authority has since supported a change to part-time employment for this employee.

There is one ongoing claim from previous years. It involves a person who has ceased to be an employee but for whom minor pharmaceutical expenses continue to be met.

Description	2007/08	2008/09
Number of fatalities	0	0
Lost time injury/disease incidence rate	2.5%	2.6%
Lost time injury severity rate	49.7 %	33.3%
Percentage of injured workers returned to work within 28 weeks	100 %	100 %
Percentage of managers trained in occupational safety, health and injury management responsibilities.	100%	100%



**Country High School
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