



ANNUAL REPORT
2008-2009

| CONTENTS | Page |
|---------------------------------------|------|
| Letter to Minister | 3 |
| Statement of Compliance | 4 |
| Chairman's Report | 6 |
| Country Housing Authority | 7 |
| Corporate Governance | 10 |
| Strategic Summary | 13 |
| Corporate Services | 15 |
| Major Programs | 19 |
| Loan Management | 20 |
| Local Government Approvals | 21 |
| Auditor General's Opinion | 25 |
| Certificate of Performance Indicators | 27 |
| Performance Indicators | 28 |
| Certificate of Financial Statements | 30 |
| Statement of Financial Performance | 31 |
| Annual Estimates | 62 |
| How to contact us | 63 |

LETTER TO THE MINISTER

Honourable Troy Buswell BEc MLA
Treasurer; Minister for Commerce;
Science and Innovation; Housing and Works

In accordance with *The Financial Management Act 2006* (of the *Country Housing Act 1998*), we hereby submit for your information and presentation to parliament, the Annual Report of The Country Housing Authority for the financial year ending 30 June 2009.

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

The report outlines the activities of the Authority during its tenth year of operation.



Mr Robert Mitchell
COUNTRY HOUSING AUTHORITY
CHAIRMAN
2009



Mr Neil Hunter
COUNTRY HOUSING AUTHORITY
MEMBER
2009

Statement of Compliance

The Country Housing Authority administers the Country Housing Act (1998) and, in the conduct of its business are subject to a wide range of both State and Commonwealth statutes.

In the performance of its functions, the Authority has exercised all reasonable care to comply with relevant written laws, as amended from time to time, including:

The Financial Management Act 2006
Public Sector Management Act 1994
Equal Opportunity Act 1984
Government Employees Superannuation Act 1987
Superannuation and Family Benefits Act 1938 – 1976
Occupational Health, Safety and Welfare Act 1984
Worker's Compensation and Rehabilitation Assistance Act 1981
Industrial Relations Act 1979 (Employment Acts)
State Supply Commission Act 1991
Transfer of Land Act 1933
Land Administration Act 1997
Financial Institutions Duty Act 1983
Local Government Act 1995
Fair Trading Act 1987
Housing Act 1980
Anti-Corruption Commission Act 1988
Freedom of Information Act 1992
Consumer Credit (Western Australia) Act 1996
Statutory Corporations (Liability of Directors) Act 1996
Workplace Agreements Act 1993
Minimum Conditions of Employment Act 1993
Library Board of Western Australia Act 1951
Disability Services Act 1993
State Records Act 2000
Electoral Act 1907

Statement of Compliance

In the financial administration of the Country Housing Authority, we have complied with the requirements of the *Financial Management Act 2006* and other laws. We have exercised controls, which provide reasonable assurance that the receipt and expenditure of monies, acquisition and disposal of property and incurring of liabilities have been in accordance with legislative provisions.

The Country Housing Authority complies with the Public Sector Code of Ethics. As staff of the Authority are employed by the Department of Housing and Works comment on compliance in relation to standards and codes of conduct as required by Section 31 (1) of the Public Sector Management Act is made by that organization.

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



MR ROBERT MITCHELL
COUNTRY HOUSING AUTHORITY
CHAIRMAN



MR NEIL HUNTER
COUNTRY HOUSING AUTHORITY
MEMBER

CHAIRMAN'S REPORT

There is no doubt the need for quality housing in regional, rural and remote Western Australia is desperately needed. I am pleased that the Country Housing Authority continues to support those people in those areas with the opportunity for home ownership and improvements to their homes through its current lending programs. The lending program in 2008/09 totalled some 81 loans at a value of \$14,924,880. The CHA is self-funded providing its rural customers financial assistance through its operating activities. It has no demand on the Consolidated Fund.

The CHA offers a unique service to the people of rural Western Australia and offers a service in the market that is unavailable or has limited availability from the major lenders for housing or home improvement to farmers and employers.

The financial year past has seen enormous challenges for the CHA. It was decided in March this year that the dedicated services provided by staff from the Department of Housing would cease and the service provision would be undertaken by Keystart Homeloans. Keystart is also a major provider of housing loans in regional centres and towns across Western Australia and is owned by the Housing Authority.

The combining of our service delivery with Keystart has been completed and operates from the new Keystart Country Housing Loans Centre at 28 Kings Park Road in West Perth. The combined lending of CHA and Keystart into Regional, rural and remote Western Australia exceeded \$265 million in 2008/09. This level of lending is expected to continue in 2009/10. This is a significant contribution to housing needs outside of the Metropolitan area.

The CHA Board and the Keystart Board now meet on a monthly basis as separate Boards as well as a joint monthly meeting to discuss common issues and plan for future opportunities and activities.

At this point I would like express my admiration for the work of Mr Ian Taylor the previous CHA Chairperson who left in March this year (2009). Ian's work as the Chairperson of CHA was outstanding over a long period of time but more than that his passion for the people of regional, rural and remote Western Austria is legendary. I congratulate him for his contribution and on behalf of all those who have worked with him in his term as Chairperson wish him all the best for the future.

I also express my appreciation to my fellow Board members for their contribution over the last twelve months – it has been very challenging. It is normally not good policy to single out any one member for special recognition but this year I must acknowledge Mary Nenke's extra special support and contribution over the year particularly over the past three to four months during our change to service provision. Her passion for the people of regional, rural and remote Western Australia has assured the new service delivery model is better than the last.

Finally, I would like to express my thanks and admiration for the manner in which our staff from the Department have served the CHA for many years and have worked with us in transferring the service delivery to Keystart. To Doug Waghorn, Peter Darroch, Kerry Ravi, Murray Harrison, Sarah Robinson, Stephanie Dunlop and Maria Calabro I thank you for your contribution and wish you all the best in your future endeavours.

A handwritten signature in cursive script, appearing to read 'R Mitchell', written in black ink.

Mr Robert Mitchell
Chairman

18 September 2009

COUNTRY HOUSING AUTHORITY

ROLE

The role of the Authority is to facilitate the provision of housing assistance for farming families and more effectively contribute to the development of country communities through coordinated and/or subsidised employer and employee housing finance.

The Authority:

- Enables people and businesses to remain in country areas by providing access to housing finance for farmers, retired farmers, pastoralists and rural employers to build or improve housing for themselves, their dependents or their employees.
- Encourages the development of country communities by providing incentive loans to assist local governments, farmers, businesses and service providers to proceed with housing projects that benefit regional areas.
- Provides targeted assistance to meet the housing needs of customers who have been affected by extraordinary circumstances such as a natural disaster.
- Assists in implementing regional economic development opportunities by working closely with local government authorities, State Government Departments and the nine Regional Development Commissions.
- Provides assistance to eligible applicants by providing finance for the installation of Remote Area Power System (RAPS).

LEGISLATION

The Country Housing Authority was established in July 1998, to carry out the functions of the Country Housing Act 1998. This legislation repealed the Rural Housing Assistance Act 1976, and the Industrial and Commercial Employees Act 1973, enabling the formation of the Authority. The Authority is responsible to Hon Troy Buswell MLA, Treasurer; Minister for Commerce; Science and Innovation; Housing and Works

The purpose of the legislation is:

“To facilitate the provision of -

- Housing in rural areas for farmers, their employees and retired farmers;
- Adequate and suitable housing in rural areas for persons engaged in certain businesses and occupations.

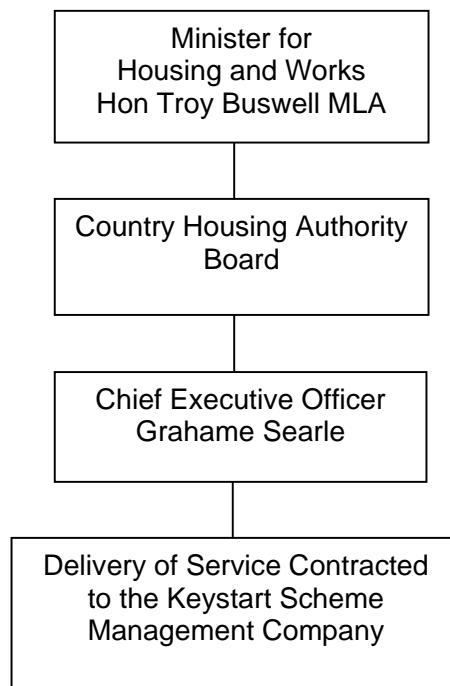
ORGANISATIONAL STRUCTURE

The Country Housing Authority is a Statutory Authority being directly responsible to the Hon Troy Buswell MLA, Treasurer; Minister for Commerce; Science and Innovation; Housing and Works

In March 2009, the Keystart Scheme Management Company were contracted to provide service delivery.

The Finance Manager of the Authority was the Chief Finance Officer up until the end of June 2009.

During the year 2006-2007 Part 10 Division 1 of the Country Housing Act, 1998 was amended by inserting Section 9A making the Authority an SES organization under the Public Sector Management Act 1994. This requires the Authority to have a Chief Executive Officer.



The above revised structure was implemented in March 2009.

Corporate Governance

Country Housing Authority Board

The Country Housing Authority is governed by a Board, accountable to the Minister for Housing and Works; and supported by the CEO, Director and staff of the Authority.

Ian Taylor has held the position of Chairman of the six member board from the 1st July 2003. The Board Chairman is paid \$19,100 per annum and members not employed in the public sector are paid \$9,600 per annum.

During 2008/2009, the Board of the Country Housing Authority met on 12 occasions.

The Country Housing Authority Act 1998, requires that the six member board include three members who are involved in farming, finance, industry, commerce or any other field relevant to the functions of the Authority. The remaining members include an officer from the Department of Treasury and Finance of Western Australia, an officer the Department of Industry and Resources and a member representing Local Government (WALGA).

Board members therefore bring a broad background of knowledge and experience from professional and business areas, including planning, commerce, finance, the housing industry, local government and farming.

Board Members

Board Attendance

Mr Ian Taylor (Chairman from July 2008 to March 2009)

Ian is a Consultant and was the former MLA for Kalgoorlie and the Deputy Premier 5/6

Mr Robert Mitchell (Chairman)

Is a Consultant, former Director General of Department of Housing and Works. CHA Deputy Chairman from July 2008 to May 2009 Acting and Chairman from June 2009 11/11

Mrs Mary Nenke

Mary is a farmer and Director of a business based in the country and is involved in a developing export industry. CHA Deputy Chairman since June 2009 11/11

Mr Neil Hunter

Neil is a Principal Policy Analyst, Agency Resources with Department of Treasury and Finance. 9/11

Mr Graeme Stephens

Graeme is a General Manager with the Department of Industry and Resources 10/11

Mr Graeme Gammie

Graeme is the Executive Director, Heritage Council of Western Australia 1/2

Functions of the Board

As a Statutory Authority, the Board is the Authority's governing body and is responsible for administering the Country Housing Act 1998.

Accountability and Independence

The Country Housing Act 1998 outlines the required standards for Board Members under the Statutory Corporations (Liability of Directors) Act 1996. Board Members acknowledge their position of trust in making decisions that affect the welfare, rights or entitlements of the community and individuals that are serviced by the Authority. Board Members are expected to act with professional integrity, possess a clear understanding of their public duties and legal responsibilities, act honestly and exercise due care and diligence.

The Board has the independence to determine policies and control the activities of the Authority, subject to the provisions contained within the Country Housing Act (1998) and other statute laws

Ministerial approval is required for transactions relating to non-commercial loans, private borrowings, capital works budgets and variations to interest rates.

Contracts with Senior Officers

Board Members or senior officers of the Authority do not have an interest in any existing or proposed contract made with the Authority.

Management of Business and Financial Risk

Business Risk

The Authority has implemented a risk management program in accordance with Treasurer's Instructions 109 and Australia /New Zealand standard AS 4360:1995.

The Authority sources external expert advice on risk management as required, on specific issues/procedures and ensures the risk management processes and procedures are current and incorporated into the operating and Board reporting systems.

The Internal Audit Committee has a specific term of reference addressing risk management and has delegated authority to consider reports and actions associated with these activities.

Financial Risk

The Authority manages financial exposure on an ongoing basis, having regard to interest rates, liquidity and credit risks. Monitoring financial ratios against targets and regular reporting to the Board ensures the Authority manages its risks associated with finance and Treasury activities.

The Authority's customer base is situated in rural and remote areas of the State. Factors such as seasonal conditions and commodity prices can impact on the stability of local economies. The risk associated with this was recognised in the development and management of financial policies. The Authority is not materially exposed to any particular sector or region of the State.

Internal Audit Committee

The Country Housing Authority utilises the internal audit services of KPMG under a contract signed by the Department of Treasury and Finance, this contract expires on 30th June 2012. The internal audit committee is an independent appraisal body and provides an overview for audit and review in accordance with its internal audit plan.

The committee comprises the Manager, Management Audit & Review of the Department of Housing and Works, a CHA Board Member, an Independent Accountant and the Director of CHA.

Organisation Behaviour and Ethics

The Board of the Authority has adopted a Code of Conduct for its Members reflecting a commitment to the highest levels of service and ethical standards.

The Department of Housing and Work's Code of Conduct applies to all employees of the Authority and complies with the Western Australian Public Sector Code of Ethics.

The Board, management and staff of the Authority maintain the highest professional and ethical standards and strive for relationships that are based on fairness, honesty and trust.

STRATEGIC SUMMARY

The Authority's mission statement:

"To contribute to the social and economic development of rural and remote WA through the provision of flexible finance for housing where options are limited".

VISION

We recognise that rural development will occur when local communities and government work together to improve the well-being and living conditions of people living and working in rural and remote areas.

Our vision for the future of rural and remote housing is:

- The improvement of living conditions for farmers and pastoralists through access to housing finance for new or improved dwellings and 24hour Remote Area Power Supply (RAPS).
- Development of rural communities through the provision of loans to house service providers, employers and employees providing vital services to the town-site or region.
- Develop incentives to provide or improve housing where it is a barrier to economic, social or regional development.

VALUES

The Country Housing Authority aims to embody the following values:

- Best practice in service delivery
- Commitment to quality
- Customer centred
- Continuous improvement
- Respect, worth, dignity
- Open, honest, clear, responsive communication

STRATEGIC GOALS

The Authority has identified seven goals that form an integrated strategic plan within the terms of the Act, to:

- Maximise the effectiveness of the Authority, its staff and services;
- Ensure that people and businesses remain in country areas by providing access to affordable housing finance that meets their needs; and
- Encourage the development of country communities by providing incentive loans to local governments and service providers to proceed with housing projects that benefit regional areas.

The strategic goals for the Country Housing Authority are:

Services

- To effectively and efficiently manage the CHA's resources to ensure its sustainability and viability.
- To provide a range of quality, customer focused services that meet the housing needs of our clients.
- To ensure that all potential clients have access to and are aware of CHA's services.

Information

- To maintain, in a collaborative fashion, a customer focus, ensuring that the development of CHA programmes are responsive to our clients needs.
- To maintain the CHA's business processes and resources to ensure efficient and effective delivery of service and to promote cooperative communication with our clients and amongst ourselves.

Innovation and Learning

- To ensure that CHA is at the forefront of industry standards.
- To provide a quality work life within the Authority that supports employee diversity, collaboration, worker satisfaction and high performance.

CORPORATE SERVICES

CUSTOMER SERVICE CHARTER

The Country Housing Authority has adopted the Customer Service Charter and Service Level Agreements for Business Units for the Department of Housing and Works.

The charter describes the standard of service we strive for and is founded on four key principles:

- friendly and courteous service;
- fairness;
- efficiency; and
- the provision of accurate and up-to-date information.

The CHA is a customer focused agency and is proud to offer a personal, friendly service to all its clients even in the remotest locations. Service level standards for the Authority are incorporated into the Department of Housing and Works Customer Service Charter to reflect these principles in our daily operations.

CODE OF CONDUCT

In compliance with the Western Australian Public Sector Code of Ethics, the Authority has adopted the Department of Housing and Work's Code of Conduct for all employees. The Code of Conduct is incorporated into the Department's Customer Service Charter.

FINANCIAL MANAGEMENT

The CHA's policies and procedures, recommendations on risk management issues, capital adequacy and other financial operations have been implemented. These policies and the financial management of the Country Housing Authority are continually monitored.

The Authority has formalized a Loan Risk Management Policy and each application for assistance is considered in that context.

EQUAL EMPLOYMENT OPPORTUNITY

The Country Housing Authority through the Department of Housing and Works is an equal opportunity employer and complies with relevant EEO legislation. All human resource procedures, including recruitment, selection and training are based on equal opportunity principles. There were no reports of EEO principles being breached in 2008/2009.

TRAINING AND DEVELOPMENT

The Authority allocated 2.0% of payroll to training and development, which equates to approximately \$1,532 per person. During the reporting period no staff training programs were undertaken.

OCCUPATIONAL HEALTH AND SAFETY

The Authority ensures staff are aware of occupational health and safety issues and their personal obligations to ensuring a safe working environment. No claims were received under occupational health and safety provisions during 2008/2009.

EQUITY AND ACCESS

The Department of Housing and Works administers all staffing arrangements for the Country Housing Authority, and is responsible for ensuring adherence to equal employment opportunity and disability service plan requirements.

CONSUMER COMPLAINTS

Due to its moderately sized customer base, any issues or concerns raised by customers can be responded to promptly by the management of CHA.

No formal or informal complaints were received from any CHA customers, either directly or through a third party during 2008/2009. This is reflective of the Authority's commitment to customer satisfaction and delivering a personalised service.

As CHA's customer base grows, the level of complaints will be monitored, and if required an officer will be designated to handle any complaints received.

The Country Housing Authority is incorporated into the Customer Service Charter for the Department of Housing and Works, which details procedures for lodging complaints. No complaints have been referred to the CHA from the Department using these avenues.

FREEDOM OF INFORMATION

The Country Housing Authority ensures compliance with the Freedom of Information Act 1992. Records and files held by the CHA cover two main areas - Policy and Administration files and Client files. Information can be accessed by members of the public upon application to the FOI Coordinator, Department of Housing and Works at 99 Plain St East Perth WA 6004.

During the 2008/2009 reporting period, no applications were received for access to personal information under the Freedom of Information Act.

REGIONAL VISITS

The Country Housing Authority continued its direct promotion of services to rural customers, including personal visits to Local Government Authorities.

During 2008/2009 numerous Country Local Government Authorities throughout the State were visited and promotional material was distributed.

PROMOTIONS AND SPONSORSHIP

The Country Housing Authority was promoted through exhibits at the PGA Conference in Perth in February 2009, the Pastoral and Graziers Conference in Fitzroy Crossing in August 2008 and the North West Expo in Broome in May 2009.

Radio advertising campaigns from August 2008 to June 2009 were also undertaken utilizing the Red FM network in north and the Radio West network in south of the State. A segment featuring CHA was aired in May 2009 on the Home in WA television program on GWN and Channel 7.

The Country Housing Authority also provided sponsorship to sporting events in the country by way of a Ladies Bowling Carnival at Mt Barker in February 2009 and Men's Bowling Carnivals at Leeman in February 2009 and Darkan in November 2008. The CHA also provided sponsorship to the Great Southern Football Council Colts Carnival held at Lake Grace in June 2009. Sponsorship was provided to the Gascoyne Junction Race Club to sponsor a race in September 2008 and also the Stations Rodeo Challenge in Kununurra in May 2009.

These exhibits and sporting events provided excellent opportunities for attending representatives and other prospective customers to become aware of the services offered by the Country Housing Authority.

FIELD DAYS

Country Housing Authority also promotes its service to the rural community through attendance at local events such as the Wagin Woolarama in March 2009. Other shows/field days attended during 2008/2009 were, Dowerin, Newdegate, Mingenew, Esperance, Kununurra, Broome and Balingup.

The Authority aims to continue its presence at country field days in the years ahead and will seek opportunities to attend Field Days and Agricultural Shows in the more remote areas of the State.

PUBLICATIONS

Application forms can be obtained on request by calling the Country Housing Authority at the Keystart Country Housing Loans Centre on (08) 9338 3180 or toll free on 1800 158 200. Application forms can also be obtained from the office, via email, from one of the four locally trained Wheatbelt Brokers or from some of the Shire Offices, Telecentres, Small Business Development Centres, Regional Development Offices and Members of Parliament Electoral Offices in rural areas. The Authority's office is at level 2, 28 Kings Park Road (cnr Altona St) West Perth and the website is www.country.keystart.com.au.

The Annual Report is also available on request from the Authority or can be viewed on the web site at www.country.keystart.com.au

ADVERTISING AGENCIES

Raising awareness of housing assistance offered by CHA continues to be a priority in its tenth year of operation. Advertising was primarily through country newspapers, local papers and periodicals targeted at the community. The advertising does not include sponsorship to groups or agencies.

In accordance with section 175ZE of the Electoral Act 1907, the Commission incurred the following expenditure in advertising, direct mail and media advertising:

Expenditure with advertising agencies:

| | |
|-------------|----------|
| Local Print | \$ 3,791 |
| TV | \$52,902 |
| Radio | \$41,392 |
| Major print | \$11,788 |
| Shows | \$ 3,428 |

Total expenditure \$113,301

RECORD KEEPING

The Department of Housing and Works provides records services for the Authority and compliance with the State Records Act 2000 is reported in the Department of Housing and Works Annual Report.

SUSTAINABILITY

The Department of Housing and Works has formulated an Action plan in accordance with the Sustainability Code of Practice and administers this plan on behalf of the Country Housing Authority.

MAJOR PROGRAMS

The role of the Country Housing Authority is to ensure country businesses, farmers and service providers have access to adequate and suitable housing in rural and remote areas of Western Australia.

To achieve this CHA provides housing finance to country applicants on a non-competitive basis with the private sector.

The CHA's client base has included to date:

- Local Authorities who wish to provide housing to a business or service provider;
- Rural employers/small business (including the self-employed);
- Farmers and pastoralists; and
- Retired farmers *

*Conditions apply

Through the availability of housing finance, CHA can assist in facilitating the development and provision of essential services required by small business, farmers and the rural community in general.

MAJOR COUNTRY HOUSING SERVICES

Housing Finance Access Programme (HFAP)

The Housing Finance Access Programme (HFAP) was developed in recognition that affordable housing finance is not as readily available in some country areas compared with the metropolitan or major regional areas. The programme was originally aimed at the farming sector to address the need for improved quality of housing for primary producers living in ageing or sub-standard dwellings.

Assistance is also provided to rural employers, including self employed persons for housing themselves or their employees.

By ensuring that primary producers and rural employers have access to housing for themselves, their dependants and their employees, CHA encourages the sustainment and development of country communities.

In 2008/2009, 77 farmers and businesses had housing finance assistance approved under the Housing Finance Access Programme, with loan approvals totalling \$13,821,780.

Remote Area Power Scheme (RAPS)

In March 2002, the CHA extended assistance to the installation of renewable energy systems to replace unreliable and high cost diesel generators. This initiative supports the Commonwealth and State Governments Renewable Remote Power Generation Programme.

During 2008/2009 4 RAPS applications were approved, with loans totalling \$1,103,100.

LOAN MANAGEMENT

The Authority's programs are funded by borrowings from the West Australian Treasury Corporation (WATC) or from its own internal sources.

Interest Rates

The standard interest rate applied by the Authority during the year was 8.85% in July 2008, 7.6% effective 1 December 2009, 7.1% effective 1 January 2009, 6.10% effective 12 January 2009, 5.24% effective 20 April 2009 and 4.99% effective 22 May 2009.

Loan Fees

The Authority has previously not charged application or loan management fees, or for depositing lump sum or extra payments on standard loans. It does have a sliding scale of fees for early payout of loans up to 5 years from commencement date.

Loans Portfolio

The Authority's funded loan portfolio of 569 loans is valued at \$60.024 million.

**AUTHORITY APPROVALS BY LOCAL GOVERNMENT LOCALITIES
AS AT 30 JUNE 2009**

The following table indicates the total of Finance Approved in each Country Shire since 1998

| SHIRE | HOUSING FINANCE ACCESS PROGRAMME | | HOUSING DEVELOPMENT INCENTIVE PROGRAMME | | HOUSING DEVELOPMENT INCENTIVE PROGRAMME GRANT FUNDING | | TOTAL APPROVED | |
|---------------------------|---|-----------|--|-----------|--|-----------|---------------------------|-----------|
| | NO. | \$ | NO. | \$ | NO. | \$ | NO. | \$ |
| ALBANY | 20 | 1,932,000 | 0 | 0 | 0 | 0 | 20 | 1,932,000 |
| ASHBURTON | 8 | 1,367,000 | 0 | 0 | 0 | 0 | 8 | 1,367,000 |
| AUGUSTA/MARGARET RIVER | 8 | 654,270 | 0 | 0 | 0 | 0 | 8 | 654,270 |
| BEVERLEY | 13 | 1,986,500 | 0 | 0 | 0 | 0 | 13 | 1,986,500 |
| BODDINGTON | 3 | 270,000 | 0 | 0 | 1 | 50,000 | 4 | 320,000 |
| BOYUP BROOK | 9 | 690,400 | 0 | 0 | 0 | 0 | 9 | 690,400 |
| BRIDGETOWN | 7 | 915,900 | 0 | 0 | 0 | 0 | 7 | 915,900 |
| BROOKTON | 12 | 1,750,000 | 0 | 0 | 1 | 50,000 | 13 | 1,800,000 |
| BROOME | 18 | 4,587,472 | 0 | 0 | 1 | 50,000 | 19 | 4,637,472 |
| BROOMEHILL | 3 | 100,000 | 0 | 0 | 0 | 0 | 3 | 100,000 |
| BRUCE ROCK | 6 | 560,000 | 0 | 0 | 2 | 100,000 | 8 | 660,000 |
| BUSSELTON | 1 | 70,000 | 0 | 0 | 0 | 0 | 1 | 70,000 |
| CARNAMAH | 7 | 831,500 | 1 | 400,000 | 2 | 90,000 | 10 | 1,321,500 |
| CARNARVON | 19 | 2,479,150 | 6 | 550,000 | 1 | 50,000 | 26 | 3,079,150 |
| CHAPMAN VALLEY | 8 | 1,280,000 | 0 | 0 | 0 | 0 | 8 | 1,280,000 |
| CHITTERING | 6 | 974,000 | 1 | 400,000 | 1 | 50,000 | 8 | 1,424,000 |
| COLLIE | 1 | 280,000 | | | 0 | | 1 | 280,000 |
| COOLGARDIE | 3 | 294,000 | 0 | 0 | 0 | 0 | 3 | 294,000 |
| COOROW | 10 | 569,000 | 0 | 0 | 0 | 0 | 10 | 569,000 |
| CORRIGIN | 16 | 2,044,750 | 0 | 0 | 2 | 100,000 | 18 | 2,144,750 |
| CRANBROOK | 16 | 1,852,623 | 0 | 0 | 1 | 50,000 | 17 | 1,902,623 |
| CUBALLING | 7 | 962,000 | 0 | 0 | 0 | 0 | 7 | 962,000 |
| CUE | 7 | 541,200 | 0 | 0 | 0 | 0 | 7 | 541,200 |
| CUNDERDIN | 9 | 1,399,713 | 0 | 0 | 0 | 0 | 9 | 1,399,713 |
| DALWALLINU | 19 | 1,544,000 | 1 | 100,000 | 1 | 50,000 | 21 | 1,694,000 |
| DANDARAGAN | 36 | 3,650,300 | 0 | 0 | 1 | 50,000 | 37 | 3,700,300 |
| DENMARK | 12 | 1,438,000 | 0 | 0 | 0 | 0 | 12 | 1,438,000 |
| DERBY/WEST KIMBERLEY | 17 | 2,221,547 | 2 | 1,140,000 | 7 | 350,000 | 26 | 3,711,547 |
| DONNYBROOK/BALINGUP | 5 | 310,000 | 0 | 0 | 0 | 0 | 5 | 310,000 |
| DOWERIN | 5 | 105,000 | 0 | 0 | 0 | 0 | 5 | 105,000 |
| DUMBLEYUNG | 9 | 836,800 | 0 | 0 | 0 | 0 | 9 | 836,800 |
| DUNDAS | 4 | 360,000 | 0 | 0 | 0 | 0 | 4 | 360,000 |
| EAST PILBARA | 9 | 1,235,514 | 0 | 0 | 2 | 90,000 | 11 | 1,325,514 |
| ESPERANCE | 44 | 4,349,500 | 0 | 0 | 0 | 0 | 44 | 4,349,500 |
| EXMOUTH | 11 | 2,498,600 | 14 | 2,018,500 | 0 | 0 | 25 | 4,517,100 |
| GINGIN | 12 | 993,000 | 0 | 0 | 0 | 0 | 12 | 993,000 |
| GNOWANGERUP | 15 | 1,027,800 | 0 | 0 | 1 | 50,000 | 16 | 1,077,800 |
| GOOMALLING | 11 | 1,016,000 | 1 | 75,000 | 2 | 100,000 | 14 | 1,191,000 |
| GREENOUGH | 7 | 705,000 | 0 | 0 | 0 | 0 | 7 | 705,000 |
| HALLS CREEK | 6 | 1,059,725 | 0 | 0 | 4 | 190,000 | 10 | 1,249,725 |
| IRWIN | 1 | 380,000 | 0 | 0 | 2 | 90,000 | 3 | 470,000 |
| JERRAMUNGUP | 10 | 650,000 | 0 | 0 | 1 | 50,000 | 11 | 700,000 |

| SHIRE | HOUSING FINANCE ACCESS PROGRAMME | | HOUSING DEVELOPMENT INCENTIVE PROGRAMME | | HOUSING DEVELOPMENT INCENTIVE PROGRAMME GRANT FUNDING | | TOTAL APPROVED | |
|--------------------|--|-----------|--|---------|---|---------|----------------|-----------|
| | NO. | \$ | NO. | \$ | NO. | \$ | NO. | \$ |
| KALGOORLIE/BOULDER | 2 | 271,000 | 0 | 0 | 0 | 0 | 2 | 271,000 |
| KATANNING | 12 | 1,794,000 | 0 | 0 | 0 | 0 | 12 | 1,794,000 |
| KELLERBERRIN | 4 | 755,000 | 0 | 0 | 0 | 0 | 4 | 755,000 |
| KENT | 8 | 955,000 | 0 | 0 | 0 | 0 | 8 | 955,000 |
| KOJONUP | 13 | 1,950,000 | 1 | 255,000 | 1 | 40,000 | 15 | 2,245,000 |
| KONDININ | 18 | 1,837,000 | 1 | 580,000 | 1 | 50,000 | 20 | 2,467,000 |
| KOORDA | 5 | 340,000 | 0 | 0 | 0 | 0 | 5 | 340,000 |
| KULIN | 6 | 534,200 | 1 | 100,000 | 2 | 90,000 | 9 | 724,200 |
| LAKE GRACE | 26 | 2,548,300 | 0 | 0 | 1 | 50,000 | 27 | 2,598,300 |
| LAVERTON | 1 | 27,000 | 2 | 350,000 | 2 | 100,000 | 5 | 477,000 |
| LEONORA | 4 | 646,500 | 0 | 0 | 0 | 0 | 4 | 646,500 |
| MANJIMUP | 24 | 1,842,000 | 0 | 0 | 0 | 0 | 24 | 1,842,000 |
| MEEKATHARRA | 7 | 327,000 | 1 | 220,000 | 0 | 0 | 8 | 547,000 |
| MENZIES | 2 | 260,346 | 0 | 0 | 0 | 0 | 2 | 260,346 |
| MERREDIN | 19 | 3,017,000 | 0 | 0 | 3 | 150,000 | 22 | 3,167,000 |
| MINGENEW | 8 | 1,425,400 | 0 | 0 | 3 | 140,000 | 11 | 1,565,400 |
| MOORA | 24 | 2,500,300 | 0 | 0 | 3 | 150,000 | 27 | 2,650,300 |
| MORAWA | 3 | 155,500 | 0 | 0 | 3 | 140,000 | 6 | 295,500 |
| MOUNT MAGNET | 9 | 766,550 | 0 | 0 | 1 | 50,000 | 10 | 816,550 |
| MOUNT MARSHALL | 9 | 1,008,000 | 0 | 0 | 0 | 0 | 9 | 1,008,000 |
| MUKINBUDIN | 11 | 752,400 | 1 | 105,000 | 2 | 100,000 | 14 | 957,400 |
| MULLEWA | 13 | 1,544,000 | 1 | 340,000 | 3 | 150,000 | 17 | 2,034,000 |
| MUNDARING | 1 | 85,000 | 0 | 0 | 0 | 0 | 1 | 85,000 |
| MURCHISON | 1 | 22,000 | 0 | 0 | 0 | 0 | 1 | 22,000 |
| MURRAY | 2 | 187,000 | 0 | 0 | 0 | 0 | 2 | 187,000 |
| NANNUP | 11 | 808,500 | 0 | 0 | 1 | 50,000 | 12 | 858,500 |
| NAREMBEEN | 12 | 1,234,950 | 0 | 0 | 1 | 50,000 | 13 | 1,284,950 |
| NARROGIN | 8 | 1,128,000 | 0 | 0 | 0 | 0 | 8 | 1,128,000 |
| NORTHAM | 11 | 1,195,550 | 0 | 0 | 0 | 0 | 11 | 1,195,550 |
| NORTHAMPTON | 15 | 1,746,000 | 0 | 0 | 0 | 0 | 15 | 1,746,000 |
| NUNGARIN | 2 | 180,000 | 0 | 0 | 0 | 0 | 2 | 180,000 |
| PERENJORI | 6 | 231,500 | 0 | 0 | 2 | 100,000 | 8 | 331,500 |
| PINGELLY | 12 | 1,081,500 | 0 | 0 | 1 | 50,000 | 13 | 1,131,500 |
| PLANTAGENET | 21 | 2,408,400 | 0 | 0 | 0 | 0 | 21 | 2,408,400 |
| PORT HEDLAND | 20 | 5,756,350 | 2 | 950,000 | 1 | 100,000 | 23 | 6,806,350 |
| QUAIRADING | 2 | 343,280 | 0 | 0 | 2 | 100,000 | 4 | 443,280 |
| RAVENSTHORPE | 30 | 3,457,200 | 2 | 160,000 | 1 | 50,000 | 33 | 3,667,200 |
| ROEBOURNE | 7 | 1,462,900 | 0 | 0 | 0 | 0 | 7 | 1,462,900 |
| SANDSTONE | 2 | 190,000 | 0 | 0 | 1 | 50,000 | 3 | 240,000 |
| SERPENTINE/JARRAH | 5 | 271,500 | 0 | 0 | 0 | 0 | 5 | 271,500 |
| SHARK BAY | 6 | 760,100 | 1 | 200,000 | 3 | 150,000 | 10 | 1,110,100 |
| SWAN | 1 | 90,000 | 0 | 0 | 0 | 0 | 1 | 90,000 |
| TAMBELLUP | 3 | 158,000 | 0 | 0 | 0 | 0 | 3 | 158,000 |
| TAMMIN | 4 | 300,000 | 1 | 300,000 | 1 | 40,000 | 6 | 640,000 |
| THREE SPRINGS | 7 | 395,000 | 1 | 160,000 | 2 | 100,000 | 10 | 655,000 |
| TOODYAY | 3 | 354,000 | 0 | 0 | 0 | 0 | 3 | 354,000 |
| TRAYNING | 4 | 340,500 | 0 | 0 | 2 | 100,000 | 6 | 440,500 |
| UPPER GASCOYNE | 3 | 361,000 | 0 | 0 | 2 | 100,000 | 5 | 461,000 |
| VICTORIA PLAINS | 10 | 983,800 | 1 | 130,000 | 1 | 50,000 | 12 | 1,163,800 |
| WAGIN | 6 | 1,173,000 | 0 | 0 | 0 | 0 | 6 | 1,173,000 |

| <i>SHIRE</i> | <i>HOUSING FINANCE ACCESS PROGRAMME</i> | | <i>HOUSING DEVELOPMENT INCENTIVE PROGRAMME</i> | | <i>HOUSING DEVELOPMENT INCENTIVE PROGRAMME GRANT FUNDING</i> | | <i>TOTAL APPROVED</i> | |
|-----------------------|---|--------------------|--|------------------|--|------------------|-----------------------|--------------------|
| | <i>NO.</i> | <i>\$</i> | <i>NO.</i> | <i>\$</i> | <i>NO.</i> | <i>\$</i> | <i>NO.</i> | <i>\$</i> |
| WAROONA | 8 | 1,010,000 | 0 | 0 | 0 | 0 | 8 | 1,010,000 |
| WEST ARTHUR | 11 | 1,165,000 | 0 | 0 | 0 | 0 | 11 | 1,165,000 |
| WESTONIA | 1 | 160,000 | 1 | 50,000 | 2 | 90,000 | 4 | 300,000 |
| WICKEPIN | 10 | 939,500 | 1 | 75,000 | 2 | 90,000 | 13 | 1,104,500 |
| WILLIAMS | 12 | 1,455,000 | 1 | 100,000 | 1 | 50,000 | 14 | 1,605,000 |
| WILUNA | 6 | 751,830 | 0 | 0 | 0 | 0 | 6 | 751,830 |
| WOODANILLING | 1 | 80,000 | 0 | 0 | 0 | 0 | 1 | 80,000 |
| WONGAN/BALLIDU | 26 | 3,197,900 | 1 | 430,000 | 1 | 50,000 | 28 | 3,677,900 |
| WYALKATCHEM | 1 | 60,000 | 0 | 0 | 0 | 0 | 1 | 60,000 |
| WYNDHAM/EAST/KIMBERLY | 12 | 3,067,395 | 1 | 280,000 | 4 | 250,000 | 17 | 3,597,395 |
| YALGOO | 2 | 210,000 | 0 | 0 | 0 | 0 | 2 | 210,000 |
| YILGARN | 12 | 1,122,000 | 0 | 0 | 0 | 0 | 12 | 1,122,000 |
| YORK | 6 | 896,500 | 0 | 0 | 1 | 50,000 | 7 | 946,500 |
| TOTALS | 1001 | 118,848,915 | 47 | 9,468,500 | 90 | 4,490,000 | 1138 | 132,807,415 |

The above table indicates the total of finance approved in each shire since 1998

COUNTRY HOUSING AUTHORITY

CERTIFICATION OF PERFORMANCE INDICATORS

THE YEAR ENDING 30th JUNE 2009

We certify that the accompanying performance indicators are based on proper accounts and records, are relevant and appropriate for assisting users to assess the Country Housing Authority's performance and fairly represent the performance of the Country Housing Authority for the financial year ended 30 June 2008.



MR ROBERT MITCHELL
CHAIRMAN OF THE ACCOUNTABLE AUTHORITY

DATE: 18 September 2009



NEIL HUNTER
MEMBER OF THE ACCOUNTABLE AUTHORITY

DATE: 18 September 2009



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

COUNTRY HOUSING 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 Housing 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.

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

The Board 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 Housing 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 Housing 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
4 September 2009

COUNTRY HOUSING AUTHORITY

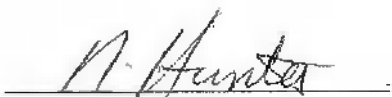
CERTIFICATION OF PERFORMANCE INDICATORS THE YEAR ENDING 30 JUNE 2009

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



Robert Mitchell
Chairperson of the Accountable
Authority

Date : 1/9/09



Neil Hunter
Member of the Accountable
Authority

Date : 1/9/09

PERFORMANCE INDICATORS

During the year the Authority amended its outcome based management structure.

GOVERNMENT GOAL

To ensure that Regional Western Australia is strong and vibrant.

OUTCOME

Access to residential housing in rural areas for eligible clients.

The Authority achieves this outcome by providing housing loans directly and via facilitation and housing incentives services.

EFFECTIVENESS INDICATOR

The percentage of eligible applicants who are assisted and the total number of eligible applicants.

| <u>Performance 2008/2009</u> | |
|--------------------------------------|------------|
| Eligible Applicants b/f | 34 |
| Eligible Applications received | 104 |
| Number of clients assisted | 81 |
| Less Eligible Applications withdrawn | 16 |
| Eligible applicants c/f | 23 |
| % assisted | 66 |
| Target % assisted | 88 |

Footnote:

There has been a decrease in the percentage of eligible applicants assisted in comparison to the previous financial year, due to a decrease in applications received as a result of adverse seasonal conditions late in 2008.

EFFICIENCY INDICATOR

Service 1: Housing Loan provision and facilitation

Efficiency indicator: The average cost in each year in administering housing loans.

| | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Average cost of loan administered | \$2,093 | \$1,743 | \$1,893 | \$2,302 | \$2,539 |

The Target for 2008/09 in accordance with Authority's approved budget was an average administration cost of \$2,199.

Footnote

The variance in the average cost of administering housing loans is primarily attributed to an increase in accommodation leasing costs, due to relocation of premises and staff on secondment being charged to the Authority.

Due to the economies gained in the amalgamation with Keystart Loans Limited, the administration costs of 2009/10 will substantially reduce.

Prior to 2006/07, average cost included the cost of providing housing incentives.

Service 2: Housing Incentives

Efficiency indicator: The average cost in each year in administering housing incentives.

| | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|---|----------------|----------------|----------------|----------------|----------------|
| Average cost of housing incentives administered | n/a | n/a | \$738 | \$117 | \$131 |

Footnote

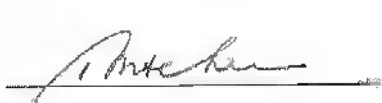
This efficiency indicator relates to State Government providing special grants for Housing initiatives and was introduced in 2006/07. The grant funds were received in 2006, with the majority of costs for administering the scheme being incurred in that financial year. No special grants were introduced in the 2007/08 or the 2008/09 financial years, however some costs were still incurred administering the 2006 grant program.

COUNTRY HOUSING AUTHORITY

CERTIFICATION OF FINANCIAL STATEMENTS THE YEAR ENDING 30 JUNE 2009

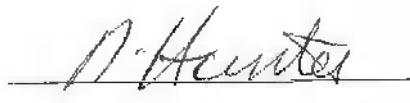
The accompanying financial statements of the Country Housing Authority have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2009 and the financial position as at 30 June 2009.

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



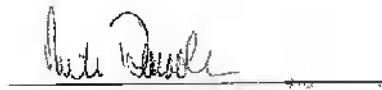
Robert Mitchell
Chairperson of the Accountable
Authority

Date : 1/9/09



Neil Hunter
Member of the Accountable
Authority

Date : 1/9/09



Peter Darroch
Chief Financial Officer

Date : 1/9/09

STATEMENT OF FINANCIAL PERFORMANCE

**COUNTRY HOUSING AUTHORITY
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | 2009 \$000's | 2008 \$000's |
|---|-------------|-------------------------|-------------------------|
| INCOME | | | |
| Revenue | | | |
| Interest Revenue | 4 | 3,491 | 3,592 |
| Other Revenue | | 4 | 3 |
| Total Income | | 3,495 | 3,595 |
| EXPENSES | | | |
| Expenses | | | |
| Employee benefits expenses | 5 | 716 | 609 |
| Supplies and services | 6 | 589 | 412 |
| Depreciation expense | 7 | 14 | 11 |
| Administration expense | 8 | 154 | 119 |
| Finance costs | 9 | 1,507 | 1,805 |
| Other expenses | 10 | 89 | 91 |
| Grants and subsidies | 11 | 200 | - |
| Total expenses | | 3,269 | 3,047 |
| Profit before grants and subsidies from State Government | | 226 | 548 |
| Grants and Subsidies from State Government | 11 | - | - |
| Profit for the period | | 226 | 548 |

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

**COUNTRY HOUSING AUTHORITY
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | 2009 \$000's | 2008 \$000's |
|---|-------------|-------------------------|-------------------------|
| INCOME | | | |
| Revenue | | | |
| Interest Revenue | 4 | 3,491 | 3,592 |
| Other Revenue | | 4 | 3 |
| Total Income | | 3,495 | 3,595 |
| EXPENSES | | | |
| Expenses | | | |
| Employee benefits expenses | 5 | 716 | 609 |
| Supplies and services | 6 | 589 | 412 |
| Depreciation expense | 7 | 14 | 11 |
| Administration expense | 8 | 154 | 119 |
| Finance costs | 9 | 1,507 | 1,805 |
| Other expenses | 10 | 89 | 91 |
| Grants and subsidies | 11 | 200 | - |
| Total expenses | | 3,269 | 3,047 |
| Profit before grants and subsidies from State Government | | 226 | 548 |
| Grants and Subsidies from State Government | 11 | - | - |
| Profit for the period | | 226 | 548 |

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

COUNTRY HOUSING AUTHORITY
BALANCE SHEET
AS AT 30 JUNE 2009

| | Note | 2009 \$000's | 2008 \$000's |
|--------------------------------------|------|----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 603 | 607 |
| Restricted cash and cash equivalents | 12 | 275 | 525 |
| Receivables | 13 | 54 | 61 |
| Other Financial Assets | 14 | 2,011 | 2,972 |
| Total Current Assets | | <u>2,943</u> | <u>4,165</u> |
| Non-Current Assets | | | |
| Other Financial Assets | 14 | 48,895 | 42,704 |
| Property Plant & Equipment | 15 | 214 | 34 |
| Total Non-Current Assets | | <u>49,109</u> | <u>42,738</u> |
| TOTAL ASSETS | | <u>52,052</u> | <u>46,903</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 16 | 397 | 567 |
| Amounts due to Treasurer | 17 | 31 | 30 |
| Borrowings | 18 | 29,510 | 24,241 |
| Provisions | 19 | 114 | 188 |
| Total Current Liabilities | | <u>30,052</u> | <u>25,026</u> |
| Non-Current Liabilities | | | |
| Amounts due to Treasurer | 17 | 860 | 891 |
| Borrowings | 18 | 1,059 | 1,161 |
| Provisions | 19 | 62 | 32 |
| Total Non-Current Liabilities | | <u>1,981</u> | <u>2,084</u> |
| Total Liabilities | | <u>32,033</u> | <u>27,110</u> |
| NET ASSETS | | <u>20,019</u> | <u>19,793</u> |
| EQUITY | | | |
| Contributed equity | 20 | 13,000 | 13,000 |
| Retained earnings | | 7,019 | 6,793 |

TOTAL EQUITY

20,019

19,793

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

**COUNTRY HOUSING AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | 2009 \$000's | 08 \$000's |
|---|-------------|-------------------------|-----------------------|
| CASHFLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Interest Received | | 3,687 | 3,536 |
| Payments | | | |
| Employee benefits | | (729) | (560) |
| Finance costs | | (1,644) | (1,708) |
| Supplies and services | | (777) | (700) |
| Grants and subsidies | | (450) | (250) |
| Net cash provided by operating activities | 21 | <u>87</u> | <u>318</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Loan repayments received | | 6,498 | 8,541 |
| New loans advanced | | (11,917) | (11,160) |
| Purchase of non current physical assets | | (196) | (14) |
| Net cash (used in) investing activities | | <u>(5,615)</u> | <u>(2,633)</u> |
| CASHFLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 5,400 | 3,231 |
| Repayment of borrowings | | (126) | (686) |
| Net cash provided by financing activities | | <u>5,274</u> | <u>2,545</u> |
| CASHFLOWS FROM STATE GOVERNMENT | | | |
| Grants and subsidies | | - | - |
| Net (decrease)/increase in cash and cash equivalents | | (254) | 230 |
| Cash & cash equivalents at the beginning of the period | | 1,132 | 902 |
| CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD | 21 | <u>878</u> | <u>1,132</u> |

The Cashflow Statement should be read in conjunction with the accompanying notes

**COUNTRY HOUSING AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | 2009 \$000's | 2008 \$000's |
|--|-------------|-------------------------|-------------------------|
| Balance of equity at start of period | | 19,793 | 19,245 |
| CONTRIBUTED EQUITY | | | |
| Balance at start of period | | <u>13,000</u> | <u>13,000</u> |
| Balance at end of period | | <u>13,000</u> | <u>13,000</u> |
| RETAINED EARNINGS | | | |
| Balance at start of period | | <u>6,793</u> | <u>6,245</u> |
| Restated balance at start of period | | 6,793 | 6,245 |
| Surplus for the period | | 226 | 548 |
| Balance at end of period | | <u>7,019</u> | <u>6,793</u> |
| Balance of equity at end of period | | <u>20,019</u> | <u>19,793</u> |
| Total income and expenses for the period (a) | | <u>226</u> | <u>548</u> |

(a) The aggregate net amount attributable to each category of equity is: profit \$226,000
(2008: profit \$548,000)

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

NOTES

1 Australian equivalents to International Financial Reporting Standards

General

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 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 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.

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

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

(c) Reporting Entity

The reporting entity comprises the Authority.

(d) Income

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

(i) Interest

Revenue is recognised as the interest accrues.

(ii) Grants and Other Contributions Revenue

Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.

(e) Property, Plant & Equipment

Capitalisation/Expensing of assets

Items of 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 plant and equipment costing less than \$5,000 are 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 plant and equipment are initially recognised at cost. For items of plant and equipment acquired at no cost or nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Authority uses the cost model for all property, plant and equipment and are carried at cost less accumulated depreciation and accumulated impairment losses.

(f) Depreciation of non-current assets

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 benefit.

Depreciation is calculated using the straight line basis, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

| | |
|--------------------------------|----------|
| Furniture and office equipment | 10 years |
| Computer equipment | 3 years |

(g) Leases

The Department of Housing and Works, on behalf of the Authority, has entered into a number of operating lease agreements for buildings where the lessor effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Lease payments are expensed on a straight line basis over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(h) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and bank account deposits that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(i) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (ie impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(j) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(k) Borrowings

All loans are initially recognised at fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

(l) Amounts due to the Treasurer

The amount due to the Treasurer is in respect of a loan to the Industrial & Commercial Employees Housing Authority (ICEHA). ICEHA was amalgamated with the Rural Housing Authority to establish the Country Housing Authority on 1 July 1998. The outstanding amount due to the Treasurer is interest free and is repayable in monthly instalments.

The amount was initially recognised at fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

(m) Financial Instruments

The Authority has two categories of financial instrument:

- (I) Loans and receivables (includes cash and cash equivalents, loans and receivables)
- (II) Non-trading financial liabilities (borrowings, payables and amounts due to the Treasurer)

Initial recognition and measurement is at fair value. 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.

(n) Other financial assets

Loans and receivables are initially measured at fair value. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

The Authority assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(o) 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 resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date.

(i) 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 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. Expected future payments are discounted to present value 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.

The expected future payments are discounted to present value 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 to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 become 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 the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GSS Scheme, the WSS Scheme, and the GESBS Scheme, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, the WSS Scheme, and the GESBS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

The Gold State Superannuation Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from an agency perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

(ii) Provisions - Other

Employment On-costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Authority's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.

(p) Accrued Salaries

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

(q) Superannuation expense

The Superannuation expense of the defined benefit plan is made up of the following elements:

- * Current service cost;
- * Interest cost (unwinding of the discount);
- * Actuarial gains and losses; and
- * Past service cost.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the income statement.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

(r) 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

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:

Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 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 & AASB 137];

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.

| | 2009 | 2008 |
|---|---------------|---------------|
| | \$000s | \$000s |
| 4 Interest Revenue | | |
| Interest on Bank account | 68 | 108 |
| Interest on Loans | <u>3,423</u> | <u>3,484</u> |
| | <u>3,491</u> | <u>3,592</u> |
| 5 Employee benefits expenses | | |
| Salaries (a) | 512 | 377 |
| Long service leave (b) | 10 | 37 |
| Annual leave (b) | 43 | 64 |
| Superannuation - defined contribution plans | 70 | 59 |
| Other related expenses | <u>81</u> | <u>72</u> |
| | <u>716</u> | <u>609</u> |

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Includes a superannuation contribution component.

The employment on-costs liability is included at note 19 'Provisions'.

6 Supplies and services

| | | |
|------------------------------|------------|------------|
| Accommodation expense | 174 | 63 |
| Board expenses | 44 | 48 |
| Homeswest administration fee | 79 | 140 |
| Office Other Services | 134 | 139 |
| Other | 158 | 22 |
| | <u>589</u> | <u>412</u> |

7 Depreciation expense

| | | |
|--------------------------------|-----------|-----------|
| Furniture and office equipment | 14 | 11 |
| Computer equipment | - | - |
| | <u>14</u> | <u>11</u> |

8 Administration expense

| | | |
|----------------------------|------------|------------|
| Communications | 12 | 12 |
| Advertising and promotions | 131 | 94 |
| Stationery and printing | 11 | 13 |
| | <u>154</u> | <u>119</u> |

9 Finance costs expense

| | | |
|--------------------------|--------------|--------------|
| Interest paid or payable | 1,507 | 1,805 |
| | <u>1,507</u> | <u>1,805</u> |

10 Other expenses

| | | |
|---------------------|-----------|-----------|
| External Audit fees | 37 | 30 |
| Internal Audit fees | 52 | 61 |
| | <u>89</u> | <u>91</u> |

2009
\$000s**2008**
\$000s**11 Grants and subsidies****Capital**

| | | |
|-------------------|------------|----------|
| Capital grant (a) | <u>200</u> | <u>-</u> |
| | <u>200</u> | <u>-</u> |

(a) Grants paid by the Authority from internal sources for the assistance with the provision of housing.

Grants from State Government

Revenues received during the year

| | | |
|---|----------|----------|
| Grants for Local Government Authorities | - | - |
| | <u>-</u> | <u>-</u> |

12 Restricted Cash and cash equivalents

| | | |
|-----------------|------------|------------|
| Restricted Cash | 275 | 525 |
| | <u>275</u> | <u>525</u> |

Restricted cash amounts are grant monies paid to the Authority as funding for Local Government Initiatives.

13 Receivables

| | | |
|----------------|-----------|-----------|
| Debtors | 52 | 53 |
| GST receivable | 2 | 8 |
| | <u>54</u> | <u>61</u> |

14 Other Financial Assets

Current

| | | |
|-------|--------------|--------------|
| Loans | 2,011 | 2,972 |
| | <u>2,011</u> | <u>2,972</u> |

Non-current

| | | |
|-----------------------------------|---------------|---------------|
| Loans | 48,981 | 42,790 |
| Allowance for impairment of loans | (86) | (86) |
| | <u>48,895</u> | <u>42,704</u> |
| | <u>50,906</u> | <u>45,676</u> |

The Authority has formal processes in place to assess the credit worthiness of its clients including credit checks with credit reporting agencies. Fully performing receivables are considered to be of good quality when taking into consideration the security being held against the outstanding amount.

Receivables that are past due, but not impaired are not considered to be at significant risk, as in excess of \$10.4 million in collateral security is held under mortgage to secure these advances. The total amount past due as at 30 June 2009 is \$273,556 on loans totalling \$5.127 million.

Aged Analysis - Past Due Loans (\$000's)

| 2009 | 0-30 days | 31-60 days | 61-90 days | 91+ days | Total |
|----------------|------------------|-------------------|-------------------|-----------------|--------------|
| Loans past due | 2,287 | 495 | 1,152 | 1,193 | 5,127 |
| 2008 | | | | | |
| Loans past due | 2,481 | 445 | 477 | 960 | 4,363 |

15 Plant and equipment

| | 2009 | 2008 |
|--------------------------------|---------------|---------------|
| | \$000s | \$000s |
| Furniture and Equipment | | |
| At cost | 228 | 127 |
| Accumulated depreciation | (14) | (93) |
| | <u>214</u> | <u>34</u> |

Plant, property and equipment reconciliation

| 2009 | Total | Furniture & Equipment | Computer Equipment |
|--|---------------|----------------------------------|---------------------------|
| | \$000s | \$000s | |
| Carrying amount at the start of the year | 34 | 34 | - |
| Additions | 196 | 196 | - |
| Disposals | (2) | (2) | - |
| Depreciation | (14) | (14) | - |
| Carrying amount at the end of the year | 214 | 214 | - |

2008

| | | | |
|--|------|------|---|
| Carrying amount at the end of the year | 31 | 31 | - |
| Additions | 14 | 14 | - |
| Disposals | - | - | - |
| Depreciation | (11) | (11) | - |
| Carrying amount at the end of the year | 34 | 34 | - |

2009**\$000s****2008****\$000s****16 Payables****Current**

Administration expenses

122

42

Subsidies to Local Government

275525

Total payables

397567**17 Amounts due to the Treasurer****Current**

Amount due to the Treasurer

31

30

Non-current

Amount due to the Treasurer

860

891

Total due to Treasurer

891921**18 Borrowings****Current**

WATC fixed interest rate

109

240

WATC fixed interest loans

29,401

24,001

| | | |
|--------------------------------|---------------|---------------|
| | <u>29,510</u> | <u>24,241</u> |
| Non Current | | |
| WATC fixed interest rate | <u>1,059</u> | <u>1,161</u> |
| | <u>1,059</u> | <u>1,161</u> |
| | 2009 | 2008 |
| | \$000s | \$000s |
| 19 Provisions | | |
| <u>Current</u> | | |
| Annual leave (a) | 58 | 87 |
| Long service leave (b) | <u>48</u> | <u>93</u> |
| | 106 | 180 |
| <u>Other provisions</u> | | |
| Employment on-costs (c) | <u>8</u> | <u>8</u> |
| | 8 | 8 |
| | <u>114</u> | <u>188</u> |
| <u>Non-current</u> | | |
| Long service leave (b) | 53 | 28 |
| <u>Other provisions</u> | | |
| Employment on-costs (c) | <u>9</u> | <u>4</u> |
| | <u>62</u> | <u>32</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:

| | | |
|--|-----------|-----------|
| Within 12 months of balance sheet date | 41 | 61 |
| More than 12 months after balance sheet date | <u>17</u> | <u>26</u> |
| | 58 | 87 |

(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 balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

| | | |
|--|-----------|-----------|
| Within 12 months of balance sheet date | 51 | 61 |
| More than 12 months after balance sheet date | <u>50</u> | <u>60</u> |
| | 101 | 121 |

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense apart from the unwinding of the discount (finance cost), is included at note 19 'Other expenses'.

20 Equity

| | | | |
|--------------------|----------------------------------|---------------|---------------|
| Contributed Equity | Balance at the start of the year | <u>13,000</u> | <u>13,000</u> |
| | Balance at the end of the year | <u>13,000</u> | <u>13,000</u> |

The Authority was established on 1 July 1998 by the amalgamation of the former Rural Housing Authority and the Industrial and Commercial Employees Housing Authority. The fair value of assets and liabilities transferred have been recognised as an injection of equity totalling \$13,000,000 by the State government

| | 2009 | 2008 |
|----------------------------------|---------------|---------------|
| | \$000s | \$000s |
| Retained earnings | | |
| Balance at the start of the year | 6,793 | 6,245 |
| Result for the period | <u>226</u> | <u>548</u> |
| Balance at the end of the year | <u>7,019</u> | <u>6,793</u> |

21 Notes to the Cash Flow Statement

(a) 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:

| | | |
|--------------------------------------|------------|------------|
| Cash and cash equivalents | 603 | 607 |
| Restricted Cash and cash equivalents | <u>275</u> | <u>525</u> |
| | 878 | 1,132 |

(b) Non-cash financing and investing activities

During the year there were no assets/liabilities transferred from other government agencies not reflected in the Statement of Cash Flows

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

| | | |
|--|-----------|------------|
| Profit from ordinary activities | 226 | 548 |
| Non-cash items: | | |
| Depreciation expense | 14 | 11 |
| Net loss on sale of property and equipment | 2 | - |
| Decrease/(increase) in assets: | | |
| Receivables | 7 | (61) |
| Other Assets | 52 | 170 |
| (Decrease)/increase in liabilities: | | |
| Payables | (170) | (400) |
| Provisions | (44) | 50 |
| Net cash provided by operating activities | <u>87</u> | <u>318</u> |

22 Commitments

Capital Expenditure Commitments

The Authority has no commitments at balance sheet date.

Lease Commitments

Commitments in relation to operating leases
contracted for at the reporting date but not
recognised as liabilities, payable:-

| | 2009 \$000s | 2008 \$000s |
|--|------------------------------|------------------------------|
| Within 1 year | 206 | 13 |
| Later than 1 year and not later than 5 years | <u>687</u> | <u>-</u> |
| | <u>893</u> | <u>13</u> |

Office
accommodation

The Department of Housing and Works usually enters into lease agreements on behalf of the Authority for the provision of office accommodation and passes the rental expense to the Authority. A new five year lease was commenced on 1 November 2008 over the premises located at Level 2, 28 Kings Park Road West Perth.

The Department of Housing and Works has also entered into lease arrangements for the provision of motor vehicles to the Authority. These commitments are not recognised by the Authority in the financial statements as the contractual obligations remain with the Department of Housing and Works.

23 Contingent Liabilities and Contingent Assets

The Authority has no contingent liabilities or assets.

24 Events Occurring After the Balance Sheet Date

No event after the reporting date has occurred which would cause the financial statements to be misleading or affect the Authority as a going concern.

25 Explanatory Statement

The statement provides details of any significant variations between the actual results for 2008 and 2009 and between the estimates for 2008 and 2009. Significant variations are considered to be those greater than 10% or \$50,000.

(i) Significant variances between actual and prior year actual - revenues and expenditures.

| | 2009 | 2008 | |
|--|---------------|---------------|-----------------|
| | \$000s | \$000s | Variance |
| <u>Interest Revenue</u> | 3,491 | 3,592 | (101) |
| Interest revenue has decreased due to a reduction in interest rates charged. | | | |
| <u>Finance costs</u> | 1,507 | 1,805 | (298) |
| Borrowing expenses have decreased during the year reflecting the decrease in interest rates charged on borrowings. | | | |
| | 2009 | 2008 | |
| | \$000s | \$000s | Variance |
| <u>Employee benefits expense</u> | 716 | 609 | 107 |
| The increase is due to an increase in full time staff employed by the Authority and previously agreed increments in employment conditions. | | | |
| <u>Administration expense</u> | 154 | 119 | 35 |
| An increase in advertising and promotion to lift the Authority's profile in the market. | | | |

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

| | Actual 2009 \$000s | Estimates 2009 \$000s | Variance |
|-------------------------|-----------------------------------|--------------------------------------|-----------------|
| <u>Interest Revenue</u> | 3,491 | 4,179 | (688) |

The loan portfolio did not grow as previously expected, and a large fall in interest rates reduced income for the Authority.

| | | | |
|-------------------------------|-----|-----|-------|
| <u>Grants & Subsidies</u> | 200 | 500 | (300) |
|-------------------------------|-----|-----|-------|

Drawdown of CHA equity portion of grants did not eventuate due to delays in building projects.

| | | | |
|----------------------|-------|-------|-------|
| <u>Finance Costs</u> | 1,507 | 1,960 | (453) |
|----------------------|-------|-------|-------|

Interest rate falls have resulted in a lower interest charge from the WA Treasury Corporation.

| | | | |
|--------------------------------|-----|-----|-----|
| <u>Supplies & Services</u> | 589 | 443 | 146 |
|--------------------------------|-----|-----|-----|

New accommodation lease costs are significantly higher than previous premises.

26 Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Authority are cash and cash equivalents, loans, receivables, payables and borrowings. The Authority has limited exposure to financial risk. 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 customers defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority only approves loans to applicants with a satisfactory credit history, sufficient income to service their commitments and adequate security to secure their loan.

Liquidity Risk

The Authority's objective is to minimise the drawdown of Western Australian Treasury Corporation (WATC) loan facilities and maintain sufficient funds to meet the day to day operations of the Authority and to meet loan drawdown requests and settlements of customers. The Authority has appropriate procedures in place to manage cash flows by monitoring cash levels on a daily basis to ensure that sufficient funds are available to meet its commitments.

Market Risk

The Authority does not trade in foreign currency and is not materially exposed to other price risks. 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 detailed in the Interest rate sensitivity analysis table at Note 26(c), the Authority has limited exposure to interest rate risk because it has no borrowings other than Treasurer's advance (non-interest bearing), WATC borrowings and finance leases provided by the Department of Housing . Changes in official lending rates are passed onto customers once approved by the Board and Minister.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and liabilities at the balance sheet date are as follows:

| | 2009 | 2008 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Financial Assets | | |
| Cash and cash equivalents | 878 | 1,132 |
| Loans and receivables | 50,906 | 45,676 |
| Financial Liabilities | | |
| Financial liabilities measured at amortised cost | 31,857 | 26,890 |

(c) Financial Instrument Disclosures

The following tables detail the exposure to liquidity risk and interest rate risk as at balance sheet date.

Contractual Maturity Dates

| | Within 1 year | 1-2 Years | 2-3 Years | 3-5 Years | More than 5 Years | Total |
|------------------------------|--------------------------|----------------------|------------------|------------------|------------------------------|---------------|
| 2009 | | | | | | |
| <u>Financial Liabilities</u> | | | | | | |
| Payables | 397 | - | - | - | - | 397 |
| Borrowings | 29,510 | 101 | 107 | 222 | 629 | 30,569 |
| Amounts due to the Treasurer | 31 | 32 | 33 | 67 | 728 | 891 |
| | <u>29,938</u> | <u>133</u> | <u>140</u> | <u>289</u> | <u>1,357</u> | <u>31,857</u> |

| | Within 1 year | 1-2 Years | 2-3 Years | 3-5 Years | More than 5 Years | Total |
|----------------------------------|------------------|--------------|------------|------------|----------------------|---------------|
| 2008 | | | | | | |
| <u>Financial Liabilities</u> | | | | | | |
| Payables | 567 | - | - | - | - | 567 |
| Borrowings | 23,685 | 177 | 176 | 271 | 1,093 | 25,402 |
| Amounts due to the Treasurer | 30 | 31 | 33 | 70 | 757 | 921 |
| | <u>24,282</u> | <u>208</u> | <u>209</u> | <u>341</u> | <u>1,850</u> | <u>26,890</u> |

Interest Rate Sensitivity Analysis

| | Carrying amount | -1% change | Equity | +1% change | Equity |
|-------------|--------------------|-----------------|--------|-----------------|--------|
| 2009 | \$000 | Profit \$000 | \$000 | Profit \$000 | \$000 |

Financial Assets

| | | | | | |
|------------------------------|-----|-------|-------|-----|-----|
| Cash and cash equivalents | 878 | (9) | (9) | 9 | 9 |
| Loans and receivables | 6 | (453) | (453) | 453 | 453 |

Financial Liabilities

| | | | | | |
|------------|--------|--------------|--------------|------------|------------|
| Payables | 397 | - | - | - | - |
| Borrowings | 30,569 | 284 | 284 | (284) | (284) |
| | | <u>(178)</u> | <u>(178)</u> | <u>178</u> | <u>178</u> |

-1%
change

+1%
change

| 2008 | Carrying amount \$000 | Profit \$000 | Equity \$000 | Profit \$000 | Equity \$000 |
|------------------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Financial Assets | | | | | |
| Cash and cash equivalents | 1,132 | (15) | (15) | 15 | 15 |
| Loans and receivables | 45,676 | (439) | (439) | 439 | 439 |
| Financial Liabilities | | | | | |
| Payables | 567 | - | - | - | - |
| Borrowings | 25,402 | 234 | 234 | (234) | (234) |
| | | (220) | (220) | 220 | 220 |

Credit Risk Exposure

The Authority's maximum exposure to credit risk at the reporting date in relation to recognised financial assets is the carrying amount of those assets reported in the Statement of Financial Position.

The Authority's credit risk is spread over a significant number of parties concentrated in the farming and business sector in rural Western Australia. The authority is therefore not materially exposed to any particular individual party.

Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the statements.

27 Remuneration of Members of the Accountable Authority and Senior Officers

Remuneration of Members of the Accountable Authority

The number of members of the Accountable Authority, whose

total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

| | 2009 | 2008 |
|--|---------------|---------------|
| \$0 - | | |
| \$10,000 | 1 | 5 |
| \$10,001 - | | |
| \$20,000 | 2 | 1 |
| | \$000s | \$000s |
| Total remuneration of members of the Accountable Authority | <u>36</u> | <u>33</u> |

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.

The Authority has not made any contributions to the Superannuation and Family Benefits Act Scheme with respect to members of the Accountable Authority.

Remuneration of Senior Officers

In respect of Senior Officers other than members of the Accountable Authority, the total of fees, salaries, superannuation and other benefits for the financial year, falling within the following bands are:

| | 2009 | 2008 |
|---|---------------|---------------|
| \$80,001 - | | |
| \$90,000 | 1 | 1 |
| \$90,001 - | | |
| \$100,000 | 3 | 1 |
| \$100,001 - | | |
| \$110,000 | - | 1 |
| \$110,001 - | | |
| \$120,000 | - | - |
| | \$000s | \$000s |
| Total remuneration of Senior Officers is: | <u>372</u> | <u>285</u> |

No Senior Officers are members of the Pension Scheme

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.

28 Remuneration of the Auditor

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

| | 2009 | 2008 |
|--|---------------|---------------|
| | \$000s | \$000s |
| Auditing the accounts, financial statements and performance indicators | <u>34</u> | <u>30</u> |

29 Supplementary Financial Information

(a) Write Offs

There was no public property written off by the Minister during the year.

Bad debts written off by the Minister during the year.

| | |
|----------|----------|
| <u>-</u> | <u>-</u> |
|----------|----------|

Being amount owing on a loan and associated costs previously provided and now deemed irrecoverable

(b) Losses through Theft, Default and Other Causes

There were no losses written off or recovered during the financial year.

COUNTRY HOUSING AUTHORITY
ANNUAL ESTIMATES 2009/10
INCOME STATEMENT

2009/10
\$000

REVENUE

Revenues from ordinary activities

Interest Revenue 4,147

Interest from Treasury 32

Total revenue from ordinary activities 4,179

EXPENSES

Expenses from ordinary activities

Employee costs 739

Advertising 59

Administration expenditure 380

Accommodation expense 62

Interest expense 1,960

Depreciation 13

Provision for Doubtful Debt 50

Grants and subsidies 500

Total expense from ordinary activities 3,763

416

Grants from Government -

Net Profit 416

HOW TO CONTACT US

The Country Housing Authority has formed an new alliance with Keystart Home Loans and created a one=stop-shop for all Country Housing Loans originating from either entity. The new one-stop-shop known as the Keystart Country Housing Loans Centre is located at Level 2, 28 Kings Park Road (cnr Altona St), West Perth.

Mailing Address:

PO Box 1154
WEST PERTH WA 6872

Phone: (08) 9338 3180

Fax: (08) 9338 3152

Email for applications: regional_applications@country.keystart.com.au

There is a **toll free number** for country callers:
1800 158 200

Website:

www.country.keystart.com.au

HOW TO CONTACT US

The Country Housing Authority has formed an new alliance with Keystart Home Loans and created a one=stop-shop for all Country Housing Loans originating from either entity. The new one-stop-shop known as the Keystart Country Housing Loans Centre is located at Level 2, 28 Kings Park Road (cnr Altona St), West Perth.

Mailing Address:

PO Box 1154
WEST PERTH WA 6872

Phone: (08) 9338 3180

Fax: (08) 9338 3152

Email for applications: regional_applications@country.keystart.com.au

There is a **toll free number** for country callers:
1800 158 200

Website:

www.country.keystart.com.au